

# **Notice of the Meeting of the Audit Committee**

**NOTICE IS HEREBY GIVEN** in accordance with Section 87 of the Local Government Act 1999, that a meeting of the

## **MEETING OF THE AUDIT COMMITTEE**

of the

## **CITY OF BURNSIDE**

will be held in the Boardroom at the Civic Centre  
401 Greenhill Road, Tusmore

on

**Monday  
17 October 2016  
at 6.00 pm.**

Light refreshments will be available in the Boardroom from 5.30 pm.

A handwritten signature in black ink, appearing to be 'M. G. S.' or similar.





## **Audit Committee Agenda**

**Monday 17 October 2016 at 6.00 pm  
Boardroom, 401 Greenhill Road, Tusmore**

**Members:** Mr Leigh Hall - Chair  
Mayor, David Parkin  
Councillor Piggott  
Mr Roberto Bria  
Mr Sean Tu

**Mr Corey McGowan from HLB Mann Judd will be in attendance.**

**1. Apologies**

**2. Leave of Absence**

**3. Confirmation of the Minutes**

That the attached Minutes of the meeting of the Audit Committee held on 15 August 2016 be taken as read and confirmed. **p5**

**4 Action List p9**

**5. Reports**

<b>5.1 2015/16 Draft Annual Report (Strategic)</b>	<b>p21</b>
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Attachment E	p138
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- |            |  |             |
|------------|--|-------------|
| <b>5.2</b> | <b>Independence of Council Auditor (Operational)</b>   | <b>p317</b> |
|            | Attachment A   | p320        |
| <b>5.3</b> | <b>Draft Long Term Financial Plan 2017 – 2026 (Strategic)</b>  | <b>p321</b> |
|            | Attachment A   | p331        |
|            | Attachment B   | p344        |
|            | Attachment C   | p347        |
| <b>5.4</b> | <b>Eastern Regional Alliance Water – 2016/17 Draft Annual Business Plan and Budget (Operational)</b> | <b>p365</b> |
|            | Attachment A   | p371        |
|            | Attachment B   | p379        |
| <b>6.</b>  | <b>Confidential Items</b>  |             |
|            | Nil  |             |
| <b>7.</b>  | <b>Other Business</b>  |             |
|            | Forward Agenda   | <b>p383</b> |
| <b>8.</b>  | <b>Date of Next Meeting</b>  |             |
| <b>9.</b>  | <b>Closure</b>   |             |

## **Audit Committee Minutes**

**Monday 15 August 2016 at 6.00 pm  
Boardroom, 401 Greenhill Road, Tusmore**

**Members Present:** Mr Leigh Hall - Chair  
Mayor, David Parkin  
Councillor Piggott  
Mr Roberto Bria  
Mr Sean Tu

The Mayor welcomed Mr Sean Tu as the new Independent Member of the Audit Committee

**Staff Present:** Paul Deb, Chief Executive Officer  
Martin Cooper, General Manager Corporate Services

### **Apologies**

Nil

### **Leave of Absence**

Nil

### **Confirmation of the Minutes**

Mr Roberto Bria moved:

A4045 That the attached Minutes of the meeting of the Audit Committee held on 6 June 2016 be taken as read and confirmed.

Seconded by Councillor Piggott

**CARRIED**

### **Action List**

Noted

**Reports****Legislative Compliance Audit – Records Management (Operational) (5.1)**

Councillor Piggott moved:

- A4046 1. That the Report be received.
2. That the Audit Committee notes the Internal Audit report for the Records Management Legislative Compliance Audit and endorses the corresponding Action Plan subject to further consideration of shorter deadlines in respect to high risk weaknesses.
3. That Councils Records Management Policy state that Elected Members must not use personal email addresses to send/receive emails in the conduct of Council business while acting in their capacity as an Elected Member.
4. That the Audit committee recommends that the practice of auto forwarding of Council emails to private email addresses be discontinued.

Seconded by Mayor Parkin

CARRIED

**Risk Management – Policy Update (Strategic) (5.2)**

Councillor Piggott left the meeting at 6.53 pm.

Mayor Parkin moved:

- A4047 1. That the Report be received.
2. That the updated Risk Management Policy as detailed in Appendix B to the report be endorsed.
3. That the updated Risk Management Policy be presented to Council for consideration and adoption.

Councillor Piggott returned to the meeting at 6.55 pm.

Seconded by Mr Roberto Bria

CARRIED

**Risk Management Framework - Update (Strategic) (5.3)**

Mayor Parkin moved:

- A4048 1. That the updated Risk Management Framework as amended be endorsed.
2. That the updated Risk Management Framework as amended be presented to Council for consideration and adoption.

Seconded by Mr Sean Tu

CARRIED

**Financial Delegations Policy (Strategic) (5.4)**

Mr Sean Tu moved:

- A4049 1. That the Report be received.
2. That the Audit Committee endorses the draft Financial Delegations Policy as amended.
3. That the Audit Committee recommends the draft new Financial Delegations Policy, as amended, be presented to Council for consideration and adoption

Seconded by Mayor Parkin

CARRIED

**Internal Audit Update – Internal Controls Review (Operational) (5.5)**

Mr Sean Tu moved:

- A4050 1. That the Report be received.
2. That the Audit Committee notes the Internal Audit report for Internal Controls Review.

Seconded by Councillor Piggott

CARRIED

**Light Fleet Management Policy (Strategic) (5.6)**

Mayor Parkin moved:

- A4051 1. That the Report be received.
2. That the Audit Committee endorses the draft Light Fleet Management Policy, as amended, provided as Attachment B to this Report.
3. That the Audit Committee recommends the amended draft Light Fleet Management Policy, as amended, be presented to Council for consideration and adoption.

Seconded by Councillor Piggott

CARRIED

**Investment Performance Review 2015/16 (Operational) (5.7)**

Councillor Piggott moved:

- A5052 1. That the Report be received.
2. That the Audit Committee endorses the referral of the Investment Performance Report to Council for the 23 August 2016 Council meeting.

Seconded by Mr Roberto Bria

CARRIED

**Confidential Items**

Nil

**Other Business**

Nil

**Forward Agenda**

Noted

**Date of Next Meeting**

24 October 2016

**Closure**

The meeting closed at 8.10 pm.

# AUDIT COMMITTEE MEETING OCTOBER 2016 – ACTIONS

	MTG	RESOLUTION//REQUEST	WHO	DUE	RES NO.	COMMENT
1.	6/10/2009	<b>Regional Subsidiary Quarterly Financial Reports</b> That the Audit Committee requests that each regional subsidiary provide a report on its financial status at quarterly intervals.	MFP	Ongoing	A0117	<ul style="list-style-type: none"> <li>Report quarterly</li> </ul>
2.	7/2/2012	<b>Risk Management Policy and Risk Management Framework (5.3)</b> 5. That the Administration report all new and emerging strategic and operational risks that are rated as High or Extreme to the Audit Committee on an ongoing basis.	GMCS	Ongoing	A0225	<ul style="list-style-type: none"> <li>Ongoing to be reported on an annual basis and when High and Extreme risks identified</li> </ul>
3.	3/4/2012  15/2/2016	<b>Internal Policy &amp; Procedure Framework (5.5)</b> 3. That the Council Policy Review Tracking is provided to the Audit Committee as a standing agenda item until all Policies and Procedures are up to date.  That the Council Policy and Protocols Tracking Table is provided to the Audit Committee once per financial year (as opposed to every Audit Committee Meeting).	GMCS	Ongoing	A0251	<ul style="list-style-type: none"> <li>Standing Item</li> <li>Report due Feb 2017</li> </ul>

**AUDIT COMMITTEE – KEY DATES EXCEPTIONS / URGENT**

<b>DATE (each year)/ FREQUENCY</b>	<b>COMMENTARY</b>	<b>ACT REFERENCE</b> * All references are to <i>Local Government Act</i> 1999 unless stated otherwise	<b>COMMENTS/LAST COMPLETED</b>	<b>NEXT REVIEW/DUE DATE</b>	<b>RESPONSIBLE OFFICER</b>
	None				



**AUDIT COMMITTEE – UPCOMING KEY DATES SNAPSHOT (PRIOR TO NEXT AUDIT COMMITTEE MEETING)**

<b>DATE (each year)/ FREQUENCY</b>	<b>COMMENTARY</b>	<b>ACT REFERENCE</b> * All references are to <i>Local Government Act 1999</i> unless stated otherwise	<b>COMMENTS/LAST COMPLETED</b>	<b>NEXT REVIEW/DUE DATE</b>	<b>RESPONSIBLE OFFICER</b>
Within two (2) years after each general election	<p>Council to review strategic management plans (including long term financial and infrastructure/asset management plans)</p> <p>Audit committee to propose and provide information relevant to review of Council's strategic management plans</p>	<p>Section 122(4)(b)</p> <p>Section 126(4)(ab)</p>	2015/16 LTFP reviewed in November 2015	<p>Draft 2016/17 LTFP being tabled at 17 October 2016 meeting</p> <p>Asset Management Plans currently out for community consultation. To be adopted in November 2016</p> <p>Strategic Community Plan currently out for community consultation. To be adopted in November 2016</p>	GMCS MFP

DATE (each year)/ FREQUENCY	COMMENTARY	ACT REFERENCE * All references are to <i>Local Government Act</i> 1999 unless stated otherwise	COMMENTS/LAST COMPLETED	NEXT REVIEW/DUE DATE	RESPONSIBLE OFFICER
Annually	Review of Business Plans of subsidiaries – in conjunction with Council or Constituent Councils.	Clauses 8(4) and 24(4) of Schedule 2	<ul style="list-style-type: none"> <li>- Eastern Health Authority (June 2016)</li> <li>- East Waste (June 2016)</li> <li>- Highbury Landfill (June 2016)</li> <li>- ERA Water (June 2016)</li> </ul>	ERA Water Annual Business Plan being tabled at 17 October 2016 Audit Committee meeting	GMCS MFP
30 September – 31 May (Inclusive)	<p>Period in which a Council, single Council subsidiary or regional subsidiary must consider at least twice a report (where at least one report is considered before the consideration of the report under Regulation 9(1)(b) showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled <i>Uniform Presentation of Finances</i>.</p> <p>Regional subsidiaries:  Eastern Health Authority  Eastern Waste Management Authority  Highbury Landfill Authority  ERA Water</p>	Regulation 9(1)(a) of the <i>Local Government (Financial Management) Regulations 2011</i>	June 2016	Budget Review 1 being presented to Council on 25 October 2016	GMCS MFP

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30 November – 15 March (inclusive)	Period in which a council, council subsidiary or regional subsidiary must consider a report showing a revised forecast of each item shown in its budgeted financial statements for the relevant financial year compared with the estimates set out in the budget presented in a manner consistent with the Model Financial Statements. The report must also include revised forecasts for the relevant financial year of the council's operating surplus ratio, net financial liabilities ratio and asset sustainability ratio compared with estimates set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled <i>Financial Indicators</i>	Regulation 9(1)(b) & (2) of the <i>Local Government (Financial Management) Regulations 2011</i>	May 2015  June 2016	December 2016	GMCS  MFP
Annually	Capital Expenditure Forecast and Plan  That Council supports the spending of budgeted on renewal and replacement of existing assets across the entire budget year and discourages the practice of large outlays of capital spending in the last quarter.  That an annual plan be presented to Council each July, showing the anticipated timing of capital projects-both Renewal and Replacement of Existing assets and New and Upgraded assets - and an accurate forecast of capital spend across the year.  That a Quarterly report be presented to Council in conjunction with the quarterly budget update, detailing	N/A	July 2015 – Annual Plan  December 2015 – Q1 Report  February 2016 – Q2 Report  May 2016 – Q3 Report  June 2016 – Annual Plan	Budget Review 1 being presented to Council on 25 October 2016	GMCS MFP

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	progress against the Annual plan and identifying any major impediments to that progress.				
Annually as part of budget process - January (see Part A of this document for specific dates)	Commence preparation of draft annual business plan to meet public consultation obligations under sections 123(3) and (4) and adoption requirements of section 123(8) for business plan and budget. See Part A of this document for specific dates  Meet the adoption requirements of Section 123(8); an annual business plan and budget must be adopted after 31 March but before 31 August of the financial year	Section 123(3)	2016/17 Budget Presented to Audit Committee and endorsed on 4 April 2016  Presented and endorsed by Council for public consultation on 12 April 2016  Public consultation period 27 April to 25 May.  2016/2017 Budget adopted at the 28 June 2016 Council meeting	2017/2018 Budget process to commence January 2018	GMCS MFP
1 June	Earliest date for single Council subsidiaries and regional subsidiaries to adopt budget for the ensuing financial year.	Clauses 9 and 25 of Schedule 2	28 June 2016	ERA Water Annual Business Plan being tabled at 17 October	GMCS MFP

DATE (each year)/ FREQUENCY	COMMENTARY	ACT REFERENCE * All references are to <i>Local Government Act 1999</i> unless stated otherwise	COMMENTS/LAST COMPLETED	NEXT REVIEW/DUE DATE	RESPONSIBLE OFFICER
				2016 Audit Committee meeting	
1 June	<p>Earliest date for a Council to adopt an annual business plan and a budget which must be adopted for the ensuing financial year.</p> <p>Note:</p> <ul style="list-style-type: none"> <li>-except in a case involving extraordinary administrative difficulty must be adopted before 31 August for the financial year.</li> <li>-annual business plan must be adopted before budget – section 123(7)(b)</li> <li>-Council must review its long-term financial plan and any other elements of its strategic management plans prescribed by regulation as soon as practicable after adopting the council's annual business plan for a particular financial year.</li> </ul>	Section 123(8), s123(7)(b), and s122(4)(a)	28 June 2016	<p>June 2017</p> <p>Strategic Management Plans to be reviewed and adopted by November 2016</p>	GMCS MFP
30 August	<p>Last date for adoption of annual business plan and budget for that financial year (unless a case of extraordinary administrative difficulty).</p> <p>Note:</p> <p>(1) annual business plan must be adopted before budget –section 123(7)(b)</p>	Section 123(8), s123(7)(b), and s122(4)(a)	28 June 2016	ERA Water Annual Business Plan being tabled at 17 October 2016 Audit Committee meeting	GMCS MFP

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	(2) Council must review its long-term financial plan and any other elements of its strategic management plans prescribed by regulation as soon as practicable after adopting the council's annual business plan for a particular financial year under section 122(4)(a)			Draft 2016/17 LTFP being tabled at 17 Oct Audit Committee meeting.  Strategic Management Plans to be reviewed and adopted by November 2016	
Yearly	Annual Community Survey		June 2015  November 2015	Currently out for community consultation. Report to be provided in Nov 2016.	GMCDs
Annually	Council to determine whether to fix maximum increases in general rates on principal place of residence	Section 153(3)	28 June 2016	After 1 June and before 31 August 2017	GMCS MFP

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1 June	Earliest date for declaration of a general rate – provided it is after adoption of the annual business plan and budget. Note: -except in a case involving extraordinary administrative difficulty a Council must not declare a general rate after 31 August in that financial year.	Section 153(5)(a), (b)	28 June 2016	June 2017	GMCS MFP
1 June	Earliest date upon which a separate rate may be declared (unless it has previously been declared for more than one year) for the ensuing financial year.	Section 154(6)	28 June 2016  Natural Resources Management Board	June 2017	GMCS MFP
29 August 2016	Last date for submission of ordinary return by all Council Members.	Section 66	August 2016	August 2017	CEO GMCS
29 August 2016	Last date for submission of ordinary return by the CEO (to the principal member of the Council) and by prescribed officers to the CEO.	Section 114	August 2016	August 2017	CEO GMCS
31 August	Last date for declaring a general rate (except in a case involving extraordinary administrative difficulty) for that financial year.	Section 153(5)(b)	28 June 2016	June 2017	GMCS MFP

<b>DATE (each year)/ FREQUENCY</b>	<b>COMMENTARY</b>	<b>ACT REFERENCE</b> * All references are to <i>Local Government Act</i> 1999 unless stated otherwise	<b>COMMENTS/LAST COMPLETED</b>	<b>NEXT REVIEW/DUE DATE</b>	<b>RESPONSIBLE OFFICER</b>
Annually	Council to determine rate payment dates in September, December, March and June	Section 181(1)	The below rate payment dates were determined on 28 June 2016  1 September 2016 1 December 2016 1 March 2017 1 June 2017	June 2017	GMCS MFP
Whenever a fee or charge is fixed or varied	Council must update list of fees and charges imposed under section 188 and bring to notice of persons who may be affected.	Section 188(6) and (7)	28 June 2016 – As part of Budget 2016/2017	June 2017	GMCS MFP
Within twenty one (21) days after the date of adoption of valuations and/or declaration of a Council rate (or service charge)	Council must cause a notice of the adoption of valuations/declaration of rate (or service charge) to be published in the Government Gazette and in a newspaper circulating the area.	Sections 167(6) and 17	Government Gazette notice 14 July 2016  Eastern Courier July 2016	July 2017	GMCS MFP



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Within 12 months of periodic election	Review Code of Practice relating to the principles, policies, procedures and practices applied in respect of public access to Council and committee meetings including minutes (and other documents)	Section 92(2)	28 July 2015, C10287 12 April 2016, C10602	April 2017	GMCS
Annually	Council report in relation to number, type and outcome of applications for internal review under section 270 policy	Section 270(8)	9 August 2016, C10763	August 2017	GMCS
Annually	Council must cause an up-to-date information statement to be published in a manner prescribed by the Freedom of Information Regulations.	Section 9 of the <i>Freedom of Information Act</i> 1992	July 2016	July 2017	GMCS



**Item No:** 5.1  
**To:** Audit Committee  
**Date:** 17 October 2016  
**Author:** Karishma Dutta – Manager, Finance and Procurement  
**General Manager and Division** Martin Cooper – General Manager, Corporate Services  
**Contact:** 8366 4202  
**Subject:** 2015/16 DRAFT ANNUAL REPORT (STRATEGIC)  
**Attachments:**  
A. Draft Annual Report (text) 2015/16  
B. City of Burnside Annual Financial Statements 2015/16  
C. HLB Mann Judd Draft Report to Council Year Ended 30 June 2016  
D. Management Representation Letter  
E. Regional Subsidiaries Annual Reports 2015/16 – EHA  
F. Regional Subsidiaries Annual Reports 2015/16 – East Waste  
G. Regional Subsidiaries Annual Reports 2015/16 - ERA Water  
H. Regional Subsidiaries Annual Reports 2015/16 – Highbury Landfill  
**Prev. Resolution:** A04022, 2/11/15

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### Officer's Recommendation

1. That the Report be received.
  2. That following the addition of any amendments identified by Audit Committee Members or Administration, that the draft City of Burnside 2015/16 Annual Report be submitted to Council at the 25 October 2016 meeting for adoption.
- 

### Purpose

1. To provide the Audit Committee with a copy of the draft Annual Report and Financial Statements for the year ended 30 June 2016 and seek feedback on the content.

### Strategic Plan

2. The following Strategic Plan provisions are relevant:

*"Delivery of good governance in Council business"*

*"A financially sound Council that is accountable, responsible and sustainable"*

### Communications/Consultation

3. The following communication / consultation has been undertaken:
  - 3.1 Discussions with Department Managers and staff, in relation to the compilation of the content.
  - 3.2 Reviewed by the Department Managers, General Managers and Chief Executive Officer (CEO).

- 3.3 Council's External Auditor HLB Mann Judd responsible for providing an audit opinion on Councils financial internal controls and financial statements.
- 3.4 Once printed, the Administration will promote the availability of the Annual Report through the Focus newsletter, the website and within the Civic Centre.

## Statutory

- 4. The following legislation is relevant in this instance:

*Local Government Act 1999*, extracts from which have been included below.

### **131—Annual Report To Be Prepared and Adopted**

- (1) *A council must, on or before 30 November in each year, prepare and adopt an annual report relating to the operations of the council for the financial year ending on the preceding 30 June.*
- (2) *The annual report must include the material, and include specific reports on the matters, specified in Schedule 4 as amended from time to time by regulation.*
- (8) *A council must ensure that copies of its annual report are available for inspection (without charge) and purchase (on payment of a fee fixed by the council) by the public at the principal office of the council.*

### **Schedule 4—Material to be included in the annual report of a Council**

- 1 *The following material must be included in the annual report of a council:*
  - (a) *a copy of the audited financial statements of the council for the relevant financial year;*
  - (b) *a list of the registers that are required to be kept under this Act or the Local Government (Elections) Act 1999;*
  - (c) *a list of the codes of conduct or practice required under this Act or the Local Government (Elections) Act 1999;*
  - (f) *information on allowances paid to members of the council or a council committee;*
  - (g) *information on the number of senior executive officers and information on the kinds of allowances, bonuses and benefits that are made available to those officers as part of a salary package;*
  - (ga) *a report on the use of sections 90(2) and 91(7) by the council and its council committees containing the information required by the regulations;*
  - (gb) *a report on the applications made to the council under the Freedom of Information Act 1991 during the relevant financial year containing the information required by the regulations;*
  - (h) *a statement of—*
    - (i) *the council's representation quota; and*

- (ii) *the average representation quota for councils of a similar size and type (taking into account various factors prescribed by the regulations); and*
  - (iii) *when the council next intends to conduct a review under Chapter 3 Part 1 Division 2; and*
  - (iv) *the procedures that are available under Chapter 3 for electors to make submissions on representation under this Act;*
  - (ha) *the annual report of any subsidiary received by the council under Schedule 2 for the relevant financial year;*
  - (i) *other material prescribed by the regulations;*
  - (j) *other information to be included in the annual report under this or another Act.*
- 2 *The following matters must be reported on in the annual report of a council:*
- (a) *the council's performance in implementing its strategic management plans during the relevant financial year, and the council's projections and targets under its plans for the next financial year;*
  - (ab) *the council's performance against its annual business plan for the relevant financial year;*
  - (b) *the extent to which activities of the council have been subjected to competitive tender or other measures to ensure services are delivered cost effectively, and the extent (if any) to which the council has pursued policies for purchasing local goods and services;*
  - (c) *the decision-making structure of the council;*
  - (ca) *the training and development activities for members of the council during the relevant financial year;*
  - (d) *the implementation of equal employment opportunity programs, and other human resource management or development programs, during the relevant financial year;*
  - (e) *the progress of the council in preparing or finalising any management plans for community land required under the Chapter 11;*
  - (f) *other matters prescribed by the regulations.*

## **Policy**

5. There are no specific Council policy requirements relating to the production of the Annual Report except that an Annual Report is required to be prepared on an annual basis. The Local Government Association provides guidelines for Annual Report preparation and these have been used during its preparation.

## **Risk Assessment**

6. Not meeting the statutory requirements for content or timing carries a risk of the Annual Report being non-compliant. There is no financial penalty for non-compliance.

## Finance

7. There are no financial implications for the Annual Report. Funding was allocated in the 2015/16 Annual Business Plan for the professional preparation, printing and delivery of the Annual Report.

## Discussion

### Background

8. Each year Councils are required to adopt an Annual Report, on or before 30 November, covering the operations of the Council for the financial year ending on the preceding 30 June.
9. The draft 2015/16 Annual Report (Attachment A) has been prepared in accordance with the prescribed information required in the *Local Government Act, 1999*.
10. The draft 2015/16 Annual Report is presented in text version only. This allows for the Audit Committee and Council to provide feedback on the contents prior to the document being professionally printed.
11. After incorporating any changes made by the Audit Committee, the draft 2015/16 Annual Report will be presented to Council for adoption at the 25 October 2016 Council meeting.
12. Post adoption, the Annual Report will be distributed and made available as per the *Local Government Act, 1999*.
13. The draft 2015/16 Annual Report is made up of three main components:
  - 13.1. The component detailing Council's achievements and performance against the Strategic Plan (Attachment A);
  - 13.2. Annual Reports of Council's four Regional Subsidiaries (Attachment E-H); and
  - 13.3. Council's Annual Financial Statements (Attachment B).

### Key achievements for the 2015/16 financial year

14. **Waterproofing the East project.** This Project will enable storage of stormwater in underground aquifers, recovery of this stored water in summer months and reticulation to many parks in the three adjoining councils of Burnside, Norwood Payneham and St Peters and Walkerville. The project is supported by grants of \$7.6 m from the Commonwealth Government and \$2 m by the Adelaide and Mount Lofty Ranges Natural Resources Management Board. The total capital spend is \$21.6 m, with an estimated economic multiplier benefit of \$68 m to the district during the construction phase.
15. **Connection of Skye residents with mains water.** When developed in the 1960's, the suburb of Skye was not connected with mains water as the infrastructure required was prohibitively expensive. Over the years Burnside made several unsuccessful attempts to broker a satisfactory arrangement between residents and SA Water over a mains water supply. Last year, 92 of Skye's 138 households agreed to pay \$18,500 over 15 years to be connected to the city mains network. Remaining residents may join at a time of their choosing for a higher fee.
16. 2016 saw the **official opening of the Glenunga Hub** in Conygham Street, Glenunga. With an extensive program of activities and facilities for community sport and recreation,

the Hub helps to foster healthy living and community well-being as a gathering place for the community.

17. Following extensive community engagement in the previous financial year, the five Brown Hill Keswick Creek catchment councils endorsed the **Stormwater Management Plan** for the Brown Hill and Keswick Creek flood mitigation scheme. The scheme aims to mitigate serious flood risks and help safeguard properties across the catchment of Brown Hill and Keswick Creeks. The member councils Burnside, Adelaide, Mitcham, Unley and West Torrens, committed funding to the scheme as part of a cost sharing proposal with the State Government. Full implementation of the plan, which will be carried out over a number of years, is subject to final approval from the Stormwater Management Authority.
18. City of Burnside was also recognised for **Leadership in Financial Management** at the 2016 LG Professionals Australia, SA Leadership Excellence Awards for work undertaken in the internal control and financial management framework realms.

### **Financial Performance**

19. In 2015/16, Council maintained strong fiscal diligence and delivered initiatives against the Annual Business Plan, the most notable being the delivery of all scheduled Capital Works programs scheduled for the financial year in the areas; the successful negotiation and agreement to transfer Constable Hyde Memorial Garden to the City of; the introduction of an At-Call Hard Waste collection system and streamlining management practices and service delivery in procurement, information technology and customer service to achieve effectiveness and efficiencies.
20. The Operating Result for the 2015/16 financial year is a \$1,349,000 surplus. The 2015/16 adopted budget was based on an Operating Surplus of \$573,000 and the third quarter budget review was based on a forecast of \$923,000.
21. Council has exceeded this target by \$776,000 and \$426,000 respectively and has been successful in absorbing all the cost pressures faced during the year. This is a fantastic achievement and a result of strong financial discipline, a testament to Council's commitment towards efficiencies and the use of innovation to drive improvements.
22. With respect to the 2014/15 Financial Results, Council has exceeded the Operating Surplus by \$206,000. This is in spite of receiving and recognising two quarters of the Financial Assistance Grant of \$742,000 in 2014/15 instead of 2015/16.
23. A detailed analytical review of the main differences per category has been provided below:

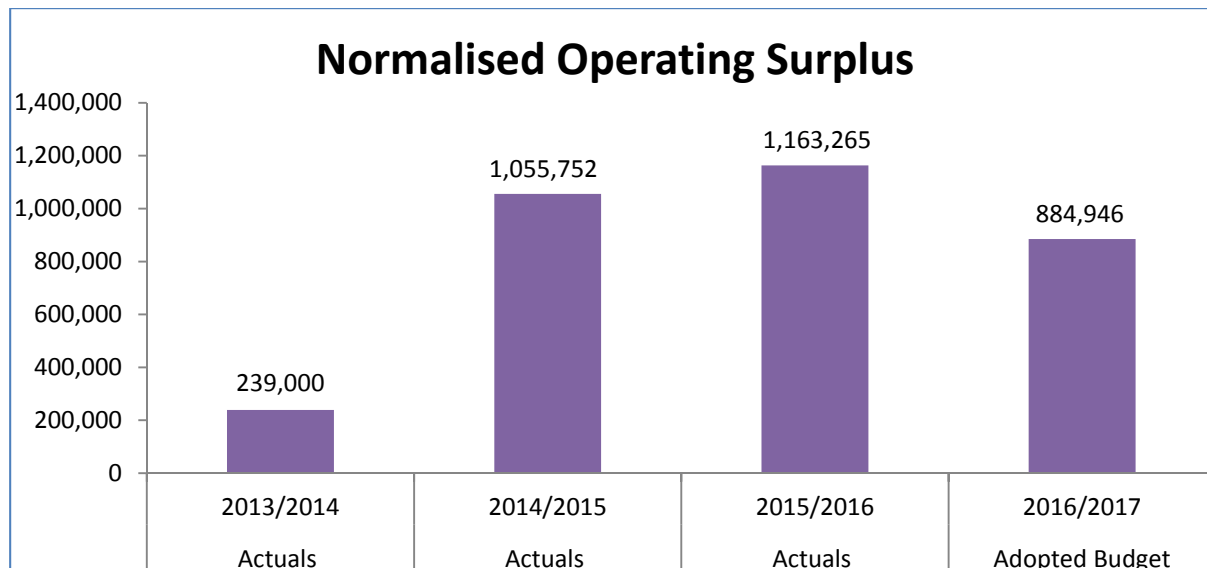
Item	2016 (\$'000)	2015 (\$'000)	Variance (\$'000)	Variance %	Analytical Review (100k and/or +/- 10%)
Rates Revenues	36,024	34,988	1,036	2.96%	The 2015/16 Rates increase was set at 2.9% which is reflected in the variance between the 2015 and 2016 actuals.
Statutory Charges	1,086	1,329	(243)	(18.28%)	\$231k of the \$243k decrease relates to a reduction in Parking fines. This was primarily due to less expiations having to be issued as the public become more aware of Australian Road Rules. In addition, a change in service provision from contractors to in-house staff has also meant that it has taken some time for staff to familiarise themselves with the area.

Item	2016 (\$'000)	2015 (\$'000)	Variance (\$'000)	Variance %	Analytical Review (100k and/or +/- 10%)
User Charges	1,647	910	737	80.99%	The variance relates to the following: - Community Program User charges - \$194k, which was included in 'grant, subsidies and contributions' in the prior year. Hence only a reclassification. - Swimming Centre and Swimming School - \$492k, which was due to the fact that in the prior year, the centre was open for only part of the year whereas in 2015/16 Council operated for an extended term.
Grants, Subsidies and Contributions	3,308	4,417	(1,109)	(25.11%)	This variance primarily relates to the decrease in the Financial Assistance Grant due to recognition and receipt of payments for two quarters in 2014/2015 instead of 2015/2016 (\$742k). In addition \$194k of community program user charges was included in this category in the prior year (which is now included in user charges above).
Investment Income	28	50	(22)	(44.00%)	Council's cash balances reduced from \$2,198k as at 30 June 2015 to \$583k as at 30 June 2016. As a result of having less cash funds, the interest income has reduced. In addition, the RBA cash rates also reduced from 2.00% to 1.75% during the year and this was reflected in the interest rates provided by the financial institutions.
Reimbursements	273	489	(216)	(44.17%)	The primary reasons for this variance relate to a decrease in insurance claims and hence rebates (\$67k) as well as a decrease in income from workers compensation (\$139k).
Other Income	510	317	193	60.88%	This variance relates primarily to income from recyclable waste which was generated as a result of a new recycling contract (155k).
Net Gain - Equity Accounted Council Businesses	766	71	695	978.87%	Variance relates primarily to the recognition of Council's share of Net gain from ERA Water (\$756k).
<b>Total Income</b>	<b>43,642</b>	<b>42,571</b>	<b>1,071</b>	<b>2.52%</b>	



Item	2016 (\$'000)	2015 (\$'000)	Variance (\$'000)	Variance %	Analytical Review (100k and/or +/- 10%)
Employee Costs	15,447	15,151	296	1.95%	The variance is reflective of the additional expenses in aligning the tenured and non tenured staff plus the 3% increase in employee salaries which is in line with the Enterprise Bargaining Agreement. This was partly offset by savings due to positional vacancies during the year and the continued effort by Administration not to fill vacancies for a period of two months.
Materials, Contracts & Other Expenses	17683	17762	(79)	(0.44%)	Variance under 100k. An overall decrease of 0.5% is reflective of the financial discipline and commitment towards efficiencies maintained by Council.
Depreciation, Amortisation & Impairment	8,755	8,135	620	7.62%	This variance is reflective of the following factors: - the revaluation increment of \$25m (exc land) in the last financial year. - the capitalisation of Glenunga Hub and other new assets (\$7.5m) as well as depreciation expenses for the full year on the George Bolton Swimming Pool.
Finance Costs	276	131	145	110.69%	There was an increase in interest costs since Council made use of the CAD facility extensively in 2015-16. The net cash at the end of the 30 June 2016 year was -\$6m compared to -\$8m as at the end of 30 June 2016.
Net loss - Equity Accounted Council Businesses	132	249	(117)	(46.99%)	Difference is due to loss from Highbury Landfill being lower in 2015/16 than in the previous year.
<b>Total Expenses</b>	<b>42,293</b>	<b>41,428</b>	<b>865</b>	<b>2.09%</b>	
<b>Operating Surplus / (Deficit)</b>	<b>1,349</b>	<b>1,143</b>	<b>206</b>	<b>18.02%</b>	
Asset Disposal & Fair Value Adjustments	29	103	(74)	(71.84%)	Variance due to fewer assets disposed in the current year.
Amounts Received Specifically for New or Upgraded Assets	313	304	9	2.96%	Immaterial Variance
Physical Resources Received Free of Charge	209	451	(242)	(53.66%)	Variance due to fewer assets received free of charge in current year.
<b>Net Surplus / (Deficit)</b>	<b>1900</b>	<b>2001</b>	<b>(101)</b>	<b>(5.05%)</b>	

24. In addition, a comparative analysis has also been provided below which shows the Normalised Operating Surplus for Council over the past 3 years. A normalised surplus is one where any significant once off adjustments have been removed in order to be able to compare like for like. This has not been limited to only the receipt of financial assistance grants as mentioned above but also to other once off abnormal events such as the storm event, election costs and significant refunds etc.



	Actuals 2013/2014	Actuals 2014/2015	Actuals 2015/2016	Adopted Budget 2016/2017
Operating Surplus/ (Deficit)	(895,000)	1,142,915	1,349,000	1,334,000
<b>One off adjustments:</b>				
Regis Rate recovery		(173,491)		
Fag's grant timing		(727,084)	727,084	
One off grants	(55,000)	(65,000)		
Additional Roads to Recovery Payment			(636,611)	(449,054)
One off commercial refund	(69,000)			
One off waste income			(168,000)	
Net Gain from subsidiaries		(71,000)	(766,000)	
Discontinuation of Fags grantsprepayment	589,000			
Reduction in income for swimming centre shut down		159,000		
Storm event costs	643,000	428,122		
One off election costs		113,290		
One off depreciation costs due to valuation of assets			525,792	
Net Loss from subsidiaries	26,000	249,000	132,000	
<b>Normalised Surplus/(Deficit)</b>	<b>239,000</b>	<b>1,055,752</b>	<b>1,163,265</b>	<b>884,946</b>

### Audit

25. The Annual Financial Statements and Internal Controls have been audited by Council's External Auditors (HLB Mann Judd) in accordance with Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.
26. HLB Mann Judd has provided an unqualified audit opinion for both the financial report year ended 30 June 2016 (as reported in the Draft Independent Auditor's Report) and the Internal Controls (as reported in the draft Independent Assurance Report on Internal Controls) see Attachment C. The unqualified opinions are however pending receipt of the audited financial statements from the Regional Subsidiaries.

27. Council have received the Annual Report and audited financials from ERA Water, Highbury Landfill and East Waste and are just awaiting the audit sign off from Eastern Health Authority.
28. Once the Certification of Financial Statements has been signed by the Mayor and the CEO and the Management Representation Letter (Attachment D) has been signed by the CEO and General Manager, Corporate Services, the External Auditors will provide Council with signed copies of the Independent Auditor's Report and the Independence Assurance Report on Internal Controls. Once complete, the Annual Financial Statements will be incorporated into Council's 2015/16 Annual Report.
29. Once adopted by Council, the Annual Report will be submitted to both Houses of Parliament and the South Australian Local Government Grants Commission by and then made publicly available.
30. Residents will be able to view and download the Annual Report electronically through the City of Burnside website. They are also able to collect a printed copy of both booklets either through the Customer Service Desk or Library.

#### *Conclusion*

31. The draft 2015/16 Annual Report is provided to the Audit Committee for review.
32. Following the addition of any amendments identified by Audit Committee Members or Administration, the draft City of Burnside 2015/16 Annual Report will be submitted to Council at the 25 October 2016 meeting for adoption.

## From the Mayor

I have pleasure in presenting the City of Burnside's Annual Report for 2015/16.

This financial year was highly productive in delivering across the broad range of our programs - environment, heritage protection, services, planning and development, open space, master planning, reserve management and community facilities. Several key achievements stand out:

### Water for Skye

History was made in January 2016 when 20 residents of Skye became connected with mains water. The suburb of Skye was not within the City of Burnside when developed in the 1960s. At the time it was not connected with mains water as the infrastructure required was prohibitively expensive. Residents made private arrangements for water by either catchment or storage of rainwater or by purchasing bore water from service providers who developed private reticulation systems, or both.

Several decades ago Skye became part of the City of Burnside through a council boundary adjustment. Its status as the only Burnside suburb without mains water has always been anomalous. Moreover Skye is highly vulnerable to bushfire and its limited access to reliable water was a serious concern.

Water supply is not a local government responsibility, but over the years Burnside made several unsuccessful attempts to broker a satisfactory arrangement between residents and SA Water over a mains water supply.

The recent closure of a private bore supplier again raised the issue. The State Member for Bragg, Vickie Chapman, whose electorate includes Skye, played a leading role in facilitating a formal SA Water supply agreement with Skye residents. Last year, 92 of Skye's 138 households agreed to pay \$18,500 over 15 years to be connected to the city mains network. Remaining residents may join at a time of their choosing for a higher fee.

### Waterproofing the East

In the environmental sphere, Burnside committed to the Waterproofing the East project. This visionary stormwater recycling project will store stormwater in underground aquifers, recover the stored water in summer months and reticulate it to many parks in the three adjoining councils of Burnside, Norwood Payneham and St Peters and Walkerville. The project is supported by grants of \$10 m from the federal government and \$2 m by the Adelaide and Mount Lofty Ranges Natural Resources Management Board - a state government body. On behalf of the citizens of Burnside, I thank both levels of government for these vital financial contributions. The total capital spend [for Stage 2 of the Project](#) is \$212.68 m, with an estimated economic multiplier benefit of \$68 m to the district during the construction phase.

The project is in the first instance an insurance policy. Many will remember the water restrictions of 10 years ago when many of our public trees stressed and died through lack of water. Not all Burnside parks will be connected, but many will. The project is also potentially a cheaper source of water than SA Water and is expected to have financial benefits to Burnside. It is an outstanding

example not only of cooperation between local government neighbours - an imperative in the twenty-first century - but also of cooperation between all three tiers of government.

### **Managing Bell Yett Reserve**

In 1998, St Peter's Girls' School entered into an agreement with the City of Burnside that allowed the school limited use of a car park, the tennis courts and a grassed area on Bell Yett Reserve. In early 2015 the school proposed that the car park be upgraded and expanded and improvements be undertaken to the tennis courts and the grassed area as a hockey field. The school proposed to fund the capital works and to assume responsibility for the maintenance of the reserve in return for non-exclusive use of the hockey field and car park and priority use during the school term of the tennis courts.

An extensive community consultation program was undertaken. There was strong community support for an arrangement which provides the school with limited security of tenure, Burnside citizens with an upgraded and more attractive reserve and the City Administration with a reduction in maintenance costs. Council unanimously resolved to enter into an agreement and partner with St Peter's Girls' School on what is a mutually beneficial outcome for Burnside residents, Council and the school.

### **Glenunga Hub**

2016 saw the official opening of the Glenunga Hub in Conygham Street, Glenunga, a facility that redefines the leisure facilities available for use by the City of Burnside residents. It is a vibrant destination for our community and builds on the inherent qualities of the site. With an extensive program of activities and facilities for community sport and recreation, the Hub helps to foster healthy living and community well-being as a gathering place for the community.

### **Brown Hill and Keswick Creeks management plan**

Following extensive community engagement in the previous financial year, the five Brown Hill Keswick Creek catchment councils endorsed the Stormwater Management Plan for the Brown Hill and Keswick Creek flood mitigation scheme. The scheme aims to mitigate serious flood risks and help safeguard properties across the catchment of Brown Hill and Keswick Creeks.

The member councils Burnside, Adelaide, Mitcham, Unley and West Torrens, committed funding to the scheme as part of a cost sharing proposal with the State Government. Full implementation of the plan, which will be carried out over a number of years, is subject to final approval from the Stormwater Management Authority.

### **Kensington Garden War Memorial Rededication**

On Remembrance Day 2015 (11 November) I participated in a ceremony organised by the Kensington Park RSL to rededicate the War Memorial in the centre of Kensington Gardens Reserve. This memorial was established in 1940 to honour in particular seven young Burnside men who were killed in World War I. Only the initials of these soldiers appear on the memorial. With the assistance of a grant from the Federal Department of Veterans Affairs under the *100 Years of ANZAC* program, Burnside Council has refurbished the memorial and a plaque now provides the full names of these

young men who never returned. In association with the Burnside Historical Society, an Aleppo pine tree, a descendant of the lone pine of Gallipoli, was planted within a new garden bed to the immediate west of the rededicated memorial.

### **Australia Day**

In January I welcomed seventy four residents from 19 countries who pledged their loyalty to Australia and became Australian citizens at the annual Burnside Australia Day ceremony. Although I conduct citizenship ceremonies throughout the year, the Australia Day Ceremony is a special event. It is always a happy and well attended occasion in a quintessentially Australian setting; under an azure sky, in the dappled shade of gum trees and amid a cacophony of bird sound. It provides the many citizens who attend with an opportunity to reflect on the importance of citizenship as a unifying bond strengthening our local community and on what it means to be Australian.

### **From the CEO**

This Annual Report 2015/16 provides our community with comprehensive and transparent information against our Annual Business Plan and our Strategic Community Plan Be the Future of Burnside 2012-2025.

It analyses Council's operational, financial, environmental and social performance during 2015/16.

The Report outlines how Council fulfils its commitment to the community and identifies major projects and programs that have been implemented to improve and enhance the quality of life for our residents.

The Annual Report also documents Council's key highlights and achievements and our approach to emerging challenges and reflects the great diversity of our constituents, including members of our community, our ratepayers, local businesses, interested stakeholders, government agencies and departments.

Commencing in the financial year 2013/14, in addition to the auditing of financial statements local government, external auditors were required to give an opinion on the soundness of internal financial controls. Burnside's control systems were similar to most metropolitan councils but our auditor viewed them as inadequate. Burnside was unable to meet the benchmarks demanded in a tight timeframe and received a qualified internal control opinion for 2013/14.

Based on a large body of work performed, which drew upon best practice models across all tiers of Government, the City of Burnside developed a renewed internal control framework which is possibly the best framework that has been adopted by a South Australian Council to date. Burnside Administration gave high priority to streamlining and strengthening its internal financial control environment to meet the higher standards demanded. Upgraded financial policies and management protocols have significantly enhanced Council's internal financial control and risk management profile.

As a result of this effort, the City of Burnside was presented with an unqualified external audit report for the 2014/15 financial year and has been recognised for Leadership in Financial Management for this ground breaking framework at the 2016 LG Professionals Australia, SA Leadership Excellence Awards.

Our operating result for the 2015/16 financial year is a ~~\$956,000~~1,349,000 Operating Surplus. The 2015/16 ~~A~~adopted ~~B~~udget was based on an ~~O~~perating ~~S~~urplus of \$573,000 and the third quarter budget review was based on a forecast of \$923,000.

Council has exceeded this target by ~~\$383,776~~,000 and ~~\$426,333~~,000 respectively and has been successful in absorbing all the cost pressures faced during the year. This is a fantastic achievement and a result of strong financial discipline, a testament to our commitment towards efficiencies and the use of innovation to drive improvements.

In 2015/16, we maintained strong fiscal diligence and delivered initiatives against our Annual Business Plan, the most notable being the delivery of all scheduled Capital Works programs scheduled for the financial year in the areas of drainage, footpath, road resurfacing, traffic calming, kerb renewal, community buildings, playgrounds and open space; the successful negotiation and agreement to transfer Constable Hyde Memorial Garden to the City of Burnside to be preserved for the community; the introduction of an At-Call Hard Waste collection system; the creation of our new Community Connections department after the successful restructure of our Community Services, Library and Pool sections to deliver efficient and high performing outcomes for our community; and streamlining our management practices and service delivery in procurement, information technology and customer service to achieve effectiveness and efficiencies.

Our management of bushfire risk reduction, woody weeds and tree planting was robust and complemented the Council's continued commitment to our environment and biodiversity, with particular success at Michael Perry Reserve.

The November 2015 Annual Community Survey indicated that the overall satisfaction of our community with the performance of Council has increased steadily since 2013. The results of this statistically valid survey show that the City of Burnside recorded an average (mean) overall satisfaction score of 7.2 out of 10, which is an increase in comparison to the February 2015 result of 7.1, the 2014 result of 6.9 and significantly higher than the 2013 result of 6.7. Increases in overall satisfaction observed over time generally indicate more positive perceptions among residents.

Residents were asked about their perceptions of specific service areas of Council. Across all areas there has been an increase in mean satisfaction percentages from 2013 to November 2015. This demonstrates that the City of Burnside community is increasingly more satisfied with the performance of Council in all aspects of our service. I thank the community for taking the time to give this valuable feedback on Council's performance.

We are immensely proud of our newest community asset as an outcome of master planning at Glenunga Reserve, the Glenunga Hub, and will work toward outcomes for our community in developing a conservation management plan for Hazelwood Park and a master plan for Kensington Gardens Reserve that meets the needs of the community, reserve users and Council.

Work will also continue on updating our planning policy to better reflect the aspirations of our community of what they want Burnside to look like in the future, taking into account the aims and objectives of the *30-Year Plan for Greater Adelaide*. In reviewing the planning policies that we use in the assessment of development proposals, we are giving consideration to feedback received from the community in the previous growth survey in designing guidelines for our retail, commercial and

business areas. This work will be critical in revitalising and fostering our City's future economic development and growth, and ensuring Burnside remains a great place to live, work and play.

## Our City

In 1856, 160 years ago, the City of Burnside was proclaimed a District Council and in 1943 was proclaimed a City.

The City of Burnside is one of Adelaide's oldest residential areas, encompassing 28 suburbs, and is located 10 minutes from the central business district of Adelaide nestled at the base of the Adelaide foothills.

The Burnside name originates from Peter Anderson, a Scottish immigrant who leased land near Second Creek in 1839. He named the property Burnside as his farm was alongside the creek and the Scottish name for creek is 'burn'.

Population and dwelling change in the City has been relatively stable over the past 20 years, reflecting the established nature of residential settlement and lack of strategic redevelopment sites. The SA Government's Glenside redevelopment will impact this status quo in the coming years and represents a new opportunity for residents to join us in the City of Burnside.

In 2015 the City of Burnside Estimated Resident Population (obtained from Australian Bureau of Statistics) was 45,034 and this is forecast to grow to 45,992 (a 4.31 per cent growth) by 2036.

The City of Burnside acknowledges that the City is located on the traditional country of the Kaurna people of the Adelaide Plains. Burnside recognises and respects their cultural heritage, beliefs and relationship with the land.

## Our Values

[printer - these are the same values – review the graphics]





## Our Vision

To be renowned for our City's green and leafy character and unique integrated urban form. To be highly regarded for our sense of community spirit, support for one another, social diversity and commitment to the environment.

[Printer – STATS to be presented in an infographic format]

## Planning and Development

Building inspections – 555, incorporating brickwork (24), complete (135), footings (154), framing (134), swimming pool (108)

Development Applications lodged – 1191 with an estimated cost of \$150,488,362.45

Full Development Approvals:

01/07/15 – 31/12/15 – 628

01/01/16 – 30/06/16 – 458

Under the Significant Regulated Tree Assistance Scheme 14 applications were made for grants to the value of \$11341.50.

## IT

268,000 website visitors and 678,000 page views

## Rangers

- 2015/16 Dog Registrations total 5293
- 2015/16 – 60 dogs were impounded and of those 59 were reunited with their owners

## Community Connections

This financial year:

- Support of over 200 volunteers.
- We have successfully reopened the renovated the George Bolton Swimming Centre Burnside and run a 37 week season.
- New swim school opens
- Developed and successfully managed five new community development programs.
- We continue to be the second busiest Public Library branch in the state, based on loan numbers. With over 711,000 loans and more than 290,000 visitors per year.
- The Library also ran a full calendar of well received events which attracted 24,130 visitors.
- Approximately 1,691 older residents have received assistance to remain living safely at home with services including minor home maintenance and modification, gardening and gutter cleaning.
- Council awarded \$21,561.60 of grants between 16 successful community grant applications.
- The Pepper Street Arts Centre held 21 exhibitions either at the centre or the Civic Centre Atrium, supporting 315 exhibiting artists and community groups. 2200 members of the public attended openings and allied demonstrations.

## Customer Service

Customer Requests Lodged for the 2015/16 financial year – 4,813  
Call Centre handled 53,080 inbound calls

### **Conservation and Land Management**

- City of Burnside Conservation Volunteers contributed 2090 hours on six sites across Burnside
- Through our partnership with Trees for Life, volunteers contributed 972 hours work on nine “Bush for Life” sites across Burnside.
- Through our partnership with Conservation Volunteers Australia, volunteers contributed over 144 hours on two sites in Burnside.
- Burnside’s Green Army Team contributed 4,950 hours to conservation projects in City of Burnside (up to 30 June).

### **Volunteers**

Justice of the Peace statistics from 1/7/15 to 30/6/16.

Total tasks performed – 21,068 (including 539 overseas tasks and 250 interstate tasks)

Total members of the public attending – 7,112

JPs 1,070 hours

Community Services volunteer hours 10,690

Library volunteer hours 10,776

Operations volunteer hours 2,920

Graffiti removal – 294 graffiti removal volunteer hours and 883 graffiti removal square metres covered

Total City of Burnside volunteer hours – 25,456 – this is total City of Burnside Volunteer Hours

### **Open Space, Recreation and Property**

- The City of Burnside has a total tree canopy coverage greater than 30%
- Council recently updated its database to over 40 000 street and reserve trees.
- Council planted over 650 new trees in 2015/16
- Councils total waste diversion rate is the highest in the state, with the lowest recycle waste contamination rate in the country.
- Council spent over \$2M refurbishing and renewing its community facilities, with more than \$2M directed towards improving its open space and recreational assets.
- Council updated its database on recreational trails with now over 37km spread across the city.
- Administration responded to over 1400 Building Management Requests associated with its community facilities.
- Administration responded to over 1500 requests associated with trees, with over 98% actioned within an average of 13 days
- Councils new At-Call Hard Waste service diverts more than 95% of the waste away from landfill and is used in a Resource Recovery system as alternative fuels

### **Engineering**

- In excess of \$524 m worth of assets
- 256 km of roads
- 460 km of kerbs
- >340 km of footpaths (and growing!)
- 148 km of underground drains
- 6 km of underground culverts
- 3,032 side entry pits
- 1,154 junction boxes
- 55 endwalls
- 81 bus stops
- 467 Council lights
- 23 footbridges
- 672 retaining walls
- 429 benches

## Financial Summary & Expenditure

[Printer – below is presented as an image – these figures are not finalised and may change prior to print.]

[Expenditure]

	15/16
<b>Capital Works and projects</b>	27.4%
<b>Admin</b>	10.1%
<b>Governance</b>	2.2%
<b>Parks &amp; street trees</b>	6.7%
<b>Waste collection &amp; recycling</b>	5.2%
<b>Roads &amp; footpaths</b>	3.3%
<b>Library services</b>	2.7%
<b>Property services</b>	5.8%
<b>Planning &amp; urban strategy</b>	3.5%
<b>Asset m'ment</b>	20.1%
<b>Community services</b>	3.5%
<b>Recreation &amp; leisure</b>	1.8%
<b>Arts &amp; culture</b>	0.9%
<b>Customer service</b>	1.1%
<b>Local laws &amp; regulation</b>	1.5%
<b>Street cleaning</b>	1.2%
<b>Transport &amp; conservation (Environmental)</b>	2.1%
<b>Health &amp; immunisation</b>	0.7%
<b>Children's &amp; family services</b>	0.1%
<b>TOTAL</b>	<b>100.0%</b>

[Revenue]

Rates Revenues	82.53.6%
Statutory Charges	2.5%
User Charges	3.8%
Grants, Subsidies and Contributions	7.67%
Investment Income	0.1%
Reimbursements	0.6%
Other Income	1.2%
Net Gain - Equity Accounted Council Businesses	10.75%
	100%

## Our Performance Highlights

We are proud of our many achievements highlighted throughout this Annual Report. This includes delivering on community priorities, proactive planning for community infrastructure and services, collaborating with community to deliver programs and strengthening local partnerships.

Our performance and achievement highlights are measured against our four strategic objectives as outlined in Be the Future of Burnside 2012-2025:

- Our integrated urban form and living spaces - Integrate and enhance our living spaces to meet our diverse current and future needs and to embrace our City's character to ensure our continued pride in and enjoyment of living in Burnside.
- Our protected and valued environment - Protect and conserve the environment, living in harmony with it to ensure that future generations can experience what we value so highly today.
- Our diverse supportive, happy and healthy people – A mix of people of all ages and from all walks of life. For them to be supportive of one another, creating a sense of community spirit and a deep sense of belonging, where individuals enjoy participation, involvement, learning, happiness and health. Our local businesses will provide services and goods that support our people and our people will support our local businesses.
- Our leading inclusive and connected Council - Council is to be engaging, open and approachable, to listen to and be representative of our views, to act on our behalf and in our best interest. To achieve this, it must deliver high-quality services that meet community needs and continue to be a learning organisation, at the forefront of Local Government and sustainable.

Here are further details and more examples of what we achieved this year:

## Strategic Direction 1: Integrated Urban Form and Living Spaces

### Delivery of all Capital Works programs

All Capital Works scheduled for the 2015/16 financial year were completed in the areas of drainage, footpath, road resurfacing, traffic calming, kerb renewal, community buildings, playgrounds and open space.

### **Successful negotiation and agreement to transfer Constable Hyde Memorial Garden to the City of Burnside**

After several months of working closely with all stakeholders, the Council Administration and the State Government were able to negotiate a new proposal that was consistent with the community feedback.

This new proposal was presented to Council at its meeting on 13 October 2015. Council resolved to seek Ministerial approval to revoke the community land classification of the Rose Park Preschool and JB Cleland Kindergarten only.

The Rose Park Scout Hall and the Gurney Road Garden will remain as community land, an outcome strongly supported by the Burnside community.

This decision allows Council to seek Ministerial approval to revoke the community land classification of the Rose Park Preschool and JB Cleland Kindergarten. Should Ministerial approval be received, Council may then resolve to proceed with negotiations to transfer this land to the State Government and acquire Constable Hyde Memorial Garden, saving it as community land.

### **First draft of the Activity Centres Draft Plan Amendment DPA**

Recognising the community and council concerns about growth and urban form that were identified through the Minister's Inner Metropolitan Growth DPA, and following a Section 30 review which resulted in a request from the Minister to address growth in line with the SA Government's 30 Year Plan for Greater Adelaide, a major city-wide consultation on growth was undertaken in 2014.

This consultation highlighted the preferences of the community on how urban growth should be handled in the City of Burnside both now and into the future. Based on this community feedback, Council reviewed the planning policies we use in the assessment of development proposals for our retail, commercial and business areas and considered what our future planning needs are to better address the aims of the State Government's 30 Year Plan for Greater Adelaide.

Council produced the 'Approach to Mixed Use and Activity Centres DPA' which, although a work in progress and not an endorsed document, nor implemented as policy, contains current ideas on future business planning policy in our City.

It highlights the direction Council is currently heading in updating planning policy in our commercial and business areas to better reflect the aims and objectives of the *30-Year Plan for Greater Adelaide*.

The 'Approach to Mixed Use and Activity Centres DPA' will be subject to community consultation in the next financial year

### **Swim School at the George Bolton Swimming Centre Burnside**

With the opening of the refurbished George Bolton Swimming Centre Burnside, the City of Burnside introduced a Council-managed swim school for all ages from 12 months as well as school holiday and birthday party programs.

The Burnside Swim School lessons teach swimming and survival strokes with a focus on water safety. The lessons involve water safety elements in each of the eight levels, as well as dedicated safety weeks where the entire lesson is focused on water safety. This will assist in our goal to ensure all

children are safer in and around the water. Our Swim School program follows the school term operating only in Terms 1 and 4.

## **Strategic direction 2: Protected and Valued Environment**

### **Burnside Garden Awards**

The City of Burnside Garden Awards were introduced for a one-year trial and open to all Burnside residents, schools, community venues and commercial operators. The aim of the Garden Awards is to support and encourage City of Burnside garden enthusiasts to achieve excellence and innovation in their gardening practices and to recognise the energy and enthusiasm put into local gardens and reward this dedication with recognition as an award recipient.

The awards incorporate a number of different categories:

- Best heritage garden
- Best native/sustainable garden
- Best residential garden
- Best non-residential garden
- Best community garden
- Best school / kindergarten / child-care garden.

The inaugural awards attracted a large number of entries from residents and local community organisations and the presentation evening was a resounding success. The Burnside Garden Awards program will be offered in the 2016/17 financial year.

### **Restoring waterways**

Stage 4 of the multi-year Michael Perry Creek line restoration was completed with nearly half a kilometre of Second Creek being restored to health.

The project focused on removing woody weeds and replanting a variety of local flora to enhance and improve the water quality, soil and biodiversity of the region. Native reeds and rushes were planted to prevent erosion, stabilise the creek bank and also filter the water.

### **At-Call Hard Waste**

The City of Burnside trialled a more efficient, effective and free At-Call home collection service that is more flexible in meeting the needs of our community and reducing landfill.

### **Waterproofing the East**

The Waterproofing the East project was approved to proceed in this financial year.

The aim of this stormwater recycling project is to store stormwater in underground aquifers, recovering the stored water in the summer months and reticulating it to many parks in the three adjoining councils of Burnside, Norwood, Payneham and St Peters and Walkerville.

The participating councils have adapted the model of the successful Salisbury stormwater recycling initiative to fit the geology and topography of the combined council areas.

Supported by grants of \$10 m from the federal government and \$2 m by the Adelaide and Mount Lofty Ranges Natural Resources Management Board - a state government body - the total capital spend on Stage 2 of this project will be \$21.6 m, with an estimated economic multiplier benefit of \$68 m to the district during the construction phase.

This project is both environmentally sound and financially viable, delivering non-potable (not of drinking quality) water along a distribution network at a cost considerably below the prevailing SA Water price. Twenty Burnside parks and gardens will benefit from this project in the future.

A local government regional subsidiary *Eastern Regional Alliance Water (ERA Water)*, owned and controlled in equal share by the three councils, has been gazetted. It is empowered to construct, maintain and operate the recycling scheme.

### **Stormwater Capacity Study**

Council commissioned a stormwater capacity study to review the capacity of our City's stormwater infrastructure. This included identifying areas most in need of upgrade to address potential flooding risks, and modelling these upgrades to ensure there would be no negative impact on the rest of the system as a result of making these improvements. The results from this study will be used to prioritise future stormwater and flood mitigation works.

## **Strategic direction 3: Our Diverse Supportive, Happy and Healthy People**

### **Glenunga Community Hub**

Following a long process that started with an aspirational Master Plan for the Glenunga Reserve, Glenunga Hub was completed including landscaping and remodelled athletics facilities in December 2014, and opened in February 2016. An innovative management model incorporating the many sporting clubs based at the Conyngham Street Glenunga site, and council has enabled this multi-use facility to provide state of the art sporting clubrooms as well as provide extensive community use for recreation, leisure and social activities.

Glenunga Hub redefines the standard of multi-purpose leisure facilities available for use by the City of Burnside residents. As a vibrant destination for our community, the new development builds on the inherent qualities of the site and connects the reserve to the streets of Glenunga and the greater City of Burnside. The Hub helps to foster healthy living and community wellbeing with an extensive program of activities available for the community, as a venue for community sport and recreation, and a place for the community to meet.

### **Finalisation of the Public Health Plan**

Eastern health Authority, a subsidiary of the City of Burnside, Campbelltown City Council, City of Norwood, Payneham & St Peters, City of Prospect and the Town of Walkerville, developed their first Regional Public Health Plan, in response to the requirements of the *South Australian Public Health Act 2011*. The Plan outlines opportunities to promote and protect the public health of the community across three theme areas:

- **Environments for Health** – including the built, natural and economic environmental features of the region which influence health (including transport, walkability and open space).

- **Capacity For Health** – including lifestyle factors, community connections, access to services and community engagement.
- **Protecting Public Health** – including immunisations, food safety, emergency management and public health services.

### **Transition of Aged Care service delivery from the Home and Community Care funded program (HACC) to the new Commonwealth Home Support Programme (CHSP) incorporating the use of the My Aged Care portal**

The CHSP is the entry level for Australia's aged care system for people aged 65 years and over (or 50 years and over for Aboriginal and Torres Strait Islander people) and their carers who need support to remain living independently at home, and replaces the former Home and Community Care (HACC) Program.

The CHSP has three key programs that are supported in Burnside:

**3Rs (Respite, Recreation, Revitalisation)** The 3Rs Program is a centre and community-based program funded by the Commonwealth Home Support Programme (CHSP) that provides support to socially isolated older people, people with memory loss and younger people with a disability. The 3Rs assists people to reconnect with their community and activities of their choice while providing respite and support for their carers.

**Eastern Region Men's Shed Program** Sheds have been a traditional place for Australian men to take time out or work on projects. The Eastern Region Men's Shed provides a friendly and safe meeting place for older men, including those with memory loss, living in the eastern region of Adelaide.

**Home Assist Program** The Home Assist program provides a range of home support services, home maintenance, minor home modifications and social activities to assist you to maintain an independent lifestyle.

### **Economic Development**

City of Burnside is part of the Eastern Region Alliance Economic Development Group, which has a focus on Smart Cities, Tourism, and the Creative Industries. Economic Development is being fed into a number of strategies across council, including the upcoming DPAs, our liaison with DPTI about Ministerial DPAs, and our liaison with Renewal SA about the Glenside redevelopment.

City of Burnside also contributes financially and as a partner agency to Eastside Business Enterprise Centre (EBEC), which provides business consulting, consulting and training to businesses in the eastern region of Adelaide. In 2015, EBEC was successful in securing three years of Federal funding to provide services.

## **Strategic direction 4: Our Leading, Inclusive and Connected Council**

### **Unqualified external audit opinion on the financial statements and internal controls**

In 2013/14, the City of Burnside received a qualified external audit opinion on its financial internal controls (not the financial statements). What followed was a comprehensive review of our internal controls framework and associated risks. Based on a large body of work performed, which drew upon best practice models across all tiers of Government, the City of Burnside developed a renewed



internal control framework which is possibly the best framework that has been adopted by a South Australian Council to date.

As a result of this effort, the City of Burnside was presented with an unqualified external audit report both for its internal controls and financial statements for the 2014/15 financial year and has been recognised for outstanding financial management at the 2016 LG Professionals Australia, SA Leadership Excellence Awards.

### **Website upgrade**

The City of Burnside Website ([www.burnside.sa.gov.au](http://www.burnside.sa.gov.au)) should be an engaging, informative and user friendly communications tool which is well used by the community.

The former design was outdated given available new technology, standards and priorities.

The website was upgraded with fresh imagery, responsive design and functionality, new search features, enhanced navigation and performance, and a stronger focus on the future needs for business and online services.

### **BCustomerWise program**

Council has committed to achieving customer service excellence and to strive to deliver services in a professional, co-ordinated and timely manner. We also committed to where possible, exceed the needs and expectations of our customers, colleagues and Elected Members.

To achieve this, Council adopted a high level of customer service program, BCustomerWise, to gain a full understanding of what our levels of service delivery are, and what we need to do to achieve our commitments.

Stage one of the BCustomerWise program was completed and involved a review of relevant policies and standards, organisation-wide training, customer request workflows and knowledge base reviews, and a survey of Urban Services and Community and Development Services customers.

Surveying our customers gave Council a clear understanding of the organisation's strengths, and particularly weaknesses from the customers' perspective and has enabled targeted improvements to be made to the service experience.

### **One Customer Service Team**

The customer services provided by the Planning and Depot teams were integrated into the Civic Centre Customer Service team to streamline the service and to continue achieving high-level efficiencies.

### **Streamlined training systems**

Council developed the eLearning - Learning Management System which is an online training portal available to all staff. The cost saving portal streamlines the new staff induction program and to accommodate future staff training needs.

### **Undertook an Organisational Culture Survey and completed appropriate action planning**

A high-performing organisational culture produces high-performing outcomes for our community. With a goal to ensure that the City of Burnside is an employer of choice, attracting and retaining high-performing staff, Council undertook an Organisational Culture Inventory (OCI) and

Organisational Effectiveness Inventory (OEI) to provide an overview of the existing staff culture of the City of Burnside.

The staff surveys sought opinions regarding expected behaviours of staff, how to motivate staff, and how to improve staff productivity.

### **Backup Power Generator for the Civic Centre**

During the February 2014 storm event power to the Civic Centre was lost and consequently services to our community were disrupted. To overcome the risk of this occurring in future crises, Council installed a back-up power generator to ensure that the Civic Centre has the ability to continue providing services to residents at all times, even during extended power outages.

### **Transition to electronic minutes and agendas**

Council continues to modernise our business and achieve efficiencies. One identified opportunity to introduce paperless minutes and agendas for both Council staff and Elected Members will realise a 50 per cent reduction in paper wastage, labour costs and photocopying costs. To achieve this tablets have been provided for use during all Council ordinary and committee meetings with paper agendas and minutes being incrementally reduced.

### **Revamp of the Procurement Framework and development of the 12 month Roadmap**

Striving for internal efficiencies, Council has reviewed and updated the City of Burnside Procurement Governance Framework. This policy is available online at [www.burnside.sa.gov.au](http://www.burnside.sa.gov.au). A Procurement Roadmap was developed to guide the development of policies and protocols to tighten and streamline our internal controls and also to strive for better value for money.

### **New Resident Handbook**

Council created a New Resident Handbook to welcome new residents into our City. The handbook contains information on the Council, community services, what to do, what to see and information about the Council area.

Copies of the New Resident Handbook are posted to residents on purchasing a property in our City. Copies are also available online at [www.burnside.sa.gov.au](http://www.burnside.sa.gov.au).

### **Effectiveness and Efficiency Reviews**

Within this financial year Council sought to deliver improved services to the community while maintaining equitable rates, and providing efficient and effective operations. In order to progress this, Council endorsed the development of an efficiency and effectiveness program to enable Council to make decisions about which services Council will offer, whether there are new ways of servicing customers, as well as optimising existing services in terms of value for money outcomes. A efficiency and effectiveness review was undertaken and presented to Council in June 2016.

The Administration reviewed the recommendations from the review and provided a response as Action Taken or to be taken. The following table provides a summary position:

Recommendations	Actions Taken
-----------------	---------------

<p>List of services provided by Council should be reviewed and agreed. The following information should also be included within this review:</p> <ul style="list-style-type: none"> <li>- Segregation between Discretionary and Legislated Services</li> <li>- Allocation of costing and FTEs</li> </ul>	<p>Full list of Council services (rationalised from 170 to 1<del>925</del>) currently being reviewed with associated FTE and direct costs. Pilot service level reviews are being undertaken for three of Council's Discretionary services (Nursery, Street Sweeping and Verge Mowing)</p>
<p>Implement a lean based Service Review Framework with an annual savings target of 1 per cent of Employee, Materials and Contracts expenses</p>	<p><a href="#">Draft-Adopted</a> 2016/17 Budget includes a \$558,000 savings target which equates to 1.67 per cent of the Employee, Materials and Contracts expenses</p>
<p>Review the number of FTEs</p>	<p><a href="#">Draft-Adopted</a> 2016/17 Budget includes a target reduction of 3 FTEs</p>
<p>Introduce a zero based budget to ensure cost of services do not rise beyond the Local Government Price Index (LGPI)</p>	<p><a href="#">Proposed-Adopted</a> rates increase for 2016/17 is 0.90 per cent which is consistent with the December 2015 LGPI</p>
<p>Effective utilisation of assets and investigation of options for disposal of surplus assets</p>	<p>The <del>draft</del> Property Strategy <del>will be</del> <a href="#">was presented to Council for adoption by Council</a> in June. Council will start considering under-utilised assets (buildings and/or land) for potential disposal (anticipated to be presented early in the new financial year)</p>
<p>Differential rating to be explored on Vacant Land and Commercial Properties</p>	<p>The <a href="#">draft-Adopted</a> 2016/17 Annual Business Plan and Budget <del>proposes the introduction of</del> differential rating on Vacant Land</p>
<p>Investigate opportunities for sharing of facilities/services with other Councils</p>	<p>The <a href="#">draft-Adopted</a> 2016/17 Budget includes an Operating Project 'Sharing of Services' which considers opportunities for collaboration</p>

## Our People

The Council's Administration is responsible for the coordination, implementation and management of Council decisions, services and activities in accordance with the City of Burnside's Strategic Plan.

In addition, the Administration evaluates operational matters, considering comments on policies, strategies and services prior to their review and adoption by Council.

City of Burnside has three General Managers led by a Chief Executive Officer who establishes and maintains the organisational structure of Council Administration.

The Chief Executive Officer's office deals with issues of strategic organisational significance and includes corporate communications, Elected Member support, Council and Committee Secretariat and Executive support.

The General Managers lead three divisions of administration:

- Corporate Services
- Community and Development Services

- Urban Services.

Total salary packages in 2015/16 ~~are~~ were made up of base salary, superannuation and the facility to salary sacrifice for a fully expensed car and range between \$182,650 and \$225,664 per annum. In addition these executives are provided with a mobile phone and computer tablet for their work use.

## Local Government

### Council Process

The City of Burnside delivers a vast range of services and it is important that those services respond to the needs of the community. The Mayor and Elected Members act as the democratic link between the Council Administration and the community it serves, to make sure citizens' voices are heard.

All major policy decisions are made by Elected Members, who then delegate the day-to-day running of the Council to its Administration. It is the Administration's job to turn the Elected Members' decisions regarding the Council's policies and priorities into action.

### Council Meetings

The Council consists of 12 Ward Councillors and the Mayor. It meets at the Civic Centre on the second and fourth Tuesday of each month at 7 pm unless otherwise determined. The Council considers information, reports and recommendations which are prepared by the Administration to assist Council to make decisions on the budget, strategic planning, policies, and other civic matters. Members of the public are welcome to attend Council and Committee meetings.

### Council Committees

Council Committees are created under Section 41 of the *Local Government Act, 1999*, with the exception of the Development Assessment Panel which is established under Section 56 A of the *Development Act, 1993* and the Strategic Planning and Development Policy Committee established under S101A of the *Development Act, 1993*.

Council may establish Committees to:

- Assist the Council in the performance of its functions.
- Inquire into, and report to the Council on, matters within the ambit of the Council's responsibilities.
- Provide advice to the Council.
- Exercise, perform or discharge delegated powers, functions or duties.

When establishing a Committee, Council must determine the reporting and accountability requirements for the Committee. Committees that are performing a regulatory activity of the Council must report to the Council on its activities every quarter.

The Audit Committee meets bimonthly in the Executive Boardroom, adjacent to the Council Chamber. The Audit Committee is comprised of two members of Council and three independent members.

The CEO Recruitment, Performance Appraisal and Remuneration Review Committee meets as needed in the Executive Boardroom. Their role is to perform the functions of a selection panel for the position of Chief Executive Officer, to monitor the performance of the appointee and review conditions of remuneration and employment on an annual basis.

The Strategic Planning and Development Policy Committee (SPDPC) is a required Committee of Council established under Section 101A of the *Development Act, 1993*. Under the Terms of Reference the Committee consists of all Elected Members and the Mayor. The Mayor is the presiding member of this committee. This committee did not meet in the 2015/16 financial year. The SPDPC meets as required in the Council Chambers.

The Development Assessment Panel (DAP) meets in the Council Chamber on the first Tuesday of each month at 6 pm. The DAP is comprised of three Elected Members and four independent members. The DAP is established under Section 56A of the *Development Act, 1993*, for the purpose of considering and making decisions on certain types of development applications. In accordance with the *Development Act, 1993*, the Presiding Member of DAP must not be an Elected Member or Council officer.

Under section 34(23) of the *Development Act, 1993* “a council must delegate its powers and functions as a relevant authority with respect to determining whether or not to grant development plan consent under this Act to its council development assessment panel; or a person for the time being occupying a particular office or position (but not including a person who is a member of the council).” The Development Delegations Policy defines which applications will be referred to the DAP.

The Development Assessment Panel makes decisions on development applications in accordance with the requirements of the *Development Act, 1993*. It provides advice to Council about trends, issues and any other matters that may relate to the applications.

## **Agendas and Minutes**

Agendas of Council and Committee meetings are placed on display in the Council office and in the Library no less than three clear days prior to the meetings. Minutes of the meetings are displayed in the Council office and in the Library from five days after the meetings have taken place. Agendas and minutes are also available on the Burnside Council website at [www.burnside.sa.gov.au](http://www.burnside.sa.gov.au).

Meetings are closed to the public only if a matter is considered in confidence under Section 90 of the *Local Government Act, 1999*.

For more details of Council meeting procedure refer to the ‘Code of Practice – Meeting Procedures’ and the ‘Code of Practice for Access to Meetings and Documents’.

## **Composition of Council**

The Council consists of the Principal Member (Mayor) and 12 Councillors. The City is made up of six wards:

Beaumont, Burnside, Eastwood and Glenunga, Kensington Gardens and Magill, Kensington Park, and Rose Park and Toorak Gardens.

Each ward is represented by two Councillors, with the Mayor representing the entire City. The current Council was elected in November 2014. Council elections are held every four years.

## **2015/16 Elected Council Members**

Beaumont Ward

Cr Anne Monceaux

Cr Mark Osterstock

Eastwood and Glenunga Ward

Cr Helga Lemon

Cr Di Wilkins

Kensington Park Ward

Cr Jane Davey

Cr Felicity Lord OAM

Burnside Ward

Cr Graham Bills

Cr Lance Bagster

Kensington Gardens and Magill Ward

Cr Grant Piggott

Cr Henry Davis

Rose Park and Toorak Gardens Ward

Cr Peter Cornish

Cr Peter Ford

### **Elected Members Council Meeting Attendance**

A total of 22 Council Meetings were held during the 2015/16 financial year of which none were Special Council Meetings.

1 July 2015 – 30 June 2016

Special meetings 0

Total meetings 22

Mayor Parkin 22

Councillor Bagster 17

Councillor Bills 20

Councillor Cornish 19

Councillor Davey 22

Councillor Davis 22

Councillor Ford 17

Councillor Lemon 21

Councillor Lord 11

Councillor Monceaux 22

Councillor Osterstock 21

Councillor Piggott 21

Councillor Wilkins 22

Leave of absence was granted to Cr Bagster (10/11/2015), (12/4/16 & 26/4/16 but he attended both meetings), Cr Bills (14 July 2015), Cr Cornish (8 September 2015 & 10 May 2016), Cr Ford (14 July 2015, 28 July 2015, 23 February 2016, 8 March 2016), Cr Lord (9 & 23 February 2016, 8 & 22 March 2016, 12 & 26 April 2016, 10 & 24 May 2016, 14 June 2016 and 28 June 2016 (Cr Lord did attend this meeting)).

## Allowances

### Elected Member and Independent Member Allowances

Elected Members receive an annual allowance to assist with expenses incurred undertaking their role and to recognise the role they perform. Councillors in charge of chairing a committee are also paid an additional allowance. The rate of annual allowance for Elected Members was set by the Remuneration Tribunal of South Australia on 28 July 2014.

In addition, Elected Members have access to a computer and photocopier within the Civic Centre and have a tablet; the Mayor is provided with a mobile phone, tablet and computer. Council maintains a register of allowances which details the amounts and benefits paid to Elected Members.

Elected Members are able to claim for reimbursement of further costs in accordance with Council's Elected Members' Allowances and Benefits Policy.

Note: Some Elected Members may receive additional allowances for chairing committees, or sitting fees if they represent Council on external boards.

The Audit Committees and the Development Assessment Panel require representation from Independent Members who may receive an allowance for chairing the committee or a sitting fee.

### Committee Costs 2015/2016

Name	Audit	DAP	Council	Total
<b>Elected Members</b>				
Mayor David Parkin	\$ -	\$ -	\$ 64,176	\$ 64,176
Cr Henry Davis	\$ -	\$ -	\$ 16,045	\$ 16,045
Cr Felicity Lord	\$ -	\$ -	\$ 16,045	\$ 16,045
Cr Lance Bagster	\$ -	\$ -	\$ 16,045	\$ 16,045
Cr Graham Bills	\$ -	\$ -	\$ 16,045	\$ 16,045
Cr Anne Monceaux	\$ -	\$ -	\$ 16,045	\$ 16,045
Cr Di Wilkins	\$ -	\$ 1,000	\$ 16,045	\$ 17,045
Cr Jane Davey	\$ -	\$ -	\$ 16,045	\$ 16,045
Cr Peter Cornish	\$ -	\$ 800	\$ 16,045	\$ 16,845
Cr Mark Osterstock	\$ -	\$ 1,200	\$ 16,045	\$ 17,245
Cr Helga Lemon	\$ -	\$ 1,000	\$ 16,045	\$ 17,045
Cr Grant Piggott	\$ -	\$ 800	\$ 16,045	\$ 16,845
Cr Peter Ford	\$ -	\$ 1,000	\$ 14,548*	\$ 15,548
<b>Independent Members</b>				
Bill Chandler	\$ -	\$ 6,200	\$ -	\$ 6,200
Ross Bateup	\$ -	\$ 4,000	\$ -	\$ 4,000
Don Donaldson	\$ -	\$ 4,000	\$ -	\$ 4,000
Graeme Brown	\$ -	\$ 4,000	\$ -	\$ 4,000
Lisa Scinto	\$ 800	\$ -	\$ -	\$ 800
Roberto Bria	\$ 1,200	\$ -	\$ -	\$ 1,200
Leigh Hall	\$ 4,000	\$ -	\$ -	\$ 4,000
Andrew Blaskett	\$ 2,000	\$ -	\$ -	\$ 2,000
<b>Total</b>	<b>\$ 8,000</b>	<b>\$ 24,000</b>	<b>\$ 255,213</b>	<b>\$ 287,213</b>

\*Cr Ford did not take a member allowance during a period of Leave of Absence.

## Audit Committee

This financial year seven meetings were held. Mayor David Parkin and Cr Grant Piggott attended all seven meetings. Member attendance as per the table below:

Name	Jul-15	Sep-15	2-Nov-15	16-Nov-15	Feb-16	Apr-16	Jun-16
David Parkin	1	1	1	1	1	1	1
Leigh Hall	1	1	1	1	1	1	1
Roberto Bria					1	1	1
Grant Piggott	1	1	1	1	1	1	1
Andrew Blaskett	1	1	1	1	1		
Lisa Scinto		1	1				

## Development Assessment Panel (DAP)

11 meetings were held in 2015/16. Member attendance was as per the table below:

Name	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Name	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Bill Chandler	1	1	1	1	1	1							
Ross Bateup	1	1	1	1	1	1							
Graeme Brown	1	1	1	1	1	1							
Don Donaldson	1	1	1	1	1	1							
Peter Ford		1	1	1	1	1							
Helga Lemon	1	1	1	1	1	1							
Mark Osterstock	1	1	1	1	1	1							
							Bill Chandler		1	1	1	1	1
							Ross Bateup		1	1	1	1	1
							Graeme Brown		1	1	1	1	1
							Don Donaldson		1	1	1	1	1
							Peter Cornish		1	1		1	1
							Grant Piggott		1	1		1	1
							Di Wilkins		1	1	1	1	1
	6	7	7	7	7	7		7	7	5	7	7	

During 2015/16 the Development Assessment Panel required consideration of three items in a confidential forum excluding the public (under Section 56A (12) of the *Development Act, 1993*). These discussions took place in December 2015 and April and June 2016.

## CEO Recruitment, Performance Appraisal and Remuneration Review Committee

Three meetings were held during 2015/16. Mayor David Parkin, Cr Helga Lemon, Cr Davis and Cr Grant Piggott attended all three meetings. These meetings are facilitated by Alexandra Cannon.



Name	2-May-16	15-May-16	15-Jun-16
David Parkin	1	1	1
Henry Davis	1	1	1
Helga Lemon	1	1	1
Grant Piggott	1	1	1

## Council Representation on Boards and Committees

1 Jul 2015 - 30 Jun 2016

Adelaide Mount Lofty Ranges Bushfire Management Committee

Council representation: General Manager, Community and Development Services

Burnside Retirement Services Inc.

Council representation: Cr Monceaux, Cr Osterstock and Cr Wilkins

Sitting fee: \$2,000 per annum

Burnside War Memorial Hospital Inc.

Council representation: Cr Davey (1 July 2015 to 30 June 2016), Cr Osterstock (1 July 2015 to 30 June 2016), Cr Bagster (1 July 2015 to 31 December 2015) and Cr Davis (1 January 2016 to 30 June 2016)

Sitting fee: Board Members \$500 per annum

Eastern Health Authority Inc.

Council representation: Cr Cornish and Cr Monceaux

Eastern Business Enterprise Centre

Council representation:

Manager, Community and Development Services

Eastern Region Alliance Inc.

Council representation: Mayor David Parkin

Eastwood Community Centre Inc.

Council representation: Cr Wilkins (1 December 2014 until the end of the current Council term).

Eastern Waste Management Authority

Council representation: Cr Piggott (1 July 2015 to 27 June 2016)

Highbury Landfill Authority (HLA) and HLA Audit Committee

Council representation: Chief Executive Officer

Local Government Finance Authority of SA

Council representation: Mayor David Parkin

Local Government Association of SA

Council representation: Mayor David Parkin

National General Assembly of Local Government

Council delegate: Mayor David Parkin (delegated to Cr Lemon)

Local Government Managers Australia

Council representation: Mayor David Parkin and Chief Executive Officer.

## Training and Development

The City of Burnside is committed to providing training and development for Elected Members. Training helps ensure Council has accountability and transparency.

It assists Council in remaining compliant with all relevant legislation, standards and codes. To broaden their knowledge and skills, Elected Members have the opportunity to attend training sessions, workshops and conferences throughout the year.

In 2015/16, Elected Members were invited to 2 Training sessions and 6 Workshops.

### **Date Name of Training / Workshop**

#### **Training:**

25 August 2015 Conflict of Interest

19 April 2016 Refresher Conflict of Interest, Outcomes from the year in review and Major Key Projects

#### **Elected Member Workshops:**

23 July 2015 - Garage Sales Trail, Adelaide City Council Parklands Engagement, Kensington Gardens Master Plan, Update on Annual Community Survey, Hazelwood Park Engagement Results and Property Strategy Update .

21 January 2016 - Conflict of Interest and DAP Training

4 February 2016 - Year in Review and the next Three Years Part 1

16 February 2016 - Year in Review and the next Three Years Part 2

17 March 2016 - Budget Workshop 1 and Civic Centre Masterplan

16 June 2016 - 2016/17 Draft Annual Business Plan and Budget Outcomes, 2016/17 Budget Services Level Review, and Effectiveness and Efficiency Review. This workshop was open to the public.

## **Voter Representation and Boundary Review**

Council completed the Elector Representation Review process in 2012/13 and received certification from the State Electoral Commissioner. An Elector Representation Review is a legislative requirement which is undertaken periodically to determine whether the “community would benefit from an alteration to its composition or ward structure” in order to “receive adequate and fair representation”.

Several alternatives were considered by Council and were put to the community for comment. The review identified that a change was needed in the Ward boundary between the Eastwood and Glenunga Ward and the Beaumont Ward to provide for the projected increase in population due to development of the Glenside Hospital site. There will be no change to the boundaries of the other four Wards. Council will continue to have a Mayor (elected at large) and two Councillors per Ward. The change to the Ward boundary took effect at the Council election in November 2014.

The council next intends to conduct a Representation Review (‘the Review’) once the Minister publishes a notice in the South Australian Government Gazette (‘the Notice’). The Minister will specify in the Notice the relevant period during which the Review must be completed. When this next occurs, the council will inform the public of the preparation of a representation options paper and will invite interested persons to make written submissions to the council on the subject of the review within a period specified by the council (being a period of at least six weeks).

## **Voters’ Roll**

The number of electors on the voters’ roll as at the last closing date under the Act is 31,827. The break down in Ward is as follows:

Beaumont 5,266

Burnside 5,201

Eastwood and Glenunga 5,168

Kensington Gardens and Magill 5,389

Kensington Park 5,559

Rose Park and Toorak Gardens 5,244

## **Representation Quota**

Council’s representation quota is 2,448 (the amount ascertained by dividing the number of electors for the area of the Council by the number of members who constitute the Council). Burnside is one of seven South Australian Councils classified as Urban Development Medium (UDM). The average representation quota for this classification is 2,528.

## **Tenders and contracts**

Council’s Procurement Governance Framework ensures that all procurement activities are underpinned by the following key governance principles:

- Value for money
- Transparent and fair competition
- Ethical behaviour and probity
- Risk Management
- Financial Responsibility
- Compliance with statutory obligations
- Social, economic and environmental sustainability

When Council is purchasing goods, works or services where the estimated level of expenditure is between \$2,000 and \$100,000, formal quotations are obtained and where the estimated level of expenditure exceeds \$100,000 Council will call for formal tenders (either Select or Open). In circumstances where Council enters into purchasing contracts other than those resulting from a tender or quotation process, Council will record the reasons for entering into those contracts and retain the records as appropriate.

### **Significant Business Activity**

In 2015/16, Council formed a regional subsidiary, ERA Water, along with the Town of Walkerville and City of Norwood, Payneham and St Peters. ERA Water has been established to undertake the 'Waterproofing the Eastern Adelaide' project and capture stormwater, clean and disinfect the water and deliver it to customers or store in aquifers for subsequent delivery.

## **Governance**

### **Council Meetings Held in Confidence**

The Council holds regular meetings throughout the year and some matters, due to their nature, may be closed to the public and considered in confidence as required by Schedule 4 of the *Local Government Act, 1999*, and the *Local Government (General) Regulation 22 A*.

The figures below include confidentiality orders from Council, Special Council and all Council committees for 2015/16.

<b>Topic</b>	<b>Number</b>
Section 90(2) orders made to go into confidential session.	<b>15</b>
<b>Section 90(3) Grounds under which an Order made:</b>	
90(3) (a) Personal Affairs	<b>7</b>
90(3) (b) Confer commercial advantage on another person / prejudice Council's commercial person	<b>2</b>
90(3) (c) Reveal trade secrets	-
90(3) (d) Commercial in confidence	<b>2</b>
90(3) (e) Security of Council, council property or persons	-
90(3) (f) Prejudice maintenance of law or investigation	-
90(3) (g) Breach of law – duty of confidence	<b>2</b>
90(3) (h) Legal advice	<b>5</b>
90(3) (i) Litigation	<b>1</b>
90(3) (j) Information provided in confidence by Minister or public authority	-
90(3) (k) Tenders	-
90(3) (m) Information relating to proposed Development Plan Amendment proposal before released for public consultation	-
90(3) (n) Review of a Freedom of Information determination	-

#### **Section 90(2) and 91(7) orders made in 2015/2016**

<b>Subject</b>	<b>90(2)</b>	<b>91(7)</b>
<b>Burnside War Memorial Hospital - Lease</b>	<b>14/7/15</b>	<b>14/7/15</b>
<b>Chief Executive Officer Performance Appraisal Report – July 2014</b>	<b>14/7/15</b>	<b>14/7/15</b>
<b>Chief Executive Officer Remuneration</b>	<b>14/7/15</b>	<b>14/7/15</b>
<b>Draft Chief Executive Officer Contract and Draft Position Description</b>	<b>14/7/15</b>	<b>14/7/15</b>
<b>Chief Executive Officer Succession Plan</b>	-	<b>11/8/15</b>
<b>Non Payment of Council Rates</b>	<b>28/7/15</b>	<b>28/7/15</b>
<b>East Waste Correspondence</b>	<b>25/8/15</b>	<b>24/8/15</b>
<b>Elected Member OHS &amp; W Matter</b>	-	<b>8/9/15</b>

Land Acquisition – Constable Hyde Memorial Gardens	-	8/9/15
Barking Dog	-	22/9/15
Elected Member Code of Conduct	-	13/10/15
Burnside War Memorial Hospital – Lease Update	10/11/15	-
East Waste – Purchase of Land	8/12/15	8/12/15
Legal Matters	8/12/15	8/12/15
Council Member Code of Conduct Complaint	23/2/16	23/2/16
Alleged Leaking of Confidential Information	8/3/16	8/3/16
Elected Member Request for Reimbursement of Private Legal Expenses	-	8/3/16
Elected Member Request for Reimbursement of Private Legal Expenses	-	22/3/16
Whitbread Grove, Skye – Proposed Land Sale	-	22/3/16
Elected Member Request for Reimbursement of Private Legal Expenses	-	12/4/16
Council Member Code of Conduct Complaint	10/5/16	10/5/16
Newland Park	10/5/16	10/5/16
Remake of Confidential Orders	24/5/16	-
Elected Member Request for Section 39 Protection from Civil Liberty and Reimbursement of Private Legal Expenses	-	24/5/16
Elected Member Request for Section 39 Protection for Civil Liberty and reimbursement of Private Legal Expenses – New Claim	-	24/5/16
Elected Members’ Code of Conduct Request for Reimbursement of Legal Expenses	-	24/5/16
Elected Member Request for Reimbursement of Private Legal Expenses	-	24/5/16
Elected Member request for Reimbursement of Legal Expenses	-	24/5/16
Former Elected Member Request for Reimbursement of Legal Expenses	-	24/5/16
CEO Performance Appraisal Report and Remuneration	-	24/5/16
CEO performance Appraisal	-	24/5/16
Status of the Burnside Retirement Services Inc Board of Management	-	24/5/16
Burnside Retirement Services Legal Advice	-	24/5/16
Elected Member Request for Reimbursement of Private Legal Expenses	-	24/5/16

<b>Elected Member Code of Conduct – Complaint Against an Elected Member</b>	-	<b>24/5/16</b>
<b>Alleged Leaking of Confidential Information</b>	<b>14/6/16</b>	<b>14/6/16</b>
<b>Legislative Council Select Committee Inquiry into the Corporation of the City of Burnside</b>	-	<b>28/6/16</b>
<b>Legislative Council Select Committee Inquiry into the Corporation of the City of Burnside</b>	-	<b>28/6/16</b>

### **Section 91(7)**

Orders made to keep documents or information confidential	<b>36</b>
Orders expired, ceased to apply or were revoked during 2015/16	<b>21</b>
Orders remaining operative at end of financial year (not including orders made before 15 November 2010)	<b>97</b>

### **Section 91(7) orders that remained operative (not including orders made before 15 November 2010)**

<b>Subject</b>	<b>Date</b>
CEO Recruitment, Annual Performance Review and Resignation	9/6/15
CEO Recruitment, Annual Performance Review and Resignation	18/1/11
Foothills Water Company Ltd	9/9/14
Foothills Water Company Ltd	9/9/14
Foothills Water Company Ltd	9/9/14
Foothills Water Company Ltd	9/9/14
Foothills Water Company Ltd	9/9/14
Foothills Water Company Ltd	9/9/14
Foothills Water Company Ltd	9/9/14
Foothills Water Company Ltd	9/9/14
Foothills Water Company Ltd	9/9/14
Chelsea Cinema	9/6/15
DAP Defamation	27/5/14
DAP Defamation	27/5/14
DAP Defamation	27/5/14
DAP Defamation	27/5/14
DAP Defamation	27/5/14
Occupational Health and Safety matter	14/7/15

CEO Recruitment and Performance Appraisal Process (current – Deb)	11/7/11
CEO Recruitment and Performance Appraisal Process (current – Deb)	19/7/11
CEO Recruitment and Performance Appraisal Process (current – Deb)	26/7/11
CEO Recruitment and Performance Appraisal Process (current – Deb)	19/12/11
CEO Recruitment and Performance Appraisal Process (current – Deb)	2/4/12
CEO Recruitment and Performance Appraisal Process (current – Deb)	24/4/12
CEO Recruitment and Performance Appraisal Process (current – Deb)	29/1/13
CEO Recruitment and Performance Appraisal Process (current – Deb)	27/1/16
CEO Recruitment and Performance Appraisal Process (current – Deb)	26/5/15
CEO Recruitment and Performance Appraisal Process (current – Deb)	27/5/14
CEO Recruitment and Performance Appraisal Process (current – Deb)	24/5/16
CEO Recruitment and Performance Appraisal Process (current – Deb)	21/7/14
CEO Recruitment and Performance Appraisal Process (current – Deb)	4/8/14
CEO Recruitment and Performance Appraisal Process (current – Deb)	4/8/14
CEO Recruitment and Performance Appraisal Process (current – Deb)	12/8/14
CEO Recruitment and Performance Appraisal Process (current – Deb)	1/9/15
CEO Recruitment and Performance Appraisal Process (current – Deb)	16/2/15
CEO Recruitment and Performance Appraisal Process (current – Deb)	14/7/15
CEO Recruitment and Performance Appraisal Process (current – Deb)	14/7/15
CEO Recruitment and Performance Appraisal Process (current – Deb)	14/7/15
Internal Audit Project 11/12 – Network Security	6/9/11
Internal Audit Project 11/12 – Network Security	7/2/12
Road Closure Proposal – Beaumont (Bonvue Avenue)‘	11/12/12
External Auditor Appointment	25/11/14
External Auditor Appointment	25/11/14
Elected Member OHS and W matter	8/9/15
Elected Member OHS and W matter	13/10/15
Elected Member OHS and W matter	13/10/15
Elected Member OHS and W matter	13/10/15
Elected Member OHS and W matter	13/10/15
Elected Member OHS and W matter	13/10/15
Elected Member OHS and W matter	13/10/15
Whitebread Grove, Skye – Proposed Land Sale	22/3/16
Whitebread Grove, Skye – Proposed Land Sale	22/3/16



Whitebread Grove, Skye – Proposed Land Sale	22/3/16
Elected Member Reimbursement of Private Legal Expenses	22/3/16
Status of the Burnside Retirement Services Inc Board of Management	24/5/16
Status of the Burnside Retirement Services Inc Board of Management	24/5/16
Code of Conduct – Complaint against Staff Member	10/6/14
Legislative Council Select Committee Inquiry into the Corporation of the City of Burnside	8/7/14
Legislative Council Select Committee Inquiry into the Corporation of the City of Burnside	8/7/14
483 Glynburn Road, Burnside – Road Reserve Closure Request	8/7/14
483 Glynburn Road, Burnside – Road Reserve Closure Request	8/7/14
483 Glynburn Road, Burnside – Road Reserve Closure Request	8/7/14
Land Purchase Leabrook/Constable Hyde Memorial Gardens	24/3/15
Land Purchase Leabrook/Constable Hyde Memorial Gardens	24/3/15
Land Purchase Leabrook/Constable Hyde Memorial Gardens	8/9/15
Chief Executive Officer Succession Plan	11/8/15
Chief Executive Officer Succession Plan	22/10/13
Burnside Swimming Centre Kiosk – EOPIs for new operator	10/12/13
6 Conyngham Street, Glenside update	24/11/14
Regional Hard Waste Collection Service for ERA – Results for RFI	25/11/14
Performance of Independent Auditor	5/2/14
Elected Member Code of Conduct Complaint against an Elected Member	24/5/16
Elected Member Code of Conduct Complaint against an Elected Member	9/9/14
Barking Dog Complaint	22/9/15
Barking Dog Complaint	27/1/15
10 and 12 Duncan Road, Beaumont Extinguishment Easements and vary a LMA	23/9/16
Elected Member Request for Reimbursement of Private Legal Expenses	27/1/15
Elected Member Request for Reimbursement of Private Legal Expenses	8/3/16
Elected Member Request for Reimbursement of Private Legal Expenses	12/4/16
Elected Member Request for Reimbursement of Private Legal Expenses	26/5/15
Burnside War Memorial Hospital Lease	14/7/15
Burnside War Memorial Hospital Lease	22/9/15
Burnside War Memorial Hospital Lease	10/11/15
Non Payment of Council Rates	28/7/15

East Waste Correspondence / East Waste – Purchase of Land	25/8/15
East Waste Correspondence / East Waste – Purchase of Land	8/12/15
Council Member Code of Conduct Complaint	22/9/15
Council Member Code of Conduct Complaint	10/11/15
Council Member Code of Conduct Complaint	23/2/16
Legal Matters	8/12/15
East Waste – Purchase of Land	8/12/15
Council Member Code of Conduct Complaint	23/2/16
Council Member Code of Conduct Complaint	10/5/16
Alleged Leaking of Confidential Information	23/2/16
Alleged Leaking of Confidential Information	8/3/16
Alleged Leaking of Confidential Information	14/6/16
Newland Park	10/5/16

## Freedom of Information

Requests for information that are not generally readily available to the public will be considered in accordance with the *Freedom of Information Act 1991*. Under this legislation the application fee must be forwarded with the completed request form unless the applicant is granted a fee exemption. The fees are set by the State Government and are reviewed each year. Members of the public may apply under Freedom of Information (FOI) for access to the Council's documents concerning his or her personal affairs and for amendment of those records. The application form can be obtained from the Council office or downloaded from the Council's website.

FOI request forms and a list of fees and charges applicable to requests are available from the Council office. The form and the list of charges can also be downloaded from the Council's website at [www.burnside.sa.gov.au](http://www.burnside.sa.gov.au) or from the State Records website at [www.archives.sa.gov.au](http://www.archives.sa.gov.au).

Freedom of Information enquiries and requests should be addressed to: Freedom of Information Officer, City of Burnside, PO Box 9, Glenside SA 5065.

Applicants will receive a response as soon as possible and within the statutory 30 calendar days of Council receiving the properly completed FOI request form together with the application and search fees.

During 2015/16 Council processed 11 Freedom of Information requests and provided its annual return to State Records.

## Internal Review

A person who may be aggrieved by a Council decision can request an internal review of the decision in accordance with Section 270 of the *Local Government Act 1999*. During 2015/16 three internal reviews were requested. One related to parking at Swift Avenue, Dulwich and the other two related to a wombat crossing at Dulwich Road, Dulwich. In all cases the decisions of the Council were upheld on review.

## List of Mandatory Policies, Codes, Procedures and Registers

(Local Government Act 1999)

### **Policies**

- Public Consultation Policy
- Complaint Handling
- Elected Members' Allowances and Benefits
- Elected Members' Training and Development
- Naming of Public Places
- Order Making
- Procurement Governance Framework
- Tenders and Contract Engagement
- Request for Service
- Risk Management
- Whistleblower Protection
- Prudential Management
- Informal Gatherings
- Internal Financial Control

### **Codes**

- Code of Conduct – Council Members
- Code of Conduct – Council Employees
- Code of Practice – Meetings and Documents – Access and Procedures

### **Procedures**

- Internal Review of Council Decisions (Section 270) Procedure
- Council Member Code of Conduct Complaint Handling Procedure
- Request for Service Procedure

### **Registers**

- By-laws
- Community Land
- Delegations
- Fees and Charges (list of)
- Public Roads
- Rates Assessment Record
- Register of Interests – Elected Members, Audit Committee and DAP Independent Members
- Register of Allowances and Benefits – Elected Members
- Register of Remuneration, Salaries and Benefits – Employees

- Register of Interests – Employees
- Conflicts of Interest Register
- Register of Gifts and Benefits for Council Members
- Register of Gifts and Benefits for Employees, Staff and Associates

#### ***Local Government (Elections) Act 1999***

- Caretaker Policy
- Register of Campaign Donations Returns

## **Reporting**

### **National Competition Policy**

Principles of competitive neutrality are designed to neutralise any net competitive advantage that a government or local government agency engaged in significant business activities would otherwise have, by virtue of its control by the government or local government, over private business operating in the same market.

Council has a complaints mechanism in place and in 2015/16 no complaints were received with regard to Competitive Neutrality.

### **By-laws currently gazetted**

The City of Burnside's by-laws were gazetted in the SA Gazette on 4 August 2011 and these came into effect on 26 July 2011. Council's by-laws are:

- Permits and Penalties
- Moveable Signs
- Local Government Land
- Roads
- Dogs
- Waste Management

These by-laws expire on 1 January 2019.

An additional Lodging Houses By-law was adopted by Council in April 2014 and came into effect on 1 September 2014. This by-law expires on 1 September 2021.

## **Financial Report**

~~[still to be received]~~

## **Subsidiary Reports**

[still to be received]

Eastern Health Authority

East Waste  
Highbury Landfill Authority  
ERA Water

# City of Burnside

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2016

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*We are renowned for our City's green and leafy character and unique integrated urban form. We are highly regarded for our sense of community spirit, support for one another, social diversity and commitment to the environment.*



# City of Burnside

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

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General Purpose Financial Statements  
for the year ended 30 June 2016

Certification of Financial Statements

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

**In our opinion:**

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2016 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

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Paul Deb  
**CHIEF EXECUTIVE OFFICER**

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David Parkin  
**MAYOR**

**Date: dd Month 2016**



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

### Understanding Council's Financial Statements

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#### Introduction

Each year, individual Local Governments across South Australia are required to present a set of audited Financial Statements to their Council and Community.

#### About the Certification of Financial Statements

The Financial Statements must be certified by the Chief Executive Officer and Mayor as "presenting a true & fair view" of the Council's financial results for the year, and ensuring both responsibility for and ownership of the Financial Statements across Council.

#### What you will find in the Statements

The Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2016.

The format of the Financial Statements is standard across all South Australian Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and the requirements as set down in the South Australia Model Financial Statements.

The Financial Statements incorporate 4 "primary" financial statements:

##### **1. A Statement of Comprehensive Income**

A summary of Council's financial performance for the year, listing all income & expenses.

##### **2. A Balance Sheet**

A 30 June snapshot of Council's financial position including its assets & liabilities.

##### **3. A Statement of Changes in Equity**

The overall change for the year (in dollars) of Council's "net wealth".

##### **4. A Statement of Cash Flows**

Indicates where Council's cash came from and where it was spent.

#### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the 4 Primary Financial Statements.

#### About the Auditor's Reports

Council's Financial Statements and Financial Internal Controls are required to be audited by external accountants.

#### About the Independence Certificates

Council's Financial Statements are also required to include signed Certificates by both the Council and the Auditors that the Council's Auditor has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

#### Who uses the Financial Statements?

The Financial Statements are publicly available documents and are used by (but not limited to) Councillors, Residents and Ratepayers, Employees, Suppliers, Contractors, Customers, the Local Government Association of South Australia, the SA Local Government Grants Commission, and Financiers including Banks and other Financial Institutions.

Under the *Local Government Act 1999* the Financial Statements must be made available at the principal office of the Council and on Council's website.

Statement of Comprehensive Income  
for the year ended 30 June 2016

\$ '000	Notes	2016	2015
<b>Income</b>			
Rates Revenues	2a	36,024	34,988
Statutory Charges	2b	1,086	1,329
User Charges	2c	1,647	910
Grants, Subsidies and Contributions	2g	3,308	4,417
Investment Income	2d	28	50
Reimbursements	2e	273	489
Other Income	2f	510	317
Net Gain - Equity Accounted Council Businesses	19	766	71
<b>Total Income</b>		<b>43,642</b>	<b>42,571</b>
<b>Expenses</b>			
Employee Costs	3a	15,447	15,151
Materials, Contracts & Other Expenses	3b	17,683	17,762
Depreciation, Amortisation & Impairment	3c	8,755	8,135
Finance Costs	3d	276	131
Net loss - Equity Accounted Council Businesses	19	132	249
<b>Total Expenses</b>		<b>42,293</b>	<b>41,428</b>
<b>Operating Surplus / (Deficit)</b>		<b>1,349</b>	<b>1,143</b>
Asset Disposal & Fair Value Adjustments	4	29	103
Amounts Received Specifically for New or Upgraded Assets	2g	313	304
Physical Resources Received Free of Charge	2i	209	451
<b>Net Surplus / (Deficit) <sup>1</sup></b>		<b>1,900</b>	<b>2,001</b>
<b>Other Comprehensive Income</b>			
Changes in Revaluation Surplus - I,PP&E	9a	-	(104,516)
Movements in Other Reserves		18	1
<b>Total Other Comprehensive Income</b>		<b>18</b>	<b>(104,515)</b>
<b>Total Comprehensive Income</b>		<b>1,918</b>	<b>(102,514)</b>

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

# City of Burnside

## Statement of Financial Position

as at 30 June 2016

\$ '000	Notes	2016	2015
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5a	583	2,198
Trade & Other Receivables	5b	1,414	1,445
Inventories	5c	24	26
<b>Total Current Assets</b>		<b>2,021</b>	<b>3,669</b>
<b>Non-Current Assets</b>			
Financial Assets	6a	178	25
Equity Accounted Investments in Council Businesses	6b	865	176
Infrastructure, Property, Plant & Equipment	7a	517,967	510,968
Other Non-Current Assets	6c	1,491	3,577
<b>Total Non-Current Assets</b>		<b>520,501</b>	<b>514,746</b>
<b>TOTAL ASSETS</b>		<b>522,522</b>	<b>518,415</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	5,497	3,912
Borrowings	8b	8,799	8,261
Provisions	8c	2,212	1,815
<b>Total Current Liabilities</b>		<b>16,508</b>	<b>13,988</b>
<b>Non-Current Liabilities</b>			
Borrowings	8b	-	50
Provisions	8c	-	324
Liability - Equity Accounted Council Businesses	8d	2,280	2,237
<b>Total Non-Current Liabilities</b>		<b>2,280</b>	<b>2,611</b>
<b>TOTAL LIABILITIES</b>		<b>18,788</b>	<b>16,599</b>
<b>Net Assets</b>		<b>503,734</b>	<b>501,816</b>
<b>EQUITY</b>			
Accumulated Surplus		217,220	215,320
Asset Revaluation Reserves	9a	286,085	286,085
Other Reserves	9b	429	411
<b>Total Council Equity</b>		<b>503,734</b>	<b>501,816</b>

# Statement of Changes in Equity

for the year ended 30 June 2016

\$ '000	Notes	Asset			Total Equity
		Accumulated Surplus	Revaluation Reserve	Other Reserves	
<b>2016</b>					
<b>Balance at the end of previous reporting period</b>		215,320	286,085	411	<b>501,816</b>
<b>Net Surplus / (Deficit) for Year</b>		1,900	-	-	<b>1,900</b>
Other Comprehensive Income					
- Increase in Open Space Contribution Reserve		-	-	18	<b>18</b>
<b>Other Comprehensive Income</b>		-	-	18	<b>18</b>
<b>Total Comprehensive Income</b>		<b>1,900</b>	<b>-</b>	<b>18</b>	<b>1,918</b>
<b>Balance at the end of period</b>		<b>217,220</b>	<b>286,085</b>	<b>429</b>	<b>503,734</b>
<b>2015</b>					
<b>Balance at the end of previous reporting period</b>		213,319	390,601	410	<b>604,330</b>
<b>Net Surplus / (Deficit) for Year</b>		2,001	-	-	<b>2,001</b>
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(104,516)	-	<b>(104,516)</b>
- Increase in Open Space Contribution Reserve		-	-	1	<b>1</b>
<b>Other Comprehensive Income</b>		-	(104,516)	1	<b>(104,515)</b>
<b>Total Comprehensive Income</b>		<b>2,001</b>	<b>(104,516)</b>	<b>1</b>	<b>(102,514)</b>
<b>Balance at the end of period</b>		<b>215,320</b>	<b>286,085</b>	<b>411</b>	<b>501,816</b>

# City of Burnside

## Statement of Cash Flows

for the year ended 30 June 2016

\$ '000	Notes	2016	2015
<b>Cash Flows from Operating Activities</b>			
<u>Receipts</u>			
Rates Receipts		36,115	34,925
Statutory Charges		1,086	1,329
User Charges		1,797	910
Grants, Subsidies and Contributions (operating purpose)		3,308	4,417
Investment Receipts		28	50
Reimbursements		273	489
Other Receipts		3,066	139
<u>Payments</u>			
Payments to Employees		(15,427)	(15,020)
Payments for Materials, Contracts & Other Expenses		(16,685)	(18,806)
Finance Payments		(276)	(131)
<b>Net Cash provided by (or used in) Operating Activities</b>	11b	<b>13,285</b>	<b>8,302</b>
<b>Cash Flows from Investing Activities</b>			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		313	304
Sale of Replaced Assets		423	333
Repayments of Loans by Community Groups		12	9
Distributions Received from Equity Accounted Council Businesses		766	71
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(8,415)	(11,903)
Expenditure on New/Upgraded Assets		(7,524)	(3,549)
Loans Made to Community Groups		(203)	(41)
Capital Contributed to Equity Accounted Council Businesses		(778)	(106)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(15,388)</b>	<b>(14,882)</b>
<b>Cash Flows from Financing Activities</b>			
<u>Receipts</u>			
Nil			
<u>Payments</u>			
Repayments of Borrowings		(47)	(42)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(47)</b>	<b>(42)</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>(2,150)</b>	<b>(6,622)</b>
plus: <b>Cash &amp; Cash Equivalents at beginning of period</b>	11	<b>(6,016)</b>	<b>606</b>
<b>Cash &amp; Cash Equivalents at end of period</b>	11	<b>(8,166)</b>	<b>(6,016)</b>

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

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5a	Cash & Cash Equivalents	19
5b	Trade & Other Receivables	19
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## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 1. Summary of Significant Accounting Policies

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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 in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated (insert date – when adopted by Council).

##### 1.2 Historical Cost Convention

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

##### 1.3 Critical Accounting Estimates

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

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

##### 1.4 Rounding

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

#### 2 The Local Government Reporting Entity

City of Burnside is incorporated under the South Australian *Local Government Act 1999* and has its

principal place of business at 401 Greenhill Road, Tusmore, SA 5065. There were no reporting entities controlled by Council during the reporting period and consolidated into these financial statements. The net results of entities in which Council exert a significant (but not controlling) influence have been equity accounted for in the Statement of Comprehensive Income.

The principal activities and entities conducted other than in the Council's own name that have been included in these consolidated financial statements are:

1. Eastern Waste Management Authority Inc
2. Highbury Landfill Authority Inc
3. Eastern Health Authority Inc ; and
4. ERA Water

#### 3 Income Recognition

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

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

In the month of June in recent years, the Federal Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation. In June 2011, one quarter of the 2011/12 allocation amounting to \$354,258 was paid in advance; in June 2012 two quarters of the 2012/13 allocation: \$729,354; and in June 2013, two quarters of the 2013/14 allocation: \$733,778. Accordingly, the operating results for these periods have been not comparable when compared to those that would have been reported had the grants been paid in a consistent manner.

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

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

These amounts in advance were adjusted in the 2013/14 financial year. A similar advance payment of two quarters amounting to \$727,083 occurred in June 2015 relating to the 2015/16 Financial Assistance Grants. No such advance has been received in June 2016 relating to the 2016/17 year.

Accordingly, the operating results have been distorted compared to those that would have been reported had the grants been received in the appropriate financial years.

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

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

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

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

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

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

#### 5 Inventories

Inventories held in respect of stores have been valued at the lower of cost and net realisable value.

#### 6 Infrastructure, Property, Plant & Equipment

##### 6.1 Initial Recognition

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

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

Capital works still in progress at balance date are recognised as other non-current assets and transferred to infrastructure, property, plant & equipment when "ready for use".

##### 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 & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Buildings - new construction/extensions	\$10,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$2,000
Drains & Culverts	\$5,000
Information Technology/Computer Equipment	\$5,000

##### 6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis (3-5 years) 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.



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

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

### 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.

<i>Land Improvements</i>	20 to 30 years
<i>Buildings</i>	40 to 60 years
<i>Infrastructure</i>	
Sealed Roads – Surface	12 to 100 years
Sealed Roads – Structure	80 to 100 years
Paving & Footpaths, Kerb & Gutter	30 to 120 years
Drainage	80 years
<i>Plant &amp; Equipment</i>	
Office Equipment	5 to 10 years
Library Equipment/Media	5 to 15 years
Major Plant	5 to 8 years
Other Plant & Equipment	2 to 50 years
<i>Furniture &amp; Fittings</i>	
Office Furniture	10 to 20 years
Street/Reserve Furniture	10 to 20 years
Artworks	Indefinite

### 6.5 Impairment

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

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

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

### 6.6 Borrowing Costs

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

## 7 Payables

### 7.1 Goods & Services

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

### 7.2 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery, and security deposits held against possible damage to Council 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

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

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

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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". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender are replaced by notional interest as per AASB 139 Financial Instruments.

#### 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, *Employee Benefits*.

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

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

##### 9.2 Superannuation

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

#### 10 Leases

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

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

#### 11 Construction Contracts

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

#### 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, *Investments in Associates and Joint Ventures* and set out in detail in Note 19.

#### 13 GST Implications

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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**14 New accounting standards and UIG interpretations**

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2016. Council has not adopted any of these standards early.

**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.

# City of Burnside

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

### Note 2. Income

\$ '000	Notes	2016	2015
<b>(a). Rates Revenues</b>			
<b>General Rates</b>			
General Rates		34,948	33,740
Less: Mandatory Rebates		(390)	(202)
Less: Discretionary Rebates, Remissions & Write Offs		(16)	(2)
<b>Total General Rates</b>		<b>34,542</b>	<b>33,536</b>
<b>Other Rates (Including Service Charges)</b>			
Natural Resource Management Levy		1,376	1,350
<b>Total Other Rates</b>		<b>1,376</b>	<b>1,350</b>
<b>Other Charges</b>			
Penalties for Late Payment		103	99
Rates Postponed - Interest		3	3
<b>Total Other Charges</b>		<b>106</b>	<b>102</b>
<b>Total Rates Revenues</b>		<b>36,024</b>	<b>34,988</b>
<b>(b). Statutory Charges</b>			
Development Act Fees		460	454
Town Planning Fees		35	36
Animal Registration Fees & Fines		196	179
Parking Fines / Expiation Fees		349	580
Other Licences, Fees & Fines		46	80
<b>Total Statutory Charges</b>		<b>1,086</b>	<b>1,329</b>
<b>(c). User Charges</b>			
Hall & Equipment Hire		257	240
Property Leases		143	114
Community Program User Charges		250	56
Green Organics Collection Charges		85	85
Library Fees, Fines & Other User Charges		21	24
Other Commercial Activities		259	86
Swimming Centre User Charges		478	149
Rates Searches		51	52
Community Transport		5	12
Pepper St Arts Centre User Charges		14	15
Other User Charges		84	77
<b>Total User Charges</b>		<b>1,647</b>	<b>910</b>

# City of Burnside

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

### Note 2. Income (continued)

\$ '000	Notes	2016	2015
<b>(d). Investment Income</b>			
Interest on Investments			
- Local Government Finance Authority		18	38
- Banks & Other		10	12
<b>Total Investment Income</b>		<b>28</b>	<b>50</b>
<b>(e). Reimbursements</b>			
Private Works		106	121
Insurance Rebates		145	212
Workers Compensation Claims		12	151
Other Reimbursements		10	5
<b>Total Reimbursements</b>		<b>273</b>	<b>489</b>
<b>(f). Other Income</b>			
Rebates Received		340	293
Sundry		1	-
Gifts & Donations		2	4
Sale of Surplus Equipment		12	20
Recyclable Income		155	-
<b>Total Other Income</b>		<b>510</b>	<b>317</b>
<b>(g). Grants, Subsidies, Contributions</b>			
Amounts Received Specifically for New or Upgraded Assets		313	304
<b>Total Amounts Received Specifically for New or Upgraded Assets</b>		<b>313</b>	<b>304</b>
Other Grants, Subsidies and Contributions		3,308	3,690
Individually Significant Item - Additional Grants Commission Payment (refer below)		-	727
<b>Total Grants, Subsidies, Contributions</b>		<b>3,621</b>	<b>4,721</b>
The functions to which these grants relate are shown in Note 12.			
<b>(i) Sources of grants</b>			
Commonwealth Government		2,417	1,963
State Government		1,155	2,693
Other		49	65
<b>Total</b>		<b>3,621</b>	<b>4,721</b>
<b>(ii) Individually Significant Items</b>			
Grant Commission (FAG) Grant Recognised as Income		-	727

On 30 June 2015, Council received a payment equivalent to the first and second instalments of the 2015/16 Grant Commission Financial Assistance and Local Roads Grants.

This materially increased Council's operating result in the 2014/15 financial year, as these amounts are recognised as income upon receipt. No such payment was received in 2015/2016.

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

Note 2. Income (continued)

\$ '000	Notes	2016	2015
<b>(h). Conditions over Grants &amp; Contributions</b>			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
<b>Unexpended at the close of the previous reporting period</b>		32	110
Less:			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Disability Access to Buildings		-	(100)
Crime Prevention		(1)	(9)
Kensington Gardens RSL Grant		(26)	-
War Memorial Grant		(5)	-
<b>Subtotal</b>		<b>(32)</b>	<b>(109)</b>
Plus:			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Kensington Gardens RSL Grant		-	25
War Memorial Grant		-	5
Crime Prevention		-	1
<b>Subtotal</b>		<b>-</b>	<b>31</b>
<b>Unexpended at the close of this reporting period</b>		<b>-</b>	<b>32</b>
<b>Net increase (decrease) in assets subject to conditions in the current reporting period</b>		<b>(32)</b>	<b>(78)</b>
<b>(i). Physical Resources Received Free of Charge</b>			
Infrastructure		209	451
<b>Total Physical Resources Received Free of Charge</b>		<b>209</b>	<b>451</b>

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

Note 3. Expenses

\$ '000	Notes	2016	2015
<b>(a). Employee Costs</b>			
Salaries and Wages		12,726	11,922
Employee Leave Expense		1,144	1,526
Superannuation - Defined Contribution Plan Contributions	18	1,245	1,243
Workers' Compensation Insurance		653	616
Other		5	97
Less: Capitalised and Distributed Costs		(326)	(253)
<b>Total Operating Employee Costs</b>		<b>15,447</b>	<b>15,151</b>
Total Number of Employees (full time equivalent at end of reporting period)			
		163	161
<b>(b). Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration			
- Auditing the Financial Reports		31	60
Bad and Doubtful Debts		13	(1)
Elected Members' Expenses		255	210
Independent Sitting Fees		35	31
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		267	297
<b>Subtotal - Prescribed Expenses</b>		<b>601</b>	<b>597</b>
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contractors		8,169	8,564
Other Contractual Services		1,951	1,563
Professional Services		475	251
Energy		897	1,319
Legal Expenses		471	503
Levies Paid to Government - NRM levy		1,374	1,344
Levies - Other		71	70
Parts, Accessories & Consumables		1,376	1,275
Sundry Materials, Contracts & Expenses		393	338
Water		612	530
Insurance Premiums		547	519
Advertising		43	117
Bank Fees & Charges		121	109
Contributions / Donations		81	136
Postage		95	124
Subscriptions		142	132
Taxes		93	138
Training		204	173
Less: Capitalised and Distributed Costs		(33)	(40)
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>17,082</b>	<b>17,165</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>17,683</b>	<b>17,762</b>

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

Note 3. Expenses (continued)

\$ '000	Notes	2016	2015
<b>(c). Depreciation, Amortisation and Impairment</b>			
<b>(i) Depreciation and Amortisation</b>			
Land Improvements		7	68
Buildings		905	1,078
<i>Infrastructure</i>			
- Stormwater Quality Devices		73	66
- Stormwater Structures		886	878
- Other Structures		585	158
- Recreation/Sport Structures		764	655
- Road Structures		3,908	3,808
- Traffic Control Devices		228	159
Plant & Equipment		1,268	1,091
- Street/Reserve		94	89
- Interior		37	17
<b>Subtotal</b>		<b>8,755</b>	<b>8,067</b>
<b>(ii) Impairment</b>			
Infrastructure		-	68
<b>Subtotal</b>		<b>-</b>	<b>68</b>
<b>Total Depreciation, Amortisation and Impairment</b>		<b>8,755</b>	<b>8,135</b>
<b>(d). Finance Costs</b>			
Interest on Loans		276	131
<b>Total Finance Costs</b>		<b>276</b>	<b>131</b>



# City of Burnside

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

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

\$ '000	Notes	2016	2015
<b>Infrastructure, Property, Plant &amp; Equipment</b>			
<b>Assets Renewed or Directly Replaced</b>			
Proceeds from Disposal		423	333
Less: Carrying Amount of Assets Sold		(394)	(230)
<b>Gain (Loss) on Disposal</b>		<b>29</b>	<b>103</b>
<b>Net Gain (Loss) on Disposal or Revaluation of Assets</b>		<b>29</b>	<b>103</b>

### Note 5. Current Assets

#### (a). Cash & Cash Equivalents

Cash on Hand at Bank	138	1,081
Deposits at Call	445	1,117
<b>Total Cash &amp; Cash Equivalents</b>	<b>583</b>	<b>2,198</b>

#### (b). Trade & Other Receivables

Rates - General & Other	523	611
Council Rates Postponement Scheme	49	52
Accrued Revenues	26	69
Debtors - General	296	147
GST Recoupment	401	385
Prepayments	74	169
Loans to Community Organisations	45	7
Sundry	-	5
<b>Total Trade &amp; Other Receivables</b>	<b>1,414</b>	<b>1,445</b>

#### (c). Inventories

Stores & Materials	24	26
<b>Total Inventories</b>	<b>24</b>	<b>26</b>

# City of Burnside

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

### Note 6. Non-Current Assets

\$ '000	Notes	2016	2015
<b>(a). Financial Assets</b>			
<b>Receivables</b>			
Loans to Community Organisations		178	25
<b>Total Receivables</b>		<b>178</b>	<b>25</b>
<b>Total Financial Assets</b>		<b>178</b>	<b>25</b>
<b>(b). Equity Accounted Investments in Council Businesses</b>			
Eastern Health Authority	19	84	130
East Waste	19	25	46
ERA Water	19	756	-
<b>Total Equity Accounted Investments in Council Businesses</b>		<b>865</b>	<b>176</b>
<b>(c). Other Non-Current Assets</b>			
Capital Works-in-Progress - Buildings		-	3,263
Capital Works-in-Progress - Infrastructure		1,239	256
Capital Works-in-Progress - Plant & Equipment		164	56
Capital Works-in-Progress - Furniture & Fittings		-	2
Other		88	-
<b>Total Other</b>		<b>1,491</b>	<b>3,577</b>
<b>Total Other Non-Current Assets</b>		<b>1,491</b>	<b>3,577</b>

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

Note 7a. Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2015					Asset Movements during the Reporting Period										as at 30/6/2016				
		At Fair Value	At Cost	Accumulated		Carrying Value	Asset Additions		Contributed Assets		WDV of Asset Disposals	Depreciatio n Expense (Note 3c)	Impairment Loss (recognised in P/L) (Note 3c)	Adjustments & Transfers	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated		Carrying Value
				Dep'n	Impairment		New / Upgrade	Renewals	Opening Cost	Opening Accumulated Depreciation									Dep'n	Impairment	
Land and Land Improvements	2	254,555	-	206	-	254,349	-	-	-	-	-	(7)	-	-	-	-	254,555	-	213	-	254,342
Buildings	2	31,489	-	18,551	-	12,938	4,124	865	-	-	-	(501)	-	123	-	-	33,009	4,040	19,499	-	17,549
Buildings	3	74,216	3	35,639	-	38,580	9	291	-	-	(83)	(403)	-	(123)	-	-	72,770	3	34,504	-	38,269
Infrastructure							-	-	-	-	-	-	-	-	-	-					
- Stormwater Quality Devices	2	987	-	155	-	832	43	83	-	-	-	(16)	-	-	-	-	1,006	105	170	-	941
- Stormwater Quality Devices	3	5,485	18	1,352	-	4,151	-	-	-	-	-	(57)	-	-	-	-	5,485	19	1,409	-	4,094
- Stormwater Structures		81,330	852	32,221	4	49,957	574	137	7	-	-	(886)	-	-	-	-	81,416	1,484	33,107	4	49,789
- Other Structures	2	4,641	-	2,487	-	2,154	13	165	-	-	-	(102)	-	-	-	-	4,687	133	2,589	-	2,230
- Other Structures	3	21,883	136	8,719	36	13,264	29	289	56	(27)	(15)	(483)	-	-	-	-	22,201	169	9,221	36	13,114
- Recreation/Sport Structures	2	12,509	11	3,482	-	9,038	1,199	224	-	-	-	(628)	-	-	-	-	12,711	1,231	4,110	-	9,833
- Recreation/Sport Structures	3	2,040	-	1,039	-	1,001	-	42	-	-	-	(136)	-	-	-	-	2,082	-	1,176	-	906
- Road Structures		256,427	14,562	158,555	28	112,406	709	4,436	609	(436)	-	(3,908)	-	-	-	-	261,064	15,677	162,898	28	113,815
- Traffic Control Devices	2	8,404	17	5,511	-	2,910	87	85	-	-	-	(228)	-	-	-	-	8,498	90	5,734	-	2,854
- Traffic Control Devices	3	310	-	224	-	86	4	-	-	-	-	(0)	-	-	-	-	314	-	224	-	90
Plant & Equipment		-	16,542	9,690	-	6,852	368	1,739	-	-	(296)	(1,268)	-	-	-	-	-	17,657	10,261	-	7,396
- Street/Reserve	2	1,613	-	567	-	1,046	12	37	-	-	-	(81)	-	-	-	-	1,613	49	648	-	1,014
- Street/Reserve	3	1,238	-	332	-	906	-	26	-	-	-	(13)	-	-	-	-	1,264	-	346	-	918
- Interior		-	308	240	-	68	352	-	-	-	-	(37)	-	-	-	-	-	660	277	-	383
- Artwork		430	-	-	-	430	-	-	-	-	-	-	-	-	-	-	430	-	-	-	430
Total Infrastructure, Property, Plant & Equipment		757,557	32,449	278,970	68	510,968	7,523	8,419	671	(463)	(394)	(8,755)	-	-	-	-	763,104	41,317	286,386	68	517,967
Comparatives		829,320	32,138	253,475	-	607,983	3,549	11,092	451	-	(230)	(8,067)	(68)	1,226	(188,817)	84,301	757,557	32,449	278,970	68	510,968

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

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

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\$ '000

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Valuation of Assets

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

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

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

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

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

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

Information on Valuations

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

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

Where there is no known market for buildings, infrastructure and other assets or where a revaluation has not been adopted after 1 July 2013, 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.

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

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

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\$ '000

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Valuation of Assets (continued)

**Highest and best use**

**Land**

For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land. Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1999. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provider of services to the community, rather than the use of those assets for the generation of revenue.

**Buildings**

For buildings and other structures on and in the land, "highest and best use" is determined in accordance with the land on and in which they are situated.

**Infrastructure**

For infrastructure on and in the land, "highest and best use" is determined in accordance with the land on and in which they are situated.

**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.

The dates of the valuations for the individual assets classes are shown below.

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

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

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\$ '000

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Valuation of Assets (continued)

**Land & Land Improvements**

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2015.
- Valuer: Liquid Pacific Holdings Pty Ltd

**Buildings & Other Structures**

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2015.
- Valuer: Liquid Pacific Holdings Pty Ltd

**Infrastructure**

*Road & Stormwater Structures*

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2012.
- Valuer: Tonkin Consulting

*Traffic Control Devices, Recreation/Sporting & Other Structures*

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2015.
- Valuer: Maloney Field Services

**Furniture & Fittings**

*Street/Reserve*

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2015.
- Valuer: Maloney Field Services

**All other Assets**

*Artworks*

- Basis of valuation: Fair Value
- Date of valuation: 9 April 2013. Adopted 30 June, 2013
- Valuer: Theodore Bruce Auctions Pty Ltd

# City of Burnside

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

### Note 8. Liabilities

\$ '000	Notes	2016 Current	2016 Non Current	2015 Current	2015 Non Current
<b>(a). Trade and Other Payables</b>					
Goods & Services		2,037	-	1,476	-
Payments Received in Advance		127	-	62	-
Accrued Expenses - Employee Entitlements		240	-	161	-
Accrued Expenses - Other		3,093	-	2,213	-
<b>Total Trade and Other Payables</b>		<b>5,497</b>	<b>-</b>	<b>3,912</b>	<b>-</b>

### (b). Borrowings

Short Term Draw Down Facility		8,749	-	8,214	-
Loans		50	-	47	50
<b>Total Borrowings</b>		<b>8,799</b>	<b>-</b>	<b>8,261</b>	<b>50</b>

### (c). Provisions

Fringe Benefits Tax Provision		26	-	35	-
Long Service Leave Provision*		1,209	-	900	324
Annual Leave Provision		938	-	846	-
Rostered Days Off Provision		39	-	34	-
<b>Total Provisions</b>		<b>2,212</b>	<b>-</b>	<b>1,815</b>	<b>324</b>

\*Long Service Leave shown above relates to leave that Council is liable to pay to employees who have reached 7 years of service. As such, it is all considered current.

### Movements in Provisions

	Fringe Benefits Tax Provision	Long Service Leave Provision*	Annual Leave Provision	Rostered Days Off Provision
<b>Opening Balance</b>	35	1,224	846	34
Additional Amounts Recognised	130	106	809	229
(Less) Payments	(139)	(121)	(717)	(224)
<b>Closing Balance</b>	<b>26</b>	<b>1,209</b>	<b>938</b>	<b>39</b>

### (d). Liability Accounted Investments in Council Businesses

Highbury Landfill Authority	19	2,280	2,237
<b>Total Liability Accounted Investments in Council Businesses</b>		<b>2,280</b>	<b>2,237</b>

# City of Burnside

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

### Note 9. Reserves

\$ '000	1/7/2015	Increments (Decrements)	Transfers	Impairments	30/6/2016
<b>(a). Asset Revaluation Reserve</b>					
Land and Land Improvements	116,597	-	-	-	116,597
Buildings	32,900	-	-	-	32,900
Infrastructure	128,419	-	-	-	128,419
Plant & Equipment	4,799	-	-	-	4,799
Furniture and Fittings	3,371	-	-	-	3,371
<b>Total Asset Revaluation Reserve</b>	<b>286,085</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>286,085</b>
<b>Comparatives</b>	<b>390,601</b>	<b>(104,516)</b>	<b>-</b>	<b>-</b>	<b>286,085</b>

\$ '000	1/7/2015	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2016
<b>(b). Other Reserves</b>					
Open Space Contribution Reserve	411	18	-	-	429
<b>Total Other Reserves</b>	<b>411</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>429</b>
<b>Comparatives</b>	<b>410</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>411</b>

### 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).

#### Open Space Contribution Reserve

This reserve is used to record increments and decrements in Open Space Contributions.

### Note 10. Assets Subject to Restrictions

\$ '000	Notes	2016	2015
The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.			
<b>Cash &amp; Financial Assets</b>			
Unexpended amounts received from State Government		-	31
<b>Total Cash &amp; Financial Assets</b>		<b>-</b>	<b>31</b>



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

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2016	2015
<b>(a). Reconciliation of Cash</b>			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	583	2,198
Less: Short-Term Borrowings	8	(8,749)	(8,214)
<b>Balances per Statement of Cash Flows</b>		<b>(8,166)</b>	<b>(6,016)</b>
<b>(b). Reconciliation of Change in Net Assets to Cash from Operating Activities</b>			
<b>Net Surplus/(Deficit)</b>		<b>1,900</b>	<b>2,001</b>
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		8,755	8,135
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(634)	178
Non-Cash Asset Acquisitions		(209)	(451)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(313)	(304)
Net (Gain) Loss on Disposals		(29)	(103)
		<b>9,470</b>	<b>9,456</b>
<b>Add (Less): Changes in Net Current Assets</b>			
Net (Increase)/Decrease in Receivables		69	(254)
Net (Increase)/Decrease in Inventories		2	-
Net (Increase)/Decrease in Other Current Assets		2,086	(1,416)
Net Increase/(Decrease) in Trade & Other Payables		1,585	642
Net Increase/(Decrease) in Other Provisions		73	(126)
<b>Net Cash provided by (or used in) operations</b>		<b>13,285</b>	<b>8,302</b>
<b>(c). Non-Cash Financing and Investing Activities</b>			
<b>Acquisition of assets by means of:</b>			
- Physical Resources Received Free of Charge	2i	209	451
<b>Total Non-Cash Financing &amp; Investing Activities</b>		<b>209</b>	<b>451</b>
<b>(d). Financing Arrangements</b>			
<b>Unrestricted access was available at balance date to the following lines of credit:</b>			
Corporate Credit Cards		98	75
LGFA Cash Advance Debenture Facility		10,000	10,000

## City of Burnside

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

for the year ended 30 June 2016

#### Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015
<b>\$ '000</b>										
Business Undertakings	54	49	76	57	(22)	(8)	-	-	-	-
Community Services	2,138	2,039	3,927	3,796	(1,789)	(1,757)	1,475	1,602	-	-
Culture	283	423	2,027	1,889	(1,744)	(1,466)	128	243	-	-
Economic Development	-	-	21	21	(21)	(21)	-	-	-	-
Environment	364	164	8,343	9,509	(7,979)	(9,345)	32	67	-	-
Recreation	779	242	2,931	2,370	(2,152)	(2,128)	50	50	-	-
Regulatory Services	1,080	1,329	2,766	3,016	(1,686)	(1,687)	-	-	-	-
Transport & Communication	1,000	417	1,116	1,050	(115)	(633)	979	343	-	-
Plant Hire & Depot/Indirect	8	64	(601)	(685)	609	749	-	-	-	-
Unclassified Activities	-	-	1	121	(1)	(121)	-	-	-	-
Council Administration	37,169	37,773	21,553	20,035	15,616	17,738	644	2,112	522,522	518,415
<b>Total Functions/Activities</b>	<b>42,876</b>	<b>42,500</b>	<b>42,161</b>	<b>41,179</b>	<b>715</b>	<b>1,321</b>	<b>3,308</b>	<b>4,417</b>	<b>522,522</b>	<b>518,415</b>

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, net gain (loss) from joint ventures & associated entities, 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 2016

### Note 12b. Components of Functions

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\$ '000

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**The activities relating to Council functions are as follows:**

#### **BUSINESS UNDERTAKINGS**

Private Works and Water Supply – Domestic.

#### **COMMUNITY SERVICES**

Public Order and Safety, Crime Prevention, Emergency Services and Fire Protection, Other Public Order and Safety, Immunisation and Preventive Health Services, Elderly Citizens Facilities, Home Assistance Scheme and Other Services for the Aged and Disabled, Child Care Centres, Children and Youth Services, Community Transport, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Cemeteries and Public Conveniences.

#### **CULTURE**

Mobile Libraries and Housebound Services, Static Libraries, Cultural Venues, Heritage and Other Cultural Services.

#### **ECONOMIC DEVELOPMENT**

Support to Local Businesses.

#### **ENVIRONMENT**

Animal/Plant Boards, Landcare, Domestic Waste, Green Waste, Recycling, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

#### **RECREATION**

Parks and Gardens, Sports Facilities – Outdoor, Swimming Centres – Outdoor, and Other Recreation.

#### **REGULATORY SERVICES**

Dog and Cat Control, Building Control, Town Planning, Health Inspection, Parking Control, and Other Regulatory Services.

#### **TRANSPORT**

Footpaths and Kerbing, Roads – sealed, Roads – formed, Traffic Management, LGGC – roads (formula funded).

#### **COUNCIL ADMINISTRATION**

Governance, Administration, Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Rates Administration, Records, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, and Separate and Special Rates.

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

Note 13. Financial Instruments

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\$ '000

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**Recognised Financial Instruments**

**Bank, Deposits at Call, Short Term Deposits**

**Accounting Policy:**

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

**Terms & Conditions:**

Deposits are returning fixed interest rates between 1.75% and 3.30% (2015: 2.0% and 2.5%). Short term deposits have an average maturity of 90 days and an average interest rate of 2.07% (2015: 180 days and 3.3%).

**Carrying Amount:**

Approximates fair value due to the short term to maturity.

**Receivables**

**Fees & Other Charges**

**Accounting Policy:**

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

**Terms & Conditions:**

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

**Carrying Amount:**

Approximates fair value (after deduction of any allowance).

**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**

**Interest Bearing Borrowings**

**Accounting Policy:**

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

**Terms & Conditions:**

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 4% and 4.25% (2015: 4% and 5%).

**Carrying Amount:**

Approximates fair value.

# Notes to and forming part of the Financial Statements

for the year ended 30 June 2016

## Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2016</b>					
<b>Financial Assets</b>					
Cash & Equivalents	583	-	-	583	583
Receivables	156	178	-	334	546
<b>Total Financial Assets</b>	<b>739</b>	<b>178</b>	<b>-</b>	<b>917</b>	<b>1,129</b>
<b>Financial Liabilities</b>					
Payables	5,497	-	-	5,497	5,497
Current Borrowings	8,799	-	-	8,799	8,799
<b>Total Financial Liabilities</b>	<b>14,296</b>	<b>-</b>	<b>-</b>	<b>14,296</b>	<b>14,296</b>
<b>2015</b>					
<b>Financial Assets</b>					
Cash & Equivalents	2,198	-	-	2,198	2,198
Receivables	228	25	-	253	253
<b>Total Financial Assets</b>	<b>2,426</b>	<b>25</b>	<b>-</b>	<b>2,451</b>	<b>2,451</b>
<b>Financial Liabilities</b>					
Payables	3,945	-	-	3,945	3,912
Current Borrowings	8,261	-	-	8,261	8,261
Non-Current Borrowings	-	50	-	50	50
<b>Total Financial Liabilities</b>	<b>12,206</b>	<b>50</b>	<b>-</b>	<b>12,256</b>	<b>12,223</b>

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

	30 June 2016		30 June 2015	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	4.20%	8,799	5.00%	8,311
		<b>8,799</b>		<b>8,311</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. Financial assets exclude rates receivable, GST reimbursements and prepayments.

### Risk Exposures

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

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

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

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

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

Note 14. Commitments for Expenditure

\$ '000	Notes	2016	2015
<b>(a). Capital Commitments</b>			
<b>Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:</b>			
Land		145	-
Buildings		83	548
Infrastructure		144	1,098
Plant & Equipment		-	23
Other		-	25
		<b>372</b>	<b>1,694</b>
<b>These expenditures are payable:</b>			
Not later than one year		372	1,694
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
		<b>372</b>	<b>1,694</b>
<b>(b). Other Expenditure Commitments</b>			
<b>Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:</b>			
Audit Services		-	31
Waste Management Services		6,960	7,830
Employee Remuneration Contracts		5,996	6,234
Other Maintenance Contracts		1,085	2,180
		<b>14,041</b>	<b>16,275</b>
<b>These expenditures are payable:</b>			
Not later than one year		4,275	8,272
Later than one year and not later than 5 years		5,974	4,523
Later than 5 years		3,792	3,480
		<b>14,041</b>	<b>16,275</b>

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

## Note 15. Financial Indicators

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

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

### 1. Operating Surplus Ratio

Operating Surplus	1,349	3%	3%	(3%)
Total Operating Revenue	43,642			

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

### 1a. Adjusted Operating Surplus Ratio

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

1,349	3%	1%	(3%)
43,642			

### 2. Net Financial Liabilities Ratio

Net Financial Liabilities	14,333	33%	25%	10%
Total Operating Revenue	43,642			

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

### 3. Asset Sustainability Ratio

Net Asset Renewals	7,992	91%	142%	78%
Infrastructure & Asset Management Plan required expenditure	8,755			

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

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

Note 15. Financial Indicators - Graphs (continued)

<div><div>1. Operating Surplus Ratio</div><div><div><div></div><div></div><div></div></div><div><div>Ratio 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Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 16. Uniform Presentation of Finances

\$ '000	2016	2015
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	43,642	42,571
less Expenses	(42,293)	(41,428)
<b>Operating Surplus / (Deficit)</b>	<b>1,349</b>	<b>1,143</b>
<b>less Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	8,415	11,093
less Depreciation, Amortisation and Impairment	(8,755)	(8,135)
less Proceeds from Sale of Replaced Assets	(423)	(333)
<b>Subtotal</b>	<b>(763)</b>	<b>2,625</b>
<b>less Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	7,524	3,549
less Amounts Received Specifically for New and Upgraded Assets	(313)	(304)
<b>Subtotal</b>	<b>7,211</b>	<b>3,245</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(5,099)</b>	<b>(4,727)</b>

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

Note 17. Operating Leases

\$ '000

2016

2015

Leases Providing Revenue to the Council

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

**(i) Investment Property**

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

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

Not later than one year	254	197
Later than one year and not later than 5 years	738	939
Later than 5 years	1,378	1,378
	<b>2,370</b>	<b>2,514</b>

**(ii) Lease Payment Commitments of Council**

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.

No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease return or acquire the equipment leased

No lease contains any escalation clause

**Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:**

Not later than one year	444	616
Later than one year and not later than 5 years	404	934
Later than 5 years	-	-
	<b>848</b>	<b>1,550</b>

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

### Note 18. Superannuation

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\$ '000

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

#### **Accumulation only Members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2015/16; 9.50% in 2014/15). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

#### **Salarylink (Defined Benefit Fund) Members**

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2014/15) of "superannuation" salary.

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

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

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

#### **Contributions to Other Superannuation Schemes**

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

# City of Burnside

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

### Note 19. Interests in Other Entities

\$ '000

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

	Council's Share of Net Income		Council's Share of Net Assets	
	2016	2015	2016	2015
Associates - Gain	766	71	(1,415)	176
Associates - Loss	(132)	(249)	-	(2,237)
<b>Total</b>	<b>634</b>	<b>(178)</b>	<b>(1,415)</b>	<b>(2,061)</b>

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

##### (a) Carrying Amounts

Name of Entity	Principal Activity	2016	2015
Eastern Waste Management Authority Inc	Waste Management	25	46
Highbury Landfill Authority Inc	Discontinued Landfill	(2,281)	(2,237)
ERA Water	Water supply and sale	756	-
Eastern Health Authority Inc	Health	84	130
<b>Total Carrying Amounts - Joint Ventures &amp; Associates</b>		<b>(1,416)</b>	<b>(2,061)</b>

##### Eastern Waste Management Authority Inc

The City of Burnside is one of six member Councils of the Eastern Waste Management Authority Inc. The other member Councils are the City of Norwood, Payneham & St.Peters, the Town of Walkerville, the City of Mitcham, the City of Campbelltown and the Adelaide Hills Council.

##### Highbury Landfill Authority Inc

The City of Burnside is one of the member Councils of the Highbury Landfill Authority Inc. The other member Councils are the City of Norwood, Payneham & St. Peters and the Town of Walkerville.

##### ERA Water

The City of Burnside is one of the member Councils of the ERA Water Regional Subsidiary. The other member Councils are the City of Norwood, Payneham & St. Peters and the Town of Walkerville. ERA Water came into operation in July 2015 and has been established to capture stormwater, disinfect and store it in aquifers and subsequently deliver it to customers.

##### Eastern Health Authority Inc

The City of Burnside is one of five members of Councils of the Eastern Health Authority Inc (EHA). The other member Councils are the City of Campbelltown, the City of Norwood, Payneham & St Peters, the City of Prospect and the Town of Walkerville.

##### (b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2016	2015	2016	2015	2016	2015
Eastern Waste Management Authority Inc	17%	17%	17%	17%	17%	17%
Highbury Landfill Authority Inc	50%	50%	50%	50%	33%	33%
ERA Water	33%	0%	33%	0%	33%	0%
Eastern Health Authority Inc	25%	25%	25%	25%	20%	20%

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

Note 19. Interests in Other Entities (continued)

\$ '000

(c) Movement in Investment in Joint Venture or Associate

	Eastern Waste Management Authority Inc		Highbury Landfill Authority Inc	
	2016	2015	2016	2015
Opening Balance	46	3	(2,237)	(2,094)
Share in Operating Result	(2)	43	(132)	(249)
Share in Other Comprehensive Income	7	-	-	-
New Capital Contributions	20	-	71	106
Distributions Received	(46)	-	-	-
Adjustments to Equity	-	-	17	-
<b>Council's Equity Share in the Joint Venture or Associate</b>	<b>25</b>	<b>46</b>	<b>(2,281)</b>	<b>(2,237)</b>

	ERA Water		Eastern Health Authority Inc	
	2016	2015	2016	2015
Opening Balance	-	-	130	102
Share in Operating Result	756	-	5	28
Share in Other Comprehensive Income	-	-	-	-
New Capital Contributions	-	-	-	-
Distributions Received	-	-	(51)	-
Adjustments to Equity	-	-	-	-
<b>Council's Equity Share in the Joint Venture or Associate</b>	<b>756</b>	<b>-</b>	<b>84</b>	<b>130</b>

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position

	Eastern Waste Management Authority Inc		Highbury Landfill Authority Inc	
	2016	2015	2016	2015
Cash and Cash Equivalents	2,798	2,096	19	92
Other Current Assets	359	249	9	4
Non-Current Assets	5,332	6,793	9	17
<b>Total Assets</b>	<b>8,489</b>	<b>9,138</b>	<b>37</b>	<b>113</b>
Current Trade and Other Payables	1,870	1,163	33	7
Current Financial Liabilities	1,417	1,100	-	-
Current Provisions	609	439	225	171
Non-Current Financial Liabilities	4,374	6,103	-	-
Non-Current Provisions	69	56	4,339	4,372
<b>Total Liabilities</b>	<b>8,339</b>	<b>8,861</b>	<b>4,597</b>	<b>4,550</b>
<b>Net Assets</b>	<b>150</b>	<b>277</b>	<b>(4,560)</b>	<b>(4,437)</b>

	ERA Water		Eastern Health Authority Inc	
	2016	2015	2016	2015
Cash and Cash Equivalents	26	-	581	790
Other Current Assets	1,318	-	158	162
Non-Current Assets	2,099	-	422	441
<b>Total Assets</b>	<b>3,443</b>	<b>-</b>	<b>1,161</b>	<b>1,393</b>
Current Trade and Other Payables	1,174	-	96	109
Current Financial Liabilities	-	-	59	56
Current Provisions	-	-	259	235
Non-Current Financial Liabilities	-	-	376	435
Non-Current Provisions	-	-	33	42
<b>Total Liabilities</b>	<b>1,174</b>	<b>-</b>	<b>823</b>	<b>877</b>
<b>Net Assets</b>	<b>2,269</b>	<b>-</b>	<b>338</b>	<b>516</b>

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

Note 19. Interests in Other Entities (continued)

\$ '000

(d) Summarised Financial Information of the Equity Accounted Business (continued)

Statement of Comprehensive Income	Eastern Waste Management Authority Inc		Highbury Landfill Authority Inc	
	2016	2015	2016	2015
Other Income	382	878	1	6
Contributions from Constituent Councils	12,573	13,087	-	-
Interest Income	36	43	-	1
<b>Total Income</b>	<b>12,991</b>	<b>14,008</b>	<b>1</b>	<b>7</b>
Employee Costs	4,803	4,838	-	-
Materials, Contracts & Other Expenses	6,268	6,879	2	2
Depreciation, Amortisation and Impairment	1,595	1,754	7	7
Finance Costs	335	406	-	-
Highbury Closure Provision			255	491
<b>Total Expenses</b>	<b>13,001</b>	<b>13,877</b>	<b>264</b>	<b>500</b>
<b>Operating Result</b>	<b>(10)</b>	<b>131</b>	<b>(263)</b>	<b>(493)</b>

Statement of Comprehensive Income	ERA Water		Eastern Health Authority Inc	
	2016	2015	2016	2015
Other Income	16	-	591	585
Contributions from Constituent Councils	-	-	1,609	1,577
Interest Income	173	-	15	21
<b>Total Income</b>	<b>189</b>	<b>-</b>	<b>2,215</b>	<b>2,183</b>
Employee Costs	-	-	1,483	1,354
Materials, Contracts & Other Expenses	20	-	643	608
Depreciation, Amortisation and Impairment	-	-	45	84
Finance Costs	-	-	22	24
<b>Total Expenses</b>	<b>20</b>	<b>-</b>	<b>2,193</b>	<b>2,070</b>
<b>Operating Result</b>	<b>169</b>	<b>-</b>	<b>22</b>	<b>113</b>

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

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

---

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

#### **1. LAND UNDER ROADS**

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

At reporting date, Council controlled 256 km of road reserves of average width 8.2 metres.

#### **2. POTENTIAL INSURANCE LOSSES**

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

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

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

#### **3. LEGAL MATTERS**

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 4 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

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

Note 20. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet (continued)

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**4. BROWNHILL KESWICK CREEK STORM WATER PROJECT**

The City of Burnside continues to work collaboratively with the Cities of Mitcham, Unley and West Torrens and the Corporation of the City of Adelaide to develop a catchment based Stormwater Management Plan (SMP) for the Brown Hill Keswick Creek catchment. The purpose of the SMP is to mitigate and manage flood risk in the Brown Hill and Keswick Creek catchments and to achieve storm water reuse where feasible and economical. The project councils submitted the SMP in late 2012 and this was subsequently approved and gazetted by the Stormwater Management Authority in March 2013. Under the approved SMP, Councils proposed engineering and other works in Brown Hill (downstream of Anzac Highway) and Keswick Creek and its tributaries. These works, referred to as Part A works were endorsed and comprised approximately 80% of the value of the project. Determination of the remaining flood mitigation works in Brown Hill Creek upstream of Anzac Highway (referred to as Part B works) was to be confirmed within one year of gazettal of the SMP 2012 (ie by March 2014). Due to the complexity of the proposed engineering solutions and community interest in the SMP Part B ("dam or no dam"), the investigations into the proposed Part B works have taken longer to complete than originally planned resulting in a further extension of time being granted by the SMA to September 2015.

The gazetted SMP 2012 requires that councils establish a regional subsidiary primarily to undertake the detail design, construction and maintenance of the Part A and B flood mitigation works over a defined project timetable subject to funding commitments from Federal and State Governments. The five project Councils have reached agreement to approximately 80% of the total proposed project works under Part A and continue to fund the investigation into a preferred option for "Part B" works.

The forecast cost of the Brown Hill and Keswick Creeks Stormwater Management Plan is estimated to be in the order of \$147 million, with implementation planned over a 10 year period. No construction work is likely to be undertaken until after the investigation of Part B works has been completed by the Project and the final preferred concept approved by the SMA, which is forecast to be submitted to the SMA in late 2015. Commencement of detail design and construction works is dependent on funding support from the other tiers of government. No funding commitments have yet been received.

Based on the estimated costs and cost sharing arrangements approved under the Stormwater Management Plan (SMP 2012), the City of Burnside's share of the local government contribution is set at 12%, which equates to an indicative cost of between \$8 million and \$10 million depending on project funding support received.

Whilst the City of Burnside continues to collaborate with the other catchment Councils to establish a regional subsidiary, as of 30 June 2016 a regional subsidiary had not been established. It is unlikely that a regional subsidiary will be established until after Part B and the overall SMP has been approved by the SMA and project funding has been agreed by the catchment Councils, State and Federal Governments. As at 30 June 2016, the Project (catchment Councils) does not own any assets.



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

Note 21. Events after the Balance Sheet Date

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Events that occur after the reporting date of 30 June 2016, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is dd/mm/yy.

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

At the 14 June 2016 Council meeting, Council approved an additional loan facility for \$2million for a period of 15 years at a fixed interest rate of 4 per cent with the Local Government Finance Authority of South Australia . This was recognised in the ledger after 30 June 2016.

## City of Burnside

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

### Auditor's Report - Financial Statements

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## City of Burnside

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

### Auditor's Report - Financial Statements

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## City of Burnside

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

### Auditor's Report - Internal Controls

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## City of Burnside

### General Purpose Financial Statements

for the year ended 30 June 2016

### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Burnside for the year ended 30 June 2016, the Council's Auditor, HLB Mann Judd 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*.

---

Paul Deb

**CHIEF EXECUTIVE OFFICER**

---

Leigh Hall

**PRESIDING MEMBER, AUDIT COMMITTEE**

**Date: dd Month 2016**

## General Purpose Financial Statements

for the year ended 30 June 2016

### Statement by Auditor

I confirm that, for the audit of the financial statements of City of Burnside for the year ended 30 June 2016, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act

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

---

Corey McGowan  
HLB Mann Judd

Dated this            day of            2016.

# REPORT TO THE COUNCIL

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## City of Burnside

Year ended 30 June 2016

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# 1. AUDIT OVERVIEW

## 1.1 Purpose

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

## 1.2 Scope

We conducted our audit of the financial report of City of Burnside ("the Council") for the year ended 30 June 2016 in accordance with the terms of our engagement letter and with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free from material misstatement.

Our planning letter details significant risks identified during planning and the concept of materiality applied to the audit. There have been no significant changes to our audit approach since providing that letter to you.

## 1.3 Status

We have completed our audit work except for the following which are required in order to finalise the audit:

Matter	Responsibility
Audited Equity Accounted entity financial statements	Management
Council approval of financial statements	Council
Receipt of signed financial statements	Management
Receipt of signed management representation letter	Management
Issue of Independent Auditor's Report	HLB Mann Judd
Issue of the Independent Assurance Report on Internal Controls	HLB Mann Judd

## 1.4 Access and co-operation

We confirm that we were not restricted in any way from being able to perform our audit and were provided with access to all information when requested. We would like to express our thanks to management and accounting staff for their co-operation and assistance.

## 1.5 Audit opinion

Subject to our final review of the financial report and finalisation of the outstanding matters outlined below, we will be in a position to provide our audit opinion for the year ended 30 June 2016.

We expect to sign an unqualified auditor's report on the financial statements after these matters are completed. Additionally, we be issuing an unqualified auditor's report on the internal controls.

## 1.6 Disclaimer

Other than our responsibility to the audit committee, Council and Management, neither HLB Mann Judd nor any member or employee of HLB Mann Judd undertakes responsibility arising in any way from reliance placed by a third party, on this Report to the Council. Any reliance placed is that party's sole responsibility.

Our Report to the Council is for the sole use of the Council and is not to be used by any other person for any other purpose and may not be distributed, duplicated, quoted, referred to, in whole or in part, without our prior written consent.

## 2. SIGNIFICANT RISKS AND OTHER AREAS OF FOCUS

During the planning phase of the audit we identified a number of significant risks.

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

We request that the Council review the matters mentioned below and:

- Confirm to us that there are no other matters of which you are aware that would impact on these issues;
- Confirm to us that there are no other significant issues that should be considered before the adoption of the financial statements; and
- Concur with the resolution of the issues described below.

Issue description
Management over-ride of controls

### Detail of Risk:

- Recorded general journals not valid
- Transactions fraudulently recognised
- Obligations understated

### Audit Procedures:

- Review of minutes of meetings of board and the audit committee
- Undertake testing of general journals

### Findings:

No significant matters were identified.  
Management has not advised of any known or suspected fraud.

### Conclusion and/or Recommendation:

No issues were identified with respect to the Management over-ride of controls.

## 2. SIGNIFICANT RISKS AND OTHER AREAS OF FOCUS CONT'D

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Issue description
Revenue and related risk of fraud

### Detail of Risk:

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- Recorded revenue not valid
- Revenue fraudulently recognised
- Revenue overstated

### Audit Procedures:

---

- Fraud risk rebuttal
- Document control environment over the revenue/debtors cycle
- Substantive analytics and substantive test of details over revenue accounts
- Review of minutes of meetings of board and the audit committee

### Findings:

---

No significant matters were identified.

Management has not advised of any known or suspected fraud.

### Conclusion and/or Recommendation:

---

No issues were identified with respect to revenue and risk of fraud.

## 2. SIGNIFICANT RISKS AND OTHER AREAS OF FOCUS CONT'D

---

Account description
Payroll

### Detail of Risk:

- Recorded payroll expenses not valid
- Payroll expenses fraudulently recognised
- Payroll obligations understated

### Audit Procedures:

- Analytical review of Payroll expenses and provisions
- Test a sample of termination fees
- Substantive testing of the payroll expenses and tax rates
- Substantive testing of the LSL and AL provision

### Findings:

No significant matters were identified.

### Conclusion and/or Recommendation:

No significant issues were identified with respect to the Payroll.

## 2. SIGNIFICANT RISKS AND OTHER AREAS OF FOCUS CONT'D

Account description
Operating expenditure

### Detail of Risk:

- Recorded expenses not valid
- Expenses fraudulently recognised
- Obligations understated

### Audit Procedures:

- Document control environment over the expenses/payables cycle
- Substantive analytics and substantive test of details over expense accounts

### Findings:

No significant matters were identified.

### Conclusion and/or Recommendation:

No significant issues were identified with respect to the Operating Expenses.

## 2. SIGNIFICANT RISKS AND OTHER AREAS OF FOCUS CONT'D

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Account description
Property, Plant & Equipment (PPE)

### Detail of Risk:

---

- Recorded PPE not valid
- Expense capitalised not valid
- Obligations understated
- Valuation not valid
- Contributed assets overstated

### Audit Procedures:

---

- Analytical review of PPE
- Substantive testing on the PPE movement
- Test a sample of additions and disposals

### Findings:

---

No significant material were identified.

### Conclusion and/or Recommendation:

---

No significant issues were identified with respect to Property, Plant & Equipment.

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

---

#### 3.1 Independence and ethics

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

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

#### 3.1 Non-Audit Services

No non-audit services were provided to the Council.

#### 3.2 Audit Considerations in relation to Fraud

Under Australian Auditing Standard ASA 240 *The Auditors' Responsibility to Consider Fraud in an Audit of a Financial Report*, the auditor is responsible for planning and performing the audit to obtain reasonable assurance about whether the financial report is free from material misstatement as a result of fraud or error.

The Council have a responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

While our audit work during the year was not primarily directed towards the detection of fraud, as part of our audit procedures, we considered the following:

- Likelihood of material misstatements arising from fraudulent financial reporting or omissions of amounts or disclosures designed to deceive financial report users; and
- Likelihood of material misstatements arising from misappropriation of assets involving theft and embezzlement of assets.

As a result of the above procedures, we have not become aware of any instances of fraud or non-compliance with legislative, regulatory or contractual requirements.

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

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

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

---

#### 3.5 Other Matters

We confirm that:

- We noted no errors or irregularities that would cause the financial report to contain a material misstatement, and noted no apparent illegal acts.
- There were no difficulties encountered in dealing with management relating to the performance of the audit.
- The accounting policies selected by the Council are appropriate to the particular circumstances of the Council.
- There are no financial report disclosure issues that we wish to bring to your attention.
- We are not aware of any significant unusual transactions in controversial or emerging areas for which there is a lack of authoritative accounting guidance or consensus.
- We are not aware of any material inconsistencies or material misstatements of fact in information accompanying the financial report.
- We are not aware of any significant matters arising during the audit in connection with the Council's related parties.
- We have had no differences of opinion with management about significant auditing, accounting or disclosure matters.



## 4. AUDIT DIFFERENCES

---

In the normal course of our audit of the financial report we identify differences between amounts we believe should be recorded and amounts recorded.

### 4.1 Adjusted Differences

During our audit we identified a difference which have been adjusted by management on the 30/06/2015 relating to the comparatives.

Details of the adjustment is included on the attached Appendix 4: "Adjusted Audit Differences".

### 4.2 Unadjusted Differences

During our audit we identified no unadjusted differences.

Draft Report

## 5. INTERNAL CONTROL FINDINGS

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During the course of our audit for the year ended 30 June 2016 we obtained an understanding of the Council's internal control structure and procedures sufficient to allow us to determine our audit procedures for the purpose of expressing our opinion on the financial report and separately for the controls opinion.

We have not identified any significant matters that warrant the attention of management or the Council in this area.

If you have any queries in relation to this report or the audit engagement, please do not hesitate to contact me on 08 8133 5000

Yours faithfully

**Corey McGowan**

**Partner**

**10 October 2016**

Draft Report

# INDEPENDENT AUDITOR'S REPORT



CITY OF BURNSIDE

ABN 66 452 640 504

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members councils of the City of Burnside:

We have audited the accompanying financial report of City of Burnside, which comprises the statement of financial position as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and the statement of cash flow for the year then ended, a summary of significant accounting policies and other explanatory notes and the certification of financial statements.

### Council's responsibility for the Financial Report

The Council of the City of Burnside is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (Including the Australian Accounting Interpretations), the Local Government Act 1999, and the Local Government (Financial Management) Regulations 2011 (Regulations) made under that Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Report that is free from material misstatement, whether due to fraud or error selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

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

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

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

### Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of the City of Burnside for the financial year ended 30 June 2016 published in the annual report and included on the City of Burnside's website. The Council of the City of Burnside is responsible for the integrity of the City of Burnside's website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report.

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## INDEPENDENT AUDITOR'S REPORT (continued)

If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

### Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies and the Local Government Act and Regulations.

### Auditor's Opinion

In our opinion:

- the financial report presents fairly, in all material respects, the financial position of City of Burnside as at 30 June 2016 and its financial performance and its cash flows for the year then ended; and
- complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 and Regulations.

HLB Mann Judd  
Chartered Accountants

Corey McGowan  
Partner

Adelaide, South Australia  
XX September 2016

# INDEPENDENT ASSURANCE REPORT



## City of Burnside Independent Assurance Report

To the Mayor and Members of the City of Burnside:

### Report on the Internal Controls of the City of Burnside

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

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

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

### Our Responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 Compliance Engagements, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2015 to 30 June 2016. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of controls on a sample basis based on the assessed risks.

### Limitation on Use

This report has been prepared for the members of the Council in accordance with Section 129 of the Local Government Act 1999 in relation to the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

### Inherent Limitations

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

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

### Independence

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

### Opinion

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

HLB Mann Judd  
Chartered Accountants

Corey McGowan  
Partner

Adelaide, South Australia  
XX September 2016

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# DRAFT AUDITOR'S INDEPENDENCE DECLARATION



Chartered Accountants

The Mayor and Council Members  
City of Burnside  
401 Greenhill Road  
[TUSMORE\\_SA 5065](#)

TO THE COUNCILLORS OF CITY OF BURNSIDE

## STATEMENT OF AUDITORS INDEPENDENCE ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 30 June 2016

I confirm that, for the audit of the financial statements of City of Burnside for the year ended 30 June 2016, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

HLB Mann Judd  
Chartered Accountants

Corey McGowan  
Partner

Adelaide, South Australia  
29 September 2016

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# DRAFT MANAGEMENT REPRESENTATION LETTER

City of Burnside's Letterhead

XX October 2016 (same date as the financial statements being signed off)

Mr Corey McGowan  
HLB Mann Judd  
169 Fullarton Road  
DULWICH SA 5065

Dear Corey,

This representation letter is provided in connection with your audit of the financial report of City of Burnside, for the year ended 30 June 2016, for the purpose of you expressing an opinion as to whether the financial report is, in all material respects, in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia.

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

## Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, for the preparation of the financial report in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and confirm that the financial report is fairly presented in accordance therewith, and is free from, material misstatement, including omissions.
2. The financial records of the entity have been kept so as to be sufficient to enable a financial report to be prepared and audited, and other records and registers required by the entity's constitution have been properly kept and are up-to-date.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error. We have designed, implemented and maintained adequate internal control to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained.
4. All transactions have been recorded in the accounting records and are reflected in the financial report.
5. The following have been properly recorded and/or disclosed in the financial report, or there are no such items requiring recording or disclosure:
  - (a) Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees (written or oral);
  - (b) Arrangements involving restrictions on cash balances, compensating balances and line-of-credit or similar arrangements;
  - (c) Agreements to repurchase assets previously sold;
  - (d) Material liabilities, contingent liabilities and assets including those arising under derivative financial instruments;
  - (e) Losses arising from the fulfilment of, or an inability to fulfil, any sale commitments or as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.
6. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
7. The entity has satisfactory title to all assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.
8. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. In particular:
  - (a) We consider that the measurement processes, including related assumptions and models, used by management in determining accounting estimates in the context of the applicable financial reporting framework are appropriate, and the measurement processes have been applied consistently.
  - (b) The assumptions appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
  - (c) Disclosures related to accounting estimates are complete and appropriate under the applicable financial reporting framework.
  - (d) No subsequent event requires adjustment to the accounting estimates and disclosures included in the financial report.
9. We have assessed at the end of the reporting period whether there is any indication that an asset may be impaired, having considered, as a minimum, the impairment indicators noted in AASB 136. If any such indication exists, we have estimated the recoverable amount of the asset.
10. We have considered the requirements of AASB 136 "Impairment of Assets" when assessing the impairment of assets and in ensuring that no assets are stated in excess of its recoverable amount.
11. We have tested at balance date or during the period each:
  - (a) intangible asset with an indefinite useful life,
  - (b) intangible asset not yet available for use,
  - (c) intangible asset initially recognised during the current annual period, and
  - (d) goodwill acquired in a business combination

For impairment by comparing its carrying amount with its recoverable amount.
12. We have assessed the recoverability of all receivables, and confirm that adequate allowance has been made for any receivables which may not be collected.
13. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
14. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of non-compliance.
15. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.



# DRAFT MANAGEMENT REPRESENTATION LETTER (CONT'D)

16. There are no litigation and claims whose effects should be considered when preparing the financial report.
17. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards.
18. We acknowledge that the misstatements noted on the attached schedule of "Adjusting Entries", identified during your audit and communicated to us, have been corrected, and included in the draft financial report.
19. You have not advised us of any financial report misstatements requiring correction, or uncorrected misstatements, that you detected during the audit.
20. All events occurring subsequent to the date of the financial report and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.
21. If any matter which may materially affect the financial report arises during the period from the date of the auditor's report to the date the financial report is issued, we will inform you.

## Information Provided

22. We have provided you with:
  - (a) 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;
  - (b) All financial records and related data and other information, explanations and assistance necessary for the conduct of the audit;
  - (c) Minutes of all meetings of members, Council, and committees of Council;
  - (d) Additional information, explanations and assistance that you have requested from us for the purposes of the audit; and
  - (e) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
23. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
24. There has been no fraud or suspected fraud that affects the entity and involves:
  - (a) Management;
  - (b) Employees who have significant roles in internal control; or
  - (c) Others where the fraud could have a material effect on the financial report.
25. There have been no allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, regulators or others.
26. There have been no instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
27. There have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that whose effects should be considered when preparing the financial report.
28. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

## Other Matters

29. We have assessed the ability of the entity to continue as a going concern and are satisfied that it will so continue. We have no knowledge of events or conditions and related business risks beyond the period of this assessment that may cast significant doubt on the entity's ability to continue as a going concern.

30. There have been no non-audit services performed by HLB Mann Judd.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully

Chief Executive Officer

General Manager,  
Corporate Services

## ADJUSTED AUDIT DIFFERENCES

The following audit differences have been adjusted in preparing the financial statements.

Account Name	DR \$	CR \$	Narrative
Sundry Debtors	31,944.62		Entry on prior year (30/06/2015) to enter the journal asset revaluation reserve per client's adjustment on FY2014/2015.
Asset Revaluation Reserve		31,944.62	
	<u>(31,944.62)</u>	<u>31,944.62</u>	
No impact on prior year or current year financial performance.			



# LATE CLIENT ADJUSTMENTS

The following late client adjustments have been made in preparing the financial statements.

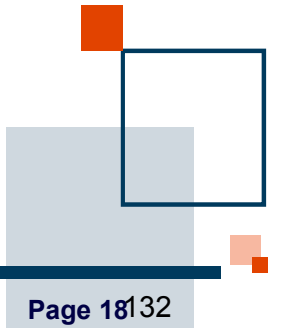
Date	Name	Account No	Reference	Annotation	Debit	Credit
30/06/2016	Sundry Debtors	025	4-151		210,482.00	
30/06/2016	Contractors - Waste Services	531	4-151			210,482.00
To enter the journal for joint venture reconciliation per client's adjustment - East Waste Special Distribution						
30/06/2016	Investment in associate - Eastwaste	090	4-151			273,865.00
30/06/2016	Decrease in Investment in Associate	680	4-151		273,865.00	
To enter the journal for joint venture reconciliation per client's adjustment - East Waste reconciliation						
30/06/2016	Investment in associate - EHA	091	4-151			45,969.00
30/06/2016	Decrease in Investment in Associate	680	4-151		45,969.00	
To enter the journal for joint venture reconciliation per client's adjustment - EHA reconciliation						
30/06/2016	Liability - Equity - HLF	165	4-151			43,661.00
30/06/2016	Decrease in Investment in Associate	680	4-151		43,661.00	
To enter the journal for joint venture reconciliation per client's adjustment - HLF reconciliation						
30/06/2016	Investment in associate - ERA Water	093	4-151		756,301.00	
30/06/2016	Increase in Investment in Associate	420	4-151			756,301.00
To enter the journal for joint venture reconciliation per client's adjustment - ERA Water reconciliation						
<b>Net Income (Loss)</b>						
		<b>1,901,249.71</b>				

## UNADJUSTED AUDIT DIFFERENCES

---

There was no differences that remained unadjusted in preparing the financial statements.

Draft Report





**Phone:** +61 (8) 8133 5000 | **Fax:** +61 (8) 8431 3502

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***Our pledge is to look after their affairs as well as  
we do yours***

XX October 2016 (same date as the financial statements being signed off)

Mr Corey McGowan  
HLB Mann Judd  
169 Fullarton Road  
DULWICH SA 5065

Dear Corey,

This representation letter is provided in connection with your audit of the financial report of City of Burnside, for the year ended 30 June 2016, for the purpose of you expressing an opinion as to whether the financial report is, in all material respects, in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia.

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

## ***Financial Statements***

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, for the preparation of the financial report in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and confirm that the financial report is fairly presented in accordance therewith, and is free from, material misstatement, including omissions.
2. The financial records of the entity have been kept so as to be sufficient to enable a financial report to be prepared and audited, and other records and registers required by the entity's constitution have been properly kept and are up-to-date.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error. We have designed, implemented and maintained adequate internal control to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained.
4. All transactions have been recorded in the accounting records and are reflected in the financial report.
5. The following have been properly recorded and/or disclosed in the financial report, or there are no such items requiring recording or disclosure:
  - (a) Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees (written or oral);
  - (b) Arrangements involving restrictions on cash balances, compensating balances and line-of-credit or similar arrangements;
  - (c) Agreements to repurchase assets previously sold;
  - (d) Material liabilities, contingent liabilities and assets including those arising under derivative financial instruments;
  - (e) Losses arising from the fulfilment of, or an inability to fulfil, any sale commitments or as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.

6. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
7. The entity has satisfactory title to all assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.
8. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. In particular:
  - (a) We consider that the measurement processes, including related assumptions and models, used by management in determining accounting estimates in the context of the applicable financial reporting framework are appropriate, and the measurement processes have been applied consistently.
  - (b) The assumptions appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
  - (c) Disclosures related to accounting estimates are complete and appropriate under the applicable financial reporting framework.
  - (d) No subsequent event requires adjustment to the accounting estimates and disclosures included in the financial report.
9. We have assessed at the end of the reporting period whether there is any indication that an asset may be impaired, having considered, as a minimum, the impairment indicators noted in AASB 136. If any such indication exists, we have estimated the recoverable amount of the asset.
10. We have considered the requirements of AASB 136 "Impairment of Assets" when assessing the impairment of assets and in ensuring that no assets are stated in excess of its recoverable amount.
11. We have tested at balance date or during the period each:
  - (a) intangible asset with an indefinite useful life,
  - (b) intangible asset not yet available for use,
  - (c) intangible asset initially recognised during the current annual period, and
  - (d) goodwill acquired in a business combination

For impairment by comparing its carrying amount with its recoverable amount.

12. We have assessed the recoverability of all receivables, and confirm that adequate allowance has been made for any receivables which may not be collected.
13. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
14. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of non-compliance.
15. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.

16. There are no litigation and claims whose effects should be considered when preparing the financial report.
17. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards.
18. We acknowledge that the misstatements noted on the attached schedule of "Adjusting Entries", identified during your audit and communicated to us, have been corrected, and included in the draft financial report.
19. You have not advised us of any financial report misstatements requiring correction, or uncorrected misstatements, that you detected during the audit.
20. All events occurring subsequent to the date of the financial report and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.
21. If any matter which may materially affect the financial report arises during the period from the date of the auditor's report to the date the financial report is issued, we will inform you.

***Information Provided***

22. We have provided you with:
  - (a) 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;
  - (b) All financial records and related data and other information, explanations and assistance necessary for the conduct of the audit;
  - (c) Minutes of all meetings of members, Council, and committees of Council.
  - (d) Additional information, explanations and assistance that you have requested from us for the purposes of the audit; and
  - (e) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
23. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
24. There has been no fraud or suspected fraud that affects the entity and involves:
  - (a) Management;
  - (b) Employees who have significant roles in internal control; or
  - (c) Others where the fraud could have a material effect on the financial report.
25. There have been no allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, regulators or others.
26. There have been no instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
27. There have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that whose effects should be considered when preparing the financial report.

28. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

***Other Matters***

29. We have assessed the ability of the entity to continue as a going concern and are satisfied that it will so continue. We have no knowledge of events or conditions and related business risks beyond the period of this assessment that may cast significant doubt on the entity's ability to continue as a going concern.

30. There have been no non-audit services performed by HLB Mann Judd.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully

Chief Executive Officer

General Manager,  
Corporate Services





# Message from the Chairperson



Sue Whittington  
Chairperson

During the past year Eastern Health Authority (EHA) has continued to excel in the provision and delivery of public health services on behalf of its five Constituent Councils: Burnside; Campbelltown; Prospect; Norwood Payneham St Peters and Walkerville.

As a prominent Local Government immunisation provider in South Australia, EHA has continued to promote the benefits of vaccination to all age groups in the community.

The introduction of the Australian Government's 'No Jab, No Pay' policy has been a success. Parents, whose children have a history of outstanding vaccinations, will not qualify for family assistance packages, until their children are fully immunised. This is an essential measure to ensure that the re-emergence of childhood diseases does not occur.

Maintaining public safety is an important function of EHA and staff are diligent in the monitoring of public health standards in food premises, high risk manufactured water systems, waste water systems, swimming pools and personal grooming and body art premises. Food safety is a high priority for EHA. An effective education, compliance and enforcement protocol is used by staff to protect the community from food related illnesses.

*Salmonella* and *Campylobacter* continue to be the most frequently reported food borne diseases. Environmental Health Officers pay particular attention to the safe handling of raw eggs and the storage and processing of raw meats during food safety assessments. Despite these efforts, several *Salmonella* outbreaks

were linked to food businesses within EHA and required investigation. The majority of these outbreaks were a result of the consumption of contaminated raw egg contained in ready to eat or lightly-cooked foods.

EHA is responsible for the licensing and regulation of standards in Supported Residential Facilities (SRF) for Constituent Councils and the City of Unley on a user pays basis. EHA has continued to undertake unannounced audits of facilities to ensure that proprietors provide a high standard of accommodation for the most vulnerable and disabled people in our community who call these SRF home.

The 'Regional Public Health Plan' (the Plan) required under the *South Australian (SA) Public Health Act 2011* has been adopted by all Constituent Councils. EHA and Constituent Councils will continue to consider the collective implementation of the strategies and activities which are outlined in the Plan to respond to public health challenges in the community.

Many in the community are surprised when they learn that public health protection is a core responsibility of Local Government. The Board is proud that EHA is a fine example of Local Government working together in a collaborative and cooperative manner to deliver this very important public health service to the five Constituent Councils.

I would like to take this opportunity to extend my thanks to the CEO and staff for their commitment and hard work in achieving a cost effective and efficient delivery of services. It has been a pleasure to work with the Board of Management and I thank them for their dedication and support.

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# About Eastern Health Authority



Eastern Health Authority (EHA) has a proud history of promoting and enforcing public health standards in Adelaide's eastern and inner northern suburbs.

Continuing in the tradition of the East Torrens Council board which operated from 1899, the present day regional subsidiary protects the health and wellbeing of about 160,000 residents. EHA is an example of council shared service delivery at its very best.

## The Constituent Councils are:

City of Burnside

Campbelltown City Council

City of Norwood Payneham  
St Peters (NPSP)

City of Prospect

Town of Walkerville

With a single focus, and highly specialised and experienced staff, EHA is well-equipped to deal with the increasing diversity and complexity of public and environmental health.

During 2015-16 EHA discharged the environmental health responsibilities of its five Constituent Councils under the *South Australian (SA) Public Health Act 2011*, *Food Act 2001*, *Supported Residential Facilities Act 1992* and *Environmental Protection Act 1993* (Table 1). Services include the provision of immunisation services, hygiene and sanitation control, licensing and monitoring of supported residential facilities, and monitoring of food safety standards including inspection of food premises. Immunisation services are provided to the City of Unley on a user pays basis. EHA also licences and monitors supported residential facilities on behalf of the City of Unley.

**Table 1 - A table of environmental health responsibilities undertaken by EHA for its five Constituent Councils during 2015-16**

	Burnside	Campbelltown	NPSP	Prospect	Walkerville	Total
Rateable Properties	20,679	22,835	19,561	9,746	3,854	76,675
Population of Council	45,034	51,344	36,600	21,500	7,000	161,478
Number of Food Premises	277	279	463	187	47	1,253
Swimming & Spa Pools Sites	11	3	9	1	3	27
Cooling Towers & Warm Water Systems Sites	6	5	8	2	1	22
Supported Residential Facilities	3	2	1	2	0	8
Personal Care Body Art	68	62	110	47	10	297
Public & Environmental Health Complaints	71	76	79	27	15	268
2015 SIP Year 8 Enrolment Numbers	671	562	638	148	92	2,111
Immunisation Clinics – Client Numbers	920	1,208	1,168	279	222	3,797
Immunisation Clinics – Vaccines Given	1,767	2,276	2,111	492	398	7,044

# Chief Executive Officer's Report



Michael Livori  
Chief Executive Officer

This year marked 30 years since the evolution of EHA into its current form. This significant anniversary it is an opportune time to reflect on EHA's history. EHA's predecessor, the East Torrens County Board of Health (the County Board) was originally established under an 1889 Act of Parliament at a meeting held at the Norwood Town Hall in 1889. The districts of Burnside and Campbelltown and the Town of Kensington and Norwood were the first Constituent Councils to jointly operate under the proclamation in June of 1889. The district of Payneham became a constituent partner in November of that year, the Town of St Peters in December 1941 and the District of East Torrens in July 1969.

The earliest Annual Report of the County Board that could be located comes from 1902. The population of the district at that time was estimated to be 23,686 (plus 993 at Asylum). The Health Officer's Report focused on details of the death rates of the district and the numbers of deaths from a range of diseases. While the overall death rate in the district in 1901 was 10.6 per 1,000 compared to 5.5 today, the figure that stood out was the infant mortality rate. Today, the infant mortality rate stands at just over 3 per 1,000 compared to 91 per 1,000 in 1901. Improvements in sanitation and food standards, infection control and the provision of immunisations at the local level through the work of the County Board was a significant contributor to the decrease in these mortality rates.

The County Board was re-organised and renamed the Eastern Metropolitan Regional Health Authority (EMRHA) during 1985. The organisation was established as a Section 200 Controlling Authority under the *Local Government Act, 1934* and its first constitution was gazetted on 19 December 1985. EMRHA subsequently commenced operations on 3 February 1986.

The *Local Government Act, 1999* (the Act) introduced provisions for Regional Subsidiaries to supersede the controlling authority arrangements contained in the previous (1934) Act. This required the development of a new Charter for the organisation with updated provisions to incorporate more modern standards of accountability. In July 2001 a new Charter was Gazetted which included and change in name of the organisation to the Eastern Health Authority. In 2005 the Corporation of the Town of Walkerville and City of Prospect join EHA formally as Constituent Councils after previously being provided services for a number of years on a contract arrangement.

Back to the present. This Annual Report provides the opportunity to reflect on the work carried out by EHA over the last year to protect the health of the community and continue the work of our predecessors. While the principles of public health remain as they did over a century ago, the environmental health field has become increasingly complex. EHA is well placed to manage these complexities with its core business and single focus being Environmental Health.

While it is good to reflect on the work we do, from time to time it is opportune to compare ourselves with our peers. There is however an absence of relevant league tables or comparative data to undertake such an exercise. Subsequently, EHA initiated through the Environmental Health Managers Forum a benchmarking/comparison exercise in which a total of 11 local government environmental health providers participated.

A data set measuring environmental health activities was developed, refined and agreed upon by participating member councils. Some data analysed was purely quantitative, while other data was comparative particularly in relation to Food Safety Enforcement and Immunisation. Eight metropolitan councils and 2 rural councils agreed to participate in addition to EHA, although not all councils completed the data set in its entirety.

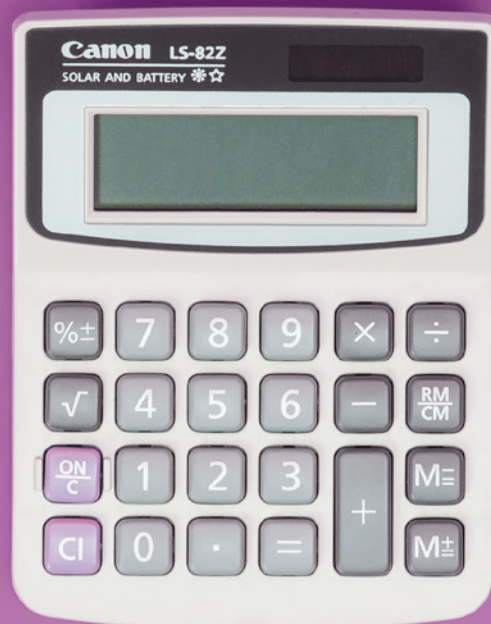
The comparison exercise identified that EHA performed extremely well on any comparative measure and EHA was clearly the highest ranking organisation when considering all of the data. I believe the ranking to be a product of EHA's service delivery model which results in first-rate environmental health services being provided to the residents of its Constituent Councils. EHA's five Constituent Councils are all signatories to the Eastern Region Alliance and share a commitment to resource sharing and collective action. The EHA service delivery model, as borne out in this comparison exercise is an excellent example of this.

I am extremely proud to lead an organisation that is full of talented and dedicated staff that have a commitment to EHA's values and providing exceptional service and public health outcomes. The achievements outlined in this report, together with the comparison exercise would not have been possible without the efforts of these hard working staff. I thank them for their efforts and look forward to working with them in the future. I also would like to thank the Board of Management for their interest in Public Health and for continuing to be incredibly supportive and enthusiastic about the work we do on behalf of their respective councils.

**“Back to the present. This Annual Report provides the opportunity to reflect on the work carried out by EHA over the last year to protect the health of the community and continue the work of our predecessors.”**



# Governance



## Board of Management 2016

EHA is a body corporate, governed by a Board of Management composed of two elected members from each Constituent Council. The Board held formal meetings six times during the year to consider EHA's business. The table below details Board Member attendance at Board of Management meetings.

Table 2 – Number of Board of Management meetings attended by individual Board Members

July 2015 – June 2016	Board Member	Meetings Attended
City of Norwood Payneham St Peters	Cr S Whittington	6
	Cr G Knoblauch	6
City of Burnside	Cr A Monceaux	5
	Cr P Cornish	5
Campbelltown City Council	Cr J Kennedy	4
	Cr M Ryan	4
City of Prospect	Cr K Barnett	5
	Cr T Evans	4
Corporation of the Town of Walkerville	Cr M Bishop	2
	Cr D Shetliffe	4

During 2015-16, the Board considered one item where it was necessary to exclude the public from discussion. The table below identifies the grounds on which the Board made this determination.

Table 3 – Number of times the Board of Management considered an item to be excluded from public discussion

Local Government Act 1999	Description	Number of Times Used
Section 90(3)(a)	Information relating to the personal affairs of a person	One

## Freedom of Information

No requests for information under the *Freedom of Information Act 1991* were received during 2015-16.



# Board of Management

## City of Norwood Payneham & St Peters



Cr Sue Whittington  
(Chairperson)



Cr Garry Knoblauch

## City of Burnside



Cr Anne Monceaux  
(Deputy Chair)

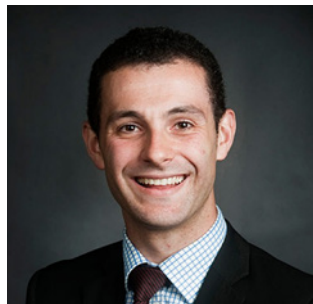


Cr Peter Cornish

## Prospect City Council



Cr Kristina Barnett



Cr Talis Evans

## Corporation of the Town of Walkerville



Cr Marylou Bishop



Cr David Shettliffe

## Campbelltown City Council



Cr Marijka Ryan

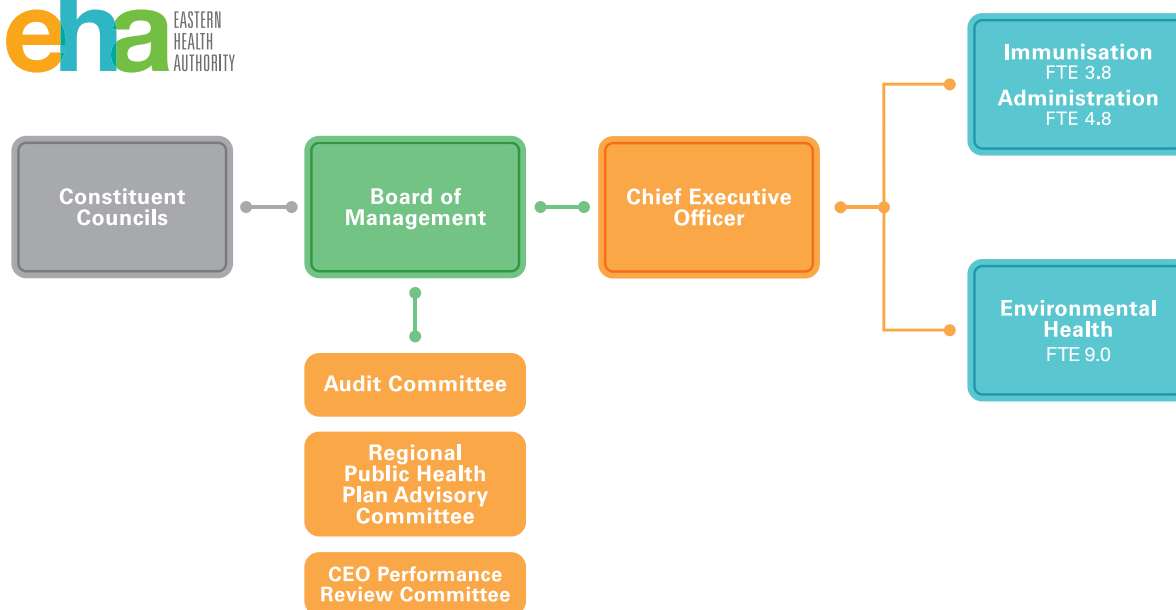


Cr John Kennedy



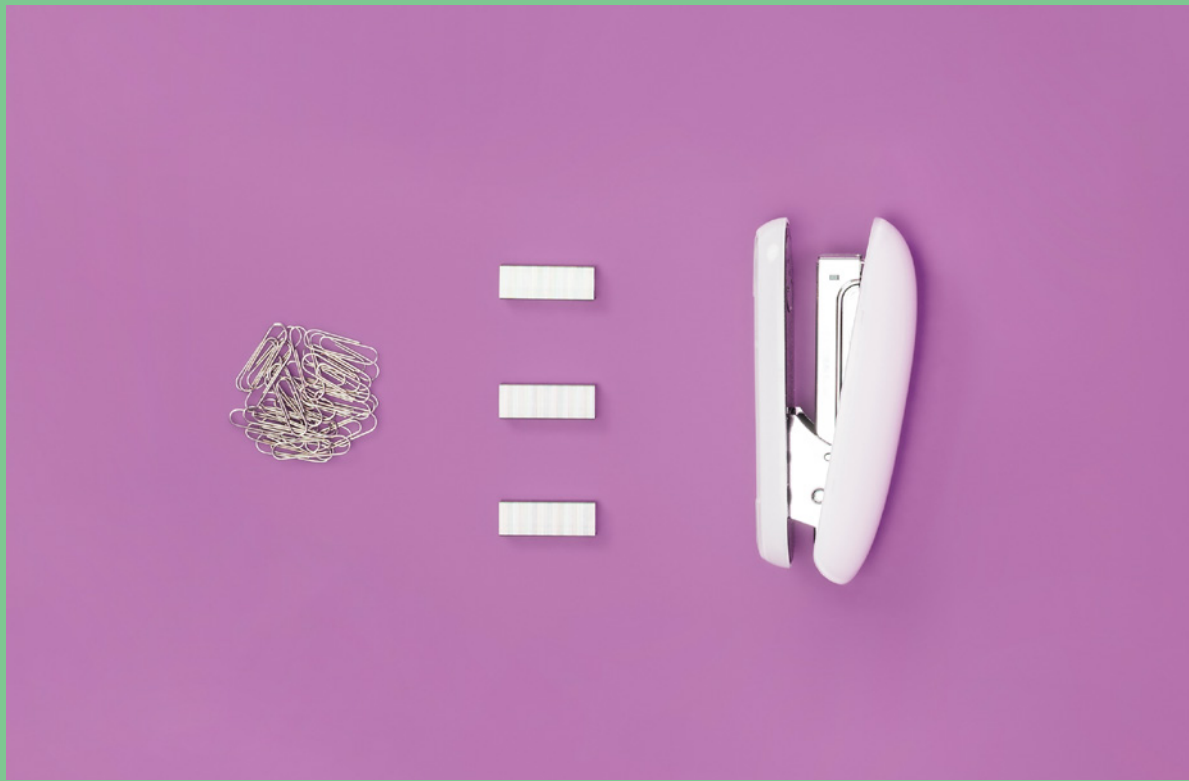
EHA comprises three functional areas – environmental health, immunisation and administration. The administration team, led by the Chief Executive Officer, supports the activities of the environmental health and immunisation teams. The Team Leader Environmental Health and Team Leader Administration and Immunisation have responsibilities for achieving the Annual Business Plan objectives relevant to their functional area.

# Structure and Staffing



Staffing as at 30 June 2016 comprised a total of 30 employees (17.6 FTE). Table 4 sets out the number of staff in each team.

	Total Number of Employees	FTE
Administration	6	4.8
Immunisation	15	3.8
Environmental Health	9	9.0
	30	17.6



## Annual Business Plan

EHA develops an Annual Business Plan for the purpose of translating strategic directions into action and sets measures to assess its performance.

The core activities that have been undertaken to deliver on the objectives of the plan are detailed in this report.

## Charter Review

Constituent Councils have been considering a draft amended Charter developed in October 2013.

Although agreement was reached on the majority of the amended charter content, an impasse developed in relation to the clause relating to membership of the Board.

The impasse was resolved in April 2016 when all Councils agreed to a revised membership clause. The 2016 Charter came into effect on 19 April 2016.

## Finance Audit Committee

Members of EHA's Audit Committee include: Presiding Member, Lisa Scinto; Independent Member, Claudia Goldsmith; and Board Appointed Member, Cr Talis Evans.

The Committee met on three occasions during the year. The Committee's work included considering the audited financial statements, External Audit recommendations and reviewing numerous financial and governance policies.

## Financial Statements

The Audited Financial Statements for the year ending 30 June 2016 are provided on page 40. They show an Operating Surplus of \$21,967.

# Immunisation





Immunisation continues to be a safe and effective way to prevent the spread of many life threatening infectious diseases.

EHA is committed to increasing immunisation coverage rates by providing access to convenient, family friendly immunisation services delivered by specialised staff. Services by EHA are delivered through Public Clinic, School and Workplace Immunisation programs.

## Public Immunisation Clinics

EHA provides public clinics at six locations to residents of its Constituent Councils and one client council. A range of clinic venues, days and times ensure convenient alternatives for our residents.

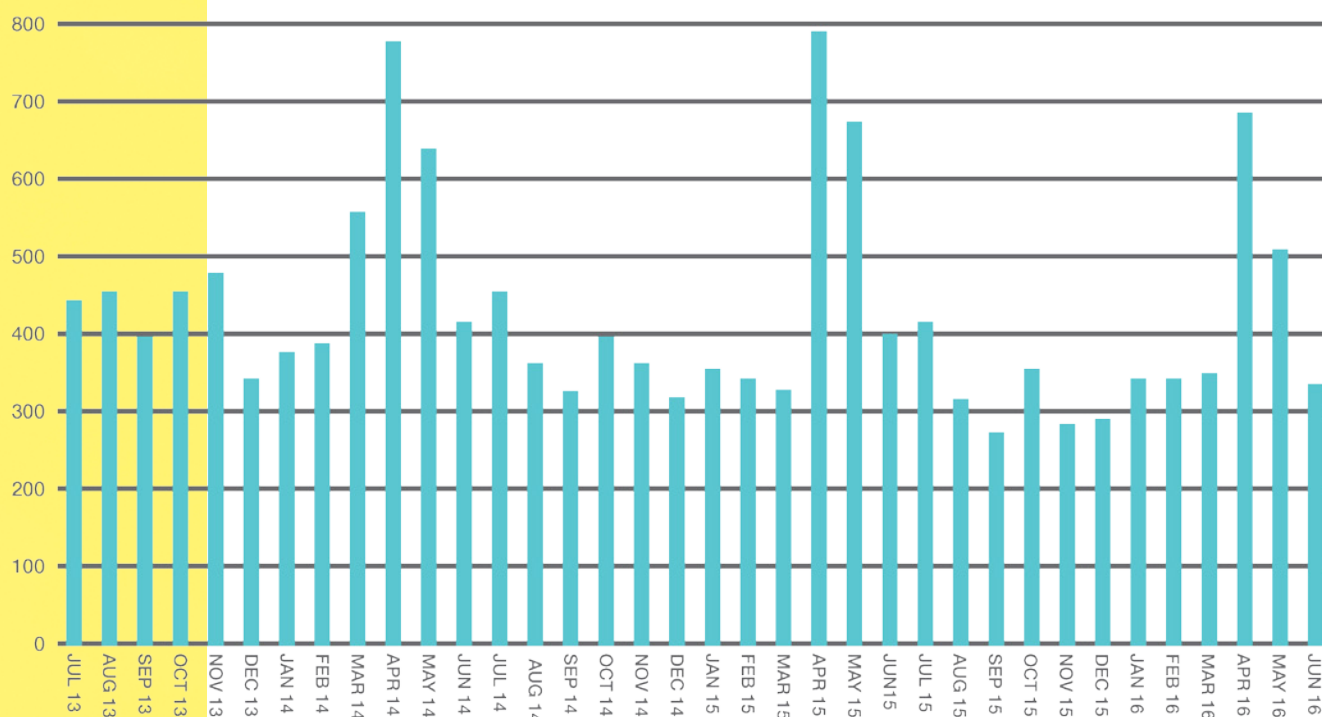
A total of 4,599 clients were provided with 8,567 vaccinations. This was a decrease of 11% in the number of clients and 13% in the number of vaccinations in comparison to 2014-15 (Graphs 1 and 2). These decreases are likely to be due to Measles, Mumps and Rubella (MMR) vaccine now administered as a combined vaccine with Varicella (Chicken Pox) at 18 months and a change in eligibility for funded Influenza Vaccine.

EHA assisted 166 families and 212 children with assessing and updating their immunisation history on the Australian Childhood Immunisation Register (ACIR). This was an increase of 75 families and 131 children compared to the same period in 2015 and was likely due to the Australian Government's 'No Jab, No Pay' policy.

EHA was part of the 'Immunisation Register Data Update Project' coordinated by Adelaide Primary Health Network Ltd (APHN), which funded the entry of Immunisation records of newly arrived refugees onto ACIR. A total of 179 client histories were uploaded to ACIR with a total of 836 vaccine records added to the register.

A total of 756 Influenza Vaccines were administered in public clinics with most clients choosing the new quadrivalent vaccine. This vaccine contained the additional type B strain and therefore provided added protection.

Graph 1 – Client attendance at public immunisation clinics 2014-2016





**Graph 2 – Number of vaccines delivered at public clinics 2014-2016**

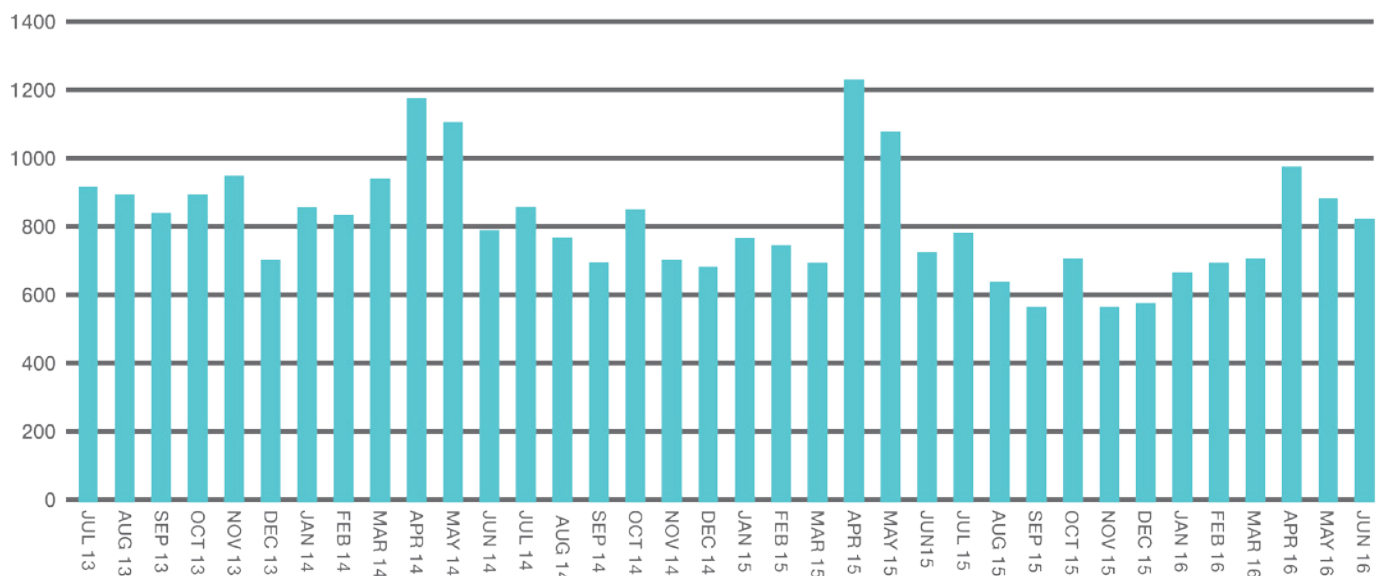


Table 5 shows where our residents chose to be vaccinated. It demonstrates that many of our residents chose the clinic that best suited their needs and was not necessarily in their council area.

As an example, 31% of Campbelltown residents attended clinics held at Campbelltown Library, while the remaining 69% attended alternative venues.

Where clients come from (council area)	Number of clients from council area	Where clients attended (clinic venue by %)						Total %
		Burnside	Campbelltown	NPSP	Prospect	Walkerville	Unley	
Burnside	920	33%	3%	50%	1%	2%	11%	100%
Campbelltown	1,208	4%	31%	60%	1%	1%	3%	100%
NPSP	1,168	4%	2%	86%	1%	3%	4%	100%
Prospect	279	2%	2%	57%	28%	8%	3%	100%
Walkerville	222	2%	1%	71%	4%	15%	7%	100%
Unley	589	7%	0%	27%	2%	1%	63%	100%
Other	213	4%	8%	35%	4%	3%	46%	100%
Total number of clients	4,599							

Table 5 – The number of clients per council area and choice of clinic venue



## School Immunisation Program (2015 Calendar year)

During 2015, 57 visits were made to 19 high schools where a total of 8,653 vaccines were administered to Year 8 students. This was a decrease of 4,605 (35%) when compared to 2014 (Graph 3). This reduction is due to the changes in the National Immunisation Program for Adolescents in 2015. The changes included the cessation of the Human Papillomavirus (HPV) catch up programs for Year 9 males and the Diphtheria, Tetanus, Pertussis (dTpa) catch up program for all Year 9 students.

The 2015 School Immunisation Program (SIP) to Year 8 students involved administering:

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three doses of HPV vaccine

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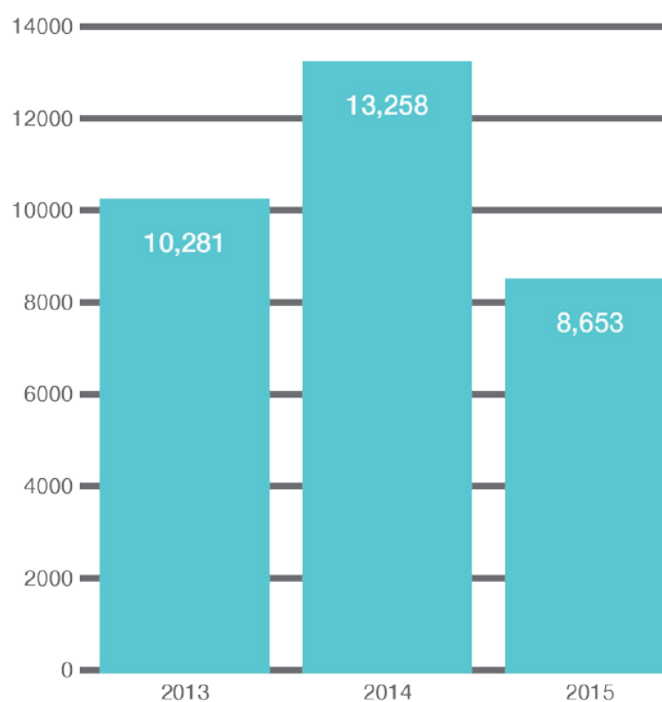
one dose of Varicella (chicken pox) vaccine

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one dose of dTpa vaccine

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**Graph 3 – A three year comparison of total vaccines administered at schools within the Constituent Council areas**



**Table 6 - Three year comparison of total vaccine types delivered for the SIP for each Constituent Council area**

Council Area	2013	2014	2015
Burnside	2,693	3,521	2,603
Campbelltown	2,698	3,349	1,981
NPSP	2,785	3,645	2,521
Prospect	864	1,177	542
Walkerville	293	356	295
Unley	948	1,210	711
<b>Total</b>	<b>10,281</b>	<b>13,258</b>	<b>8,653</b>

Statistics in relation to the SIP were submitted to SA Health online in 2015. This enabled access to data comparing vaccine coverage rates in our schools compared to the state average (Table 7).

It is extremely pleasing to observe that EHA school coverage rates are considerably higher than the state average.

#### 2015 School Immunisation Program

EHA schools - coverage rates		Total coverage SA	EHA schools vs total coverage SA
Dose 1 Varicella	93.0%	87.9%	+ 5.1%
Dose 1 dTpa	92.4%	86.2%	+ 6.2%
Dose 1 HPV	91.7%	86.5%	+ 5.2%
Dose 2 HPV	91.0%	80.7%	+ 10.3%
Dose 3 HPV	84.8%	77.9%	+ 6.9%

**Table 7 - EHA Constituent Council coverage data compared with total coverage in South Australia**



# Worksite Immunisation Program

EHA provides an efficient and competitive service for workplaces to protect staff from the highly infectious Influenza Virus.

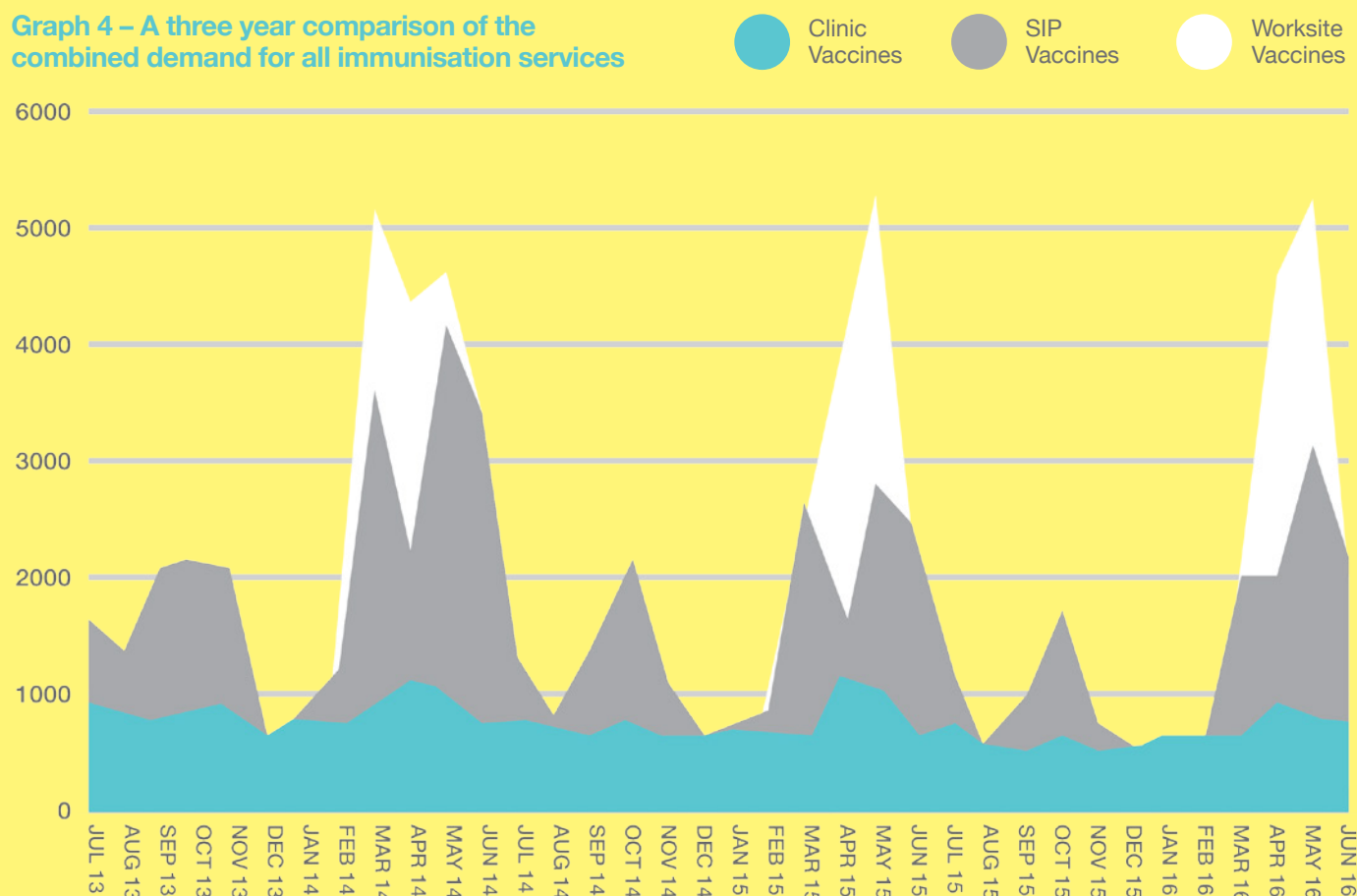
A worksite program enables schools, childcare centres, government departments and private businesses to have their staff vaccinated on site by immunisation nurses at a convenient time.

During April and May a total of 101 worksite visits were conducted. 4,689 vaccines were delivered which was a small decrease (4%) when compared with the 2015 program (Table 8). This decrease was in part due to a reduction in demand for vaccines other than Influenza, especially for Diptheria, Tetanus and Pertussis (Whooping cough).

**Table 8 –  
A three year  
comparison  
of the total  
number of  
vaccines  
administered  
at worksites**

Vaccine type	2013-14	2014-15	2015-16
Influenza	4,019	4,775	4,643
Hepatitis A	15	2	2
Hepatitis B	1	3	0
Hepatitis A & B	74	42	10
dTpa	29	78	34
<b>Total</b>	<b>4,138</b>	<b>4,900</b>	<b>4,689</b>

**Graph 4 – A three year comparison of the  
combined demand for all immunisation services**



**“A worksite program enables schools, childcare centres, government departments and private businesses to have their staff vaccinated on site by immunisation nurses at a convenient time.”**



# Public and Environmental Health



# Complaints and Referrals

EHA received 268 public health related complaints/referrals from the public or State Government agencies. As outlined in Table 9, the number received is comparable to the previous year.

**Table 9 –  
A three  
year  
comparison  
of the type  
of public  
health  
complaints  
received**

	2013-14	2014-15	2015-16
Animal Keeping	17	12	10
Notifiable Disease	29	32	35
Sanitation	73	71	60
Vector Control	105	104	121
Waste Control	0	0	4
Air Quality	30	20	17
Water Quality	18	23	16
Hazardous Substances	12	6	3
Other	8	1	2
<b>Total</b>	<b>292</b>	<b>269</b>	<b>268</b>

A small increase in vector control and decreases in animal keeping, air quality and water quality complaints were noted. The majority of vector control complaints related to rodent activity associated with overgrown vegetation, accumulated refuse or poor poultry keeping. Where Environmental Health Officers (EHOs) do not have substantial evidence to identify the primary source of harbourage, information is issued to neighbouring homes. This approach has been effective in notifying neighbouring residents of potential concerns.

During the year, 60 sanitation complaints were received and investigated, which is a 15% decrease when compared to the previous two years. A high proportion of these complaints related to general sanitation concerns involving excessive vegetation and accumulation of materials that did not constitute 'harm to health' under the *SA Public Health Act, 2011*.

Officers investigated nine severe domestic squalor and 12 hoarding matters. Three severe domestic squalor and three hoarding matters were determined to be a breach of the General Duty under the *SA Public Health Act, 2011*. These cases were all managed using the Foot in a Door – Stepping towards solutions to resolve incidents of severe domestic squalor in South Australia guidelines (the Guidelines).

Three of these matters resulted in Notices issued to secure compliance with the General Duty under Section 92(1)(a) of the *SA Public Health Act, 2001*. These related to cases of squalor, poor animal keeping practices and infestation of vermin.

The application of the Guidelines allowed for a multi-disciplinary approach to be taken by EHA and other Government and non-Government agencies to work with the residents to comply with all requirements of the

Notices. Two Notices were complied with, in the specified timeframes and the third Notice remains outstanding.

EHA continues to lead the Eastern Hoarding and Squalor Group (the Group). The Group continued into its fourth successful year and met three times. The purpose of the Group is to provide a collaborative forum for EHOs representing nine Eastern Metropolitan Councils and representatives from Government and non-Government agencies to discuss squalor and hoarding, services and resources available to resolve these issues.

The *SA Public Health Act, 2011* prescribes a list of diseases that are notifiable (Table 10). Notification of these diseases allow for surveillance and investigation to be undertaken to protect the community from the risk of infectious disease.



**Table 10 –  
A three year  
comparison  
of the number  
of reported  
notifiable  
diseases**

	2013-14	2014-15	2015-16
<i>Campylobacter</i>	188	154	159
<i>Salmonella</i>	110	144	129
<i>Legionellosis</i>	4	0	4
<i>Cryptosporidiosis</i>	27	13	28
Hepatitis A	0	0	0
Rotavirus	27	31	43

*Salmonella* and *Campylobacter* continue to be the most frequently reported food borne diseases (Table 10). The number of confirmed cases of *Campylobacter* was comparative to the previous year, with a small decrease in the number of reported cases of *Salmonella* (Table 10).

Officers pay particular attention to the safe handling of raw eggs during food safety assessments. Despite these efforts, 65 cases of *Salmonella* linked to seven food businesses required investigation. It appeared that the majority of outbreaks were a result of the consumption of contaminated raw egg contained in ready to eat or lightly-cooked foods. Mechanical equipment that may not be designed or serviced appropriately to enable effective

cleaning and sanitising, storage of food containing raw eggs at inappropriate temperatures, permitting the growth of *Salmonella*, were all contributing factors with the contamination of these foods.

The number of confirmed cases of *Cryptosporidiosis* notified by SA Health doubled when compared to 2014-15 in Table 10. The increase in confirmed cases is consistent with a State-wide increase. To control and prevent further confirmed cases, SA Health recommended a precautionary decontamination of public pools. Precautionary decontaminations were undertaken at five public pools within the Constituent Council areas.

**“Officers pay particular attention to the safe handling of raw eggs during food safety assessments. Despite these efforts, 65 cases of *Salmonella* linked to seven food businesses required investigation.”**

# Monitoring and Surveillance

## Cooling Towers and Warm Water Systems

A total of 46 high-risk manufactured water systems (HRMWS) were registered at 22 sites. The number of systems and sites has steadily decreased over a three year period, which can be attributed to the closure of two cooling tower sites, the reduction of the number of cooling systems and the conversion of two warm water systems to hot water systems, which are not classified as a HRMWS under the *SA Public Health (Legionella) Regulations 2013* (Table 11).

A total of 58 routine inspections were undertaken at 22 HRMWS sites (Table 11). All sites were inspected at least annually with three sites inspected twice during 2015-16. Water samples were obtained at all routine inspections resulting in 16 high counts of *Legionella*, a slight increase when compared to 2014-15 (Table 11). In response to high count notifications, immediate action was taken to shut down and decontaminate the systems.

Three warm water sites remain at a six month inspection frequency due to continual high counts of *Legionella* from water samples taken at routine inspections. These sites have now installed a continual dosing low level chlorine system to the water supply to manage the risk of *Legionella*.

Non-conformances identified during the inspections were minor in nature only requiring one follow-up inspection. This compares to eight follow-up inspections and three Compliance Notices issued the previous year (Table 11).

EHA received four *Legionella* disease notifications, implicating one cooling tower site and four residential warm water systems, comparable to 2014-15 (Table 11). In response, Officers conducted onsite or desktop investigations which included taking samples from home water systems and cooling towers and providing decontamination advice. No samples returned positive results for *Legionella*.

**Table 11 – A three year comparison of the number or registered high risk manufactured water systems and the number of routine and follow-up inspections undertaken and *Legionella* high count test results**

	2013-14	2014-15	2015-16
<b>Number of Sites</b>	31	25	22
<b>Total number HRMWS registered</b>	61	51	46
<b>Number of system inspections</b>	57	64	58
<b>Number of follow-ups</b>	1	8	1
<b>High count test results</b>	24	13	16
<b>Compliance Notices</b>	2	3	0
<b><i>Legionella</i> disease notifications from CDCB</b>	4	0	4



## Public Swimming Pools and Spas

During the year 70 inspections were conducted at all swimming, spa and hydrotherapy pools (Table 12). These pools were assessed against the standards prescribed in the SA *Public Health (General) Regulations, 2013*.

A total of 10 sites required follow-up inspections as a result of inadequate disinfection and pH levels, poor maintenance of pool and plant equipment and unclean amenities. Four of these sites required an additional inspection to ensure full compliance.

The temporary closure of three swimming pool and spa sites was required during the year. Two of these sites closed voluntarily, one to rectify high levels of free chlorine and the second pool to clean a significant build-up of grime on the tiled pool surface. The pools were re-opened for public use after the non-compliances were rectified.

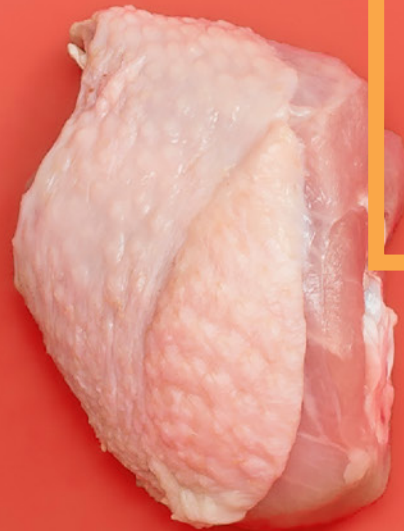
Recurring non-compliance of significantly low levels of free chlorine, failure to conduct daily water parameter tests and unavailability of records were observed at the third site. The immediate risk to public health and the recurrence of these non-compliances resulted in a Compliance Notice issued under Section 92 of the SA *Public Health Act, 2011*. The pool operator was instructed to close the pool to the public and undertake the necessary corrective actions. Follow-up inspections were undertaken to confirm compliance with the Notice and the pool was reopened for public use.

**Table 12 - A three year comparison of the number of routine and follow-up inspections conducted at spas, swimming, and hydrotherapy pools, and the number of *Cryptosporidiosis* notifications received**

	2013-14	2014-15	2015-16
<b>Number of Sites</b>	29	30	27
<b>Number of Pools/Spas</b>	42	43	39
<b>Number of New Sites</b>	0	1	0
<b>Inspections of Pools/Spas</b>	58 (29 sites)	71 (32 sites)	52 (27 sites)
<b>Follow-ups of Pools/Spas</b>	16 (8 sites)	20 (10 sites)	18 (10 sites)
<b>Complaints</b>	1	6	1
<b><i>Cryptosporidiosis</i> Complaints</b>	0	3	5



# Food Safety



## Food Safety Inspections, Complaints, Audits and Enforcement

As at 30 June 2016, a total of 1,261 known food premises were operating within EHA's jurisdiction, a small increase of 21 businesses when compared to the previous year. Takeaways, cafes and restaurants continue to be the predominant types of food business.

Although there was a small increase in the number of food premises, new notifications and closures required the continual update of the food business register. During the year, 173 businesses closed and 203 food business notifications, advising of a new food business or change of ownership, were lodged with EHA.

Food businesses are classified on the basis of food safety risk using the South Australian Food Business Risk Classification (FBRC) profiling framework (the Framework). The FBRC allows for the monitoring and enforcement to be aligned with the inherent food safety risk of the business, taking into account the performance.

A minimum and maximum inspection frequency range is applied to each risk classification. The frequency range allows for inspections to either be increased or decreased depending on whether or not compliance is satisfactory during the inspection.

As shown in Table 14, the majority of food businesses are risk classified as P1, with takeaways and restaurants being the main types of businesses within this classification.



	P1	P2	P3	P4	Total
Number of food businesses	642	348	79	192	1,261

**Table 14 – Number of food businesses per risk classification**

P4 food businesses selling shelf stable and pre-packaged food are considered 'low risk', and are only inspected if there has been a change in activity or a complaint has been received.

Excluding P4 businesses, 1,069 food premises are required to be inspected. A total of 1,497 inspections were undertaken at these businesses (Table 15).





Type of Inspection	2013-14	2014-15	2015-16
Routine	780	840	690
Follow up	555	480	578
Complaint	82	98	111
Pre-opening/Fit-out	9	17	21
Food Stalls at Special Events	106	114	97
<b>Total</b>	<b>1,532</b>	<b>1,549</b>	<b>1,497</b>

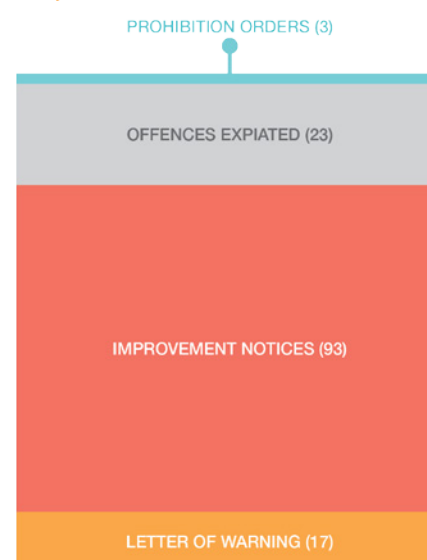
**Table 15 – A three year comparison of the number of routine, follow-up and fit-out inspections undertaken and complaints received**

EHA's food safety enforcement practice is to conduct thorough routine inspections and follow-up inspections to ensure non-compliances are rectified and appropriate food safety standards are maintained. Routine and follow-up inspections are opportunities for an EHO to provide advice and information for businesses to demonstrate improved systems or processes to ensure food safety practices are implemented daily and permanently.

The total number of inspections conducted was comparable to the previous year (Table 15). While there was an 18% decrease in the number of routine inspections conducted, there was a 20% increase in the number of follow-up inspections (Table 15). This is reflective of the commitment to ensure non-compliances are rectified with an appropriate timeframe.

If repeated non-compliance continues, EHA's enforcement policy requires a graduated and proportionate response to be applied to either recurring or very serious food safety breaches. Graph 5 demonstrates the graduated responses to enforcement. Legal action may be taken to repeat offenders in the form of written warnings, Improvement Notices, Prohibition Orders, Expiations or Prosecutions.

**Graph 5 – A graph illustrating the graduated response to enforcement under the *Food Act, 2001***



The majority of food businesses requiring legal action since the introduction of the FBRC system in 2014-15 are P1 high risk businesses (Table 16). As shown in Table 16 the need to take enforcement action is not limited to high risk businesses with warning letters and Improvement Notices issued to moderate risk P2 food businesses. Very serious food safety breaches also resulted in Prohibition Orders being served to two high risk P1 cafés and a moderate risk P2 food manufacturer.

**Table 16 – A two year comparison of enforcement action taken as per risk classification**

Warning Letter	P1	P2	P3
2014-15	18	1	0
2015-16	13	4	0
Improvement Notices	P1	P2	P3
2014-15	81	14	1
2015-16	76	17	0
Offences Expiated	P1	P2	P3
2014-15	39	0	0
2015-16	23	0	0
Prohibition Orders	P1	P2	P3
2014-15	2	1	0
2015-16	2	1	0

Improvement Notices still accounted for the majority of enforcement action taken with a total of 93 Improvement Notices issued to 76 food businesses (Table 17). A total of 15 businesses received more than one Improvement Notice during the year, with one business receiving four Improvement Notices.

**Table 17 – A three year comparison of the percentage number of Improvement Notices issued based on the number of routine inspections**

	2013-14	2014-15	2015-16
Routine inspections	780	840	690
Total number of Improvement Notices issued	138	96	93
Number of businesses issued with Improvement Notices	94	69	76
% of routine inspections resulting in the issue of an Improvement Notice	12%	8%	11%

The number of Improvement Notices issued was comparable to the number issued the previous year. However, the percentage of routine inspections that resulted in an Improvement Notice increased from 8% to 11% when compared to 2014-15.

In 2015-16, \$38,050 in fines were issued to 18 businesses for 39 offences committed under the *Food Act, 2001* (Table 18). This represents a 41% decrease in the number of Expiation Notices when compared to the previous year. It should be noted that 2.1% of routine inspections resulted in Expiation Notices being issued, which was consistent with 2014-15 (Table 19).

	2013-14	2014-15	2015-16
Total number of Expiation Notices issued	27	18	14
Total number of Offences Expiated	53	39	23
Total amount	\$101,000	\$80,000	\$38,050

**Table 18 - A three year comparison of the number of Expiation Notices issued, total number of expiable offences and expiable income received**



**Table 19 - A three year comparison of the percentage of Expiation Notices issued per routine inspection**

	2013-14	2014-15	2015-16
<b>Routine inspections</b>	780	840	690
<b>Number of businesses issued with Expiation Notices</b>	27	18	14
<b>Expiation Notices as % of inspections</b>	3.5%	2.1%	2.0%

The number of Prohibition Orders issued to food businesses due to very serious breaches to food safety was comparable to the previous year (Table 20). Prohibition Orders were served to two cafés and one food manufacturer for serious offences relating to significant vermin and cockroach activity. Following the eradication of the pests and vermin by a professional pest controller and thorough cleaning, these businesses were re-opened.

EHA inspected 97 food stalls at nine major special events. Food handlers were assessed on their application of food safety and hygiene principles. EHOs also considered the structure and fit out of each stall to ensure food was stored, prepared and displayed appropriately to protect from contamination.

	2013-14	2014-15	2015-16
<b>Routine inspections</b>	780	840	690
<b>Number of businesses issued with Prohibition Orders</b>	8	3	3
<b>Prohibition Notices as % of inspections</b>	1.00%	0.35%	0.43%

**Table 20 – A three year comparison of the number of Prohibition Orders issued**



## Audits

Food businesses serving food to vulnerable populations, including hospitals, aged care facilities, child care centres and delivered meal organisations are captured under Food Safety Standard 3.3.1. This

Standard requires food businesses to comply with Food Safety Standard 3.2.1, and the implementation of a documented and audited Food Safety Program (FSP).

As shown in Table 21, a total of 53 scheduled food safety audits and 10 follow-up audits were conducted within EHA's jurisdiction during the year. By request, a total of 30 audits were conducted outside EHA's council areas.

**Table 21 - A three year comparison of the number of audits and follow-up audits conducted in our five Constituent Councils and other council areas**

	2013-14		2014-15		2015-16	
	EHA	Other Council Areas	EHA	Other Council Areas	EHA	Other Council Areas
<b>No. of Audits</b>	52	42	53	30	31	37
<b>No. of Follow-up Audits</b>	8	2	10	7	10	2

## Complaints

EHA received a total of 98 complaints relating to food during 2015-16 (Table 22). As shown in Table 22, the number of food complaints received over the last three years is similar. The number of justified complaints increased from 27% to 41%. This may be attributed to customers' improved awareness of food safety, evidence provided by the complainant and Officers' interaction with customers to establish the nature of the complaint.

Alleged food poisoning and alleged poor food handling practice complaints contributed 40% of the complaints received during the year (Table 23). Alleged food poisoning complaints have consistently accounted for the majority of complaints received over the past three years (Table 23). During 2015-16 only six of the 24 alleged food poisoning complaints were justified

(Table 23). The small proportion of justified complaints is often a result of the persons failing to undertake the necessary tests to confirm they are affected by a foodborne disease. This hinders the opportunity for epidemiological investigations to be undertaken by SA Health and for EHA to investigate and identify the specific food source.

**Table 22 - A three year comparison of the number of food complaints received**

	2013-14	2014-15	2015-16
<b>Number of food complaints</b>	111	108	98
<b>Number of food complaints justified</b>	29	29	40
<b>% of justified complaints</b>	26%	27%	41%

**“The number of justified complaints increased from 27% to 41%. This may be attributed to customers' improved awareness of food safety”**



**Table 23 – A three year comparison of the number of food complaints received**

<b>Type of Complaints Received</b>	<b>Total no. of complaints received 2013-14</b>	<b>Total no. of complaints received 2014-15</b>	<b>Total no. of complaints received 2015-16</b>	<b>No. of complaints justified / confirmed 2015-16</b>
<b>Food unsuitable/unsafe due to foreign matter</b>	13	15	12	3
<b>Food unsuitable/unsafe due to microbial contamination/growth</b>	21	13	7	3
<b>Food unsuitable/unsafe due to presence of unapproved or excessive chemical residues</b>	0	6	2	2
<b>Alleged food poisoning</b>	34	27	24	6
<b>Unclean premises</b>	7	6	10	7
<b>Poor personal hygiene or poor food handling practices</b>	13	10	20	7
<b>Vermin/insects/pests observed in premises</b>	3	5	5	3
<b>Refuse storage</b>	13	19	11	7
<b>Labeling issues</b>	1	1	5	1
<b>Other</b>	6	6	2	1
<b>Total</b>	<b>111</b>	<b>108</b>	<b>98</b>	<b>40</b>

**“Alleged food poisoning and alleged poor food handling practice complaints contributed to 40% of the complaints received during the year”**



# Health Care and Community Services



# Supported Residential Facilities (SRF) – Licensing & Monitoring

EHA is the licensing authority for all Supported Residential Facilities (SRF) within the Constituent Councils, and continues to act as the licensing authority for SRF within the City of Unley, under delegated authority.

Twenty six unannounced SRF audits were conducted together with 15 follow-up visits.

The criteria assessed to determine compliance with the *Supported Residential Facilities Act, 1992*, the *Supported Residential Facilities Regulations, 2009* and the *Supported Residential Facilities Guidelines and Standards, 2011*, included the following:

adequacy of documentation and suitability of service plans
level of staffing and appropriate qualifications
nutritional quality and variety of the food provided to the residents
solvency of the business
public liability insurance
structural condition of the premises
financial management
general amenity and cleanliness of the facility
medication management
privacy, dignity and respect of residents
the visitors’ book

Each facility within the Constituent Council area was inspected for compliance with the essential fire safety requirements by the respective Building Fire Safety Committee. Fire safety reports were provided to EHA as part of the licensing renewal process.

In order to protect the vulnerable populations that reside within SRF, Local Government Licensing Authorities across the state identified the need to review the financial position of each SRF during the re-licensing process. EHA now requires copies of accounting records including profit and loss statement, balance sheet (assets and liability) and cash flow statement (incoming/outgoings).

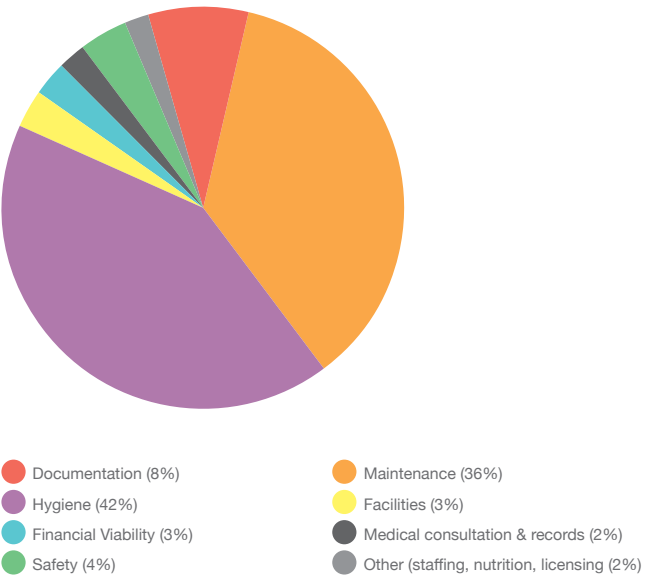
Facility hygiene and structural maintenance attributed to 78% of non-conformances identified during the audits (Graph 6). Hygiene non-conformances were predominately observed in residents’ bedrooms (Graph 7). This may be partly attributed to residents’ personal lifestyle choices. Most proprietors and managers have taken a collaborative approach, working with residents and advocates to ensure bedrooms are maintained in a clean, safe and hygienic condition.

Non-conformances identified at the unannounced audits throughout the year were collated and reviewed prior to the re-licensing of the facilities. Outstanding non-conformances were imposed as licence conditions.

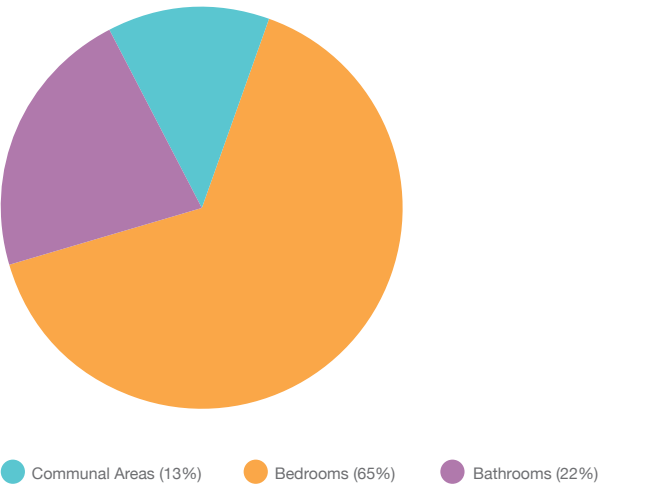
Two facilities were issued licences for one year with no conditions. Ten facilities were issued licences for one year with conditions. Conditions relating to maintenance and hygiene were imposed on five facilities; conditions relating to evidence of financial viability were imposed on six facilities; and one condition was in relation to staffing levels.

Three facilities which are also licensed under the *Retirement Villages Act, 1987* were granted licences. The SRF licence granted only applies to the unit or room in the Retirement Village where residents received personal care services.

Graph 6 – A graph illustrating the proportion of non-conformances identified during unannounced audits



Graph 7 – A graph illustrating where hygiene non-conformances were identified





## SRF Licence Transfer

During 2015-16 two SRF licence transfers were received, processed and approved. Existing and new licence conditions were imposed on the new proprietors as a part of the transfer process.

## SRF- Approval of Manager and Acting Manager

Two Acting Manager applications and two Manager applications were received during the year. All four applications were approved under delegated authority.

## SRF – Complaints and Queries/Legal Action

As shown in Table 24, there was a significant decrease in the number of complaints received when compared to the previous year. This decrease can be partly attributed to the closure of poorly performing facilities during the previous reporting period that attributed to the high number of complaints received during 2014-15. The complaints investigated during this period were in relation to personal finances, alleged operation of an un-licensed SRF and appropriate services provided to residents.

2013 - 14	2014-15	2015-16
5	13	3

**Table 24 – A three year comparison of the number SRF complaints received within EHA's five Constituent Councils and within the City of Unley**

# Financial Statements





**EASTERN HEALTH AUTHORITY**

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

**CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2016, Dean Newbery and Partners, Chartered Accountants, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

  
.....  
Michael Livori  
**CHIEF EXECUTIVE OFFICER**

  
.....  
Lisa Scinto  
**PRESIDING MEMBER  
AUDIT COMMITTEE**

Date: 17/8/16

# Eastern Health Authority

## STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>INCOME</b>			
Council contributions	2	1,609,306	1,576,605
Statutory charges	2	114,802	157,329
User charges	2	342,110	303,449
Grants and subsidies	2	121,815	117,983
Investment income	2	15,304	20,871
Other Income	2	11,439	6,660
<b>Total Income</b>		<b>2,214,776</b>	<b>2,182,897</b>
<b>EXPENSES</b>			
Employee costs	3	1,483,167	1,353,987
Materials, contracts & other expenses	3	643,081	608,515
Depreciation, amortisation & impairment	3	45,098	83,704
Finance costs	3	21,463	24,016
<b>Total Expenses</b>		<b>2,192,809</b>	<b>2,070,222</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>21,967</b>	<b>112,675</b>
<b>NET SURPLUS / (DEFICIT)</b>		<b>21,967</b>	<b>112,675</b>
transferred to Equity Statement			
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>21,967</b>	<b>112,675</b>

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



# Eastern Health Authority

## STATEMENT OF FINANCIAL POSITION as at 30 June 2016

		2016	2015
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	581,155	789,971
Trade & other receivables	4	158,026	162,272
<b>Total Current Assets</b>		<b>739,181</b>	<b>952,243</b>
<b>Non-current Assets</b>			
Infrastructure, property, plant & equipment	5	421,720	441,095
<b>Total Non-current Assets</b>		<b>421,720</b>	<b>441,095</b>
<b>Total Assets</b>		<b>1,160,901</b>	<b>1,393,338</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	6	95,855	108,658
Borrowings	6	58,623	55,934
Provisions	6	259,008	236,220
<b>Total Current Liabilities</b>	6	<b>413,486</b>	<b>400,812</b>
<b>Non-current Liabilities</b>			
Borrowings	6	376,575	435,198
Provisions	6	33,207	41,662
<b>Total Non-current Liabilities</b>		<b>409,782</b>	<b>476,860</b>
<b>Total Liabilities</b>		<b>823,268</b>	<b>877,672</b>
<b>NET ASSETS</b>		<b>337,633</b>	<b>515,666</b>
<b>EQUITY</b>			
Accumulated Surplus		337,633	515,666
<b>TOTAL EQUITY</b>		<b>337,633</b>	<b>515,666</b>

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

# Eastern Health Authority

## STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2016

		Accumulated Surplus	TOTAL EQUITY
2016	Notes	\$	\$
Balance at end of previous reporting period		515,666	515,666
<b>Net Surplus / (Deficit) for Year</b>		<b>21,967</b>	<b>21,967</b>
<b>Other Comprehensive Income</b>			
Distribution to Constituent Councils		(200,000)	(200,000)
<b>Balance at end of period</b>		<b>337,633</b>	<b>337,633</b>
<b>2015</b>			
Balance at end of previous reporting period		402,991	402,991
<b>Net Surplus / (Deficit) for Year</b>		<b>112,675</b>	<b>112,675</b>
<b>Balance at end of period</b>		<b>515,666</b>	<b>515,666</b>

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

# Eastern Health Authority

## STATEMENT OF CASH FLOWS for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Council contributions		1,770,237	1,734,266
Fees & other charges		240,932	173,062
User charges		377,146	328,063
Investment receipts		15,304	25,557
Grants utilised for operating purposes		121,815	117,983
Reimbursements		12,583	7,326
<u>Payments</u>			
Employee costs		(1,458,250)	(1,418,550)
Materials, contracts & other expenses		(984,254)	(818,945)
Finance payments		(22,672)	(25,237)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>72,841</b>	<b>123,525</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(25,723)	-
Capital contributed to Constituent Councils		(200,000)	-
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(225,723)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Payments</u>			
Repayments of borrowings		(55,934)	(53,369)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(55,934)</b>	<b>(53,369)</b>
<b>Net Increase (Decrease) in cash held</b>		<b>(208,816)</b>	<b>70,156</b>
Cash & cash equivalents at beginning of period	7	789,971	719,815
<b>Cash &amp; cash equivalents at end of period</b>	7	<b>581,155</b>	<b>789,971</b>

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

# Eastern Health Authority

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

### Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

#### 1 Basis of Preparation

##### 1.1 Compliance with Australian Accounting Standards

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

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

##### 1.2 Historical Cost Convention

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

##### 1.3 Critical Accounting Estimates

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

##### 1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar (\$).

#### 2 The Local Government Reporting Entity

Eastern Health Authority (EHA) is incorporated under the SA Local Government Act 1999 and has its principal place of business at 101 Payneham Road, St Peters SA 5069. These financial statements include EHA's direct operations and all entities through which EHA controls resources to carry on its functions. In the process of reporting on EHA as a single unit, all transactions and balances between activity areas and controlled entitled have been eliminated.

#### 3 Income recognition

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

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

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

## **Eastern Health Authority**

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

#### **Note 1 - Significant Accounting Policies (cont)**

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

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 8.

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

###### **5.1 Initial Recognition**

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

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.

###### **5.2 Materiality**

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by EHA 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 in Note 5.

###### **5.3 Subsequent Recognition**

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 5.

###### **5.4 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 EHA, 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 shown in Note 5. Depreciation periods for infrastructure assets have been estimated based on the best information available to EHA, 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.

###### **5.5 Impairment**

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

## **Eastern Health Authority**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2016

#### **Note 1 - Significant Accounting Policies (cont)**

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

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

#### **6 Payables**

##### **6.1 Goods & Services**

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

#### **7 Borrowings**

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

#### **8 Employee Benefits**

##### **8.1 Salaries, Wages & Compensated Absences**

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

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

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

##### **8.2 Superannuation**

EHA makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and EHA's involvement with the schemes are reported in Note 11.

#### **9 Leases**

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

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

## Eastern Health Authority

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

#### Note 1 - Significant Accounting Policies (cont)

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

#### 10 GST implications

##### 10 GST Implications

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

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

#### 11 Pending Accounting Standards

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

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 124	Related Party Disclosures

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

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

*EHA is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.*

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

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

# Eastern Health Authority

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

### Note 2 - INCOME

	Notes	2016 \$	2015 \$
<b>COUNCIL CONTRIBUTIONS</b>			
City of Burnside		415,037	400,896
Campbelltown City Council		389,840	376,996
City of Norwood Payneham & St Peters		490,646	487,613
City of Prospect		219,621	222,291
Town of Walkerville		94,162	88,809
		<u>1,609,306</u>	<u>1,576,605</u>
<b>STATUTORY CHARGES</b>			
SRF licences		4,792	4,601
Food inspections		56,355	49,059
Legionella registrations & inspections		15,275	22,779
Fines, penalties & expiations		38,380	80,890
		<u>114,802</u>	<u>157,329</u>
<b>USER CHARGES</b>			
Immunisation fee for service		50,515	56,222
Immunisation worksites		110,107	103,385
Food safety training		455	486
Food auditing		60,465	46,220
City of Unley		120,568	97,136
		<u>342,110</u>	<u>303,449</u>
<b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		15,304	20,871
		<u>15,304</u>	<u>20,871</u>



# Eastern Health Authority

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

### NOTE 2 - INCOME (continued)

	Notes	2016 \$	2015 \$
<b>REIMBURSEMENTS</b>			
Motor vehicle reimbursements		3,975	2,667
Sundry		7,464	3,993
		<u>11,439</u>	<u>6,660</u>
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>			
Other grants, subsidies and contributions			
Immunisation fees - schools		84,291	75,881
Immunisation fees - ACIR		37,524	42,102
		<u>121,815</u>	<u>117,983</u>
<i>The functions to which these grants relate are shown in Note 12.</i>			
<b>Sources of grants</b>			
State government		121,815	117,983
		<u>121,815</u>	<u>117,983</u>

# Eastern Health Authority

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

### Note 3 - EXPENSES

	Notes	2016 \$	2015 \$
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		1,303,620	1,231,367
Employee leave expense		14,333	(16,430)
Superannuation - defined contribution plan contributions	11	99,335	95,397
Superannuation - defined benefit plan contributions	11	16,838	17,471
Workers' Compensation Insurance		15,000	14,639
Other - Agency Staff and Consultant Medical Officer		34,041	11,543
<b>Total Operating Employee Costs</b>		<b>1,483,167</b>	<b>1,353,987</b>
<b>Total Number of Employees</b>		<b>17.6</b>	<b>18.4</b>
<i>(Number of full time equivalent employees at end of reporting period)</i>			
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		7,700	7,700
Bad and Doubtful Debts		3,293	2,590
Board of management expenses		10,772	15,800
Operating Lease Rentals - non-cancellable leases	10		
- minimum lease payments		53,185	55,159
<b>Subtotal - Prescribed Expenses</b>		<b>74,950</b>	<b>81,249</b>
<u>Other Materials, Contracts &amp; Expenses</u>			
Accounting & internal audit		6,265	9,590
Contractors		22,562	23,365
Energy		8,222	9,178
Fringe Benefit Tax		20,471	16,148
Human resources		12,426	14,645
Income protection/Uniform expenses		10,953	16,801
Insurance		26,006	25,950
Legal expenses		20,373	17,689
Motor vehicle expenses		15,141	14,300
IT licencing & support		101,324	55,837
Parts, accessories & consumables		102,308	106,850
Printing & stationery		25,788	33,575
Telephone		13,842	14,001
Public health plan		-	20,678
Office rent		100,002	92,588
Staff training		14,674	19,614
Work health & safety consultancy		37,918	-
Sundry		29,856	36,457
<b>Subtotal - Other Materials, Contracts &amp; Expenses</b>		<b>568,131</b>	<b>527,266</b>
		<b>643,081</b>	<b>608,515</b>

# Eastern Health Authority

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

### Note 3 - EXPENSES (cont)

	Notes	2016 \$	2015 \$
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Buildings & Other Structures		23,642	23,642
Office Equipment, Furniture & Fittings		21,456	60,062
		<u>45,098</u>	<u>83,704</u>
<b>FINANCE COSTS</b>			
Interest on Loans		21,463	24,016
		<u>21,463</u>	<u>24,016</u>

# Eastern Health Authority

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

### Note 4 - CURRENT ASSETS

	2016	2015
<b>CASH &amp; EQUIVALENT ASSETS</b>	<b>\$</b>	<b>\$</b>
Cash on Hand and at Bank	112,228	51,153
Short Term Deposits & Bills, etc	468,927	738,818
	<u>581,155</u>	<u>789,971</u>
 <b>TRADE &amp; OTHER RECEIVABLES</b>		
Debtors - general	239,871	358,767
Total	<u>239,871</u>	<u>358,767</u>
 Less: Allowance for Doubtful Debts	81,845	196,495
	<u>158,026</u>	<u>162,272</u>

# Eastern Health Authority

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

### Note 5 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	Fair Value Level	2015 \$				2016 \$			
		AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Buildings & Other Structures	3	-	472,846	(93,760)	379,086	-	472,846	(117,402)	355,444
Office Equipment, Furniture & Fittings		-	289,776	(227,767)	62,009	-	315,499	(249,223)	66,276
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>		-	762,622	(321,527)	441,095	-	788,345	(366,625)	421,720
<b>Comparatives</b>		-	<b>762,622</b>	<b>(237,822)</b>	<b>524,800</b>	-	<b>762,622</b>	<b>(321,527)</b>	<b>441,095</b>

This Note continues on the following pages.

# Eastern Health Authority

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

### Note 5 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR							2016
	2015 \$	\$					Net Revaluation	CARRYING AMOUNT \$
		Additions		Disposals	Depreciation	Impairment		
		New/Upgrade	Renewals					
Buildings & Other Structures	379,086	-	-	-	(23,642)	-	-	355,444
Office Equipment, Furniture & Fittings	62,009	-	25,723	-	(21,456)	-	-	66,276
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>441,095</b>	-	<b>25,723</b>	-	<b>(45,098)</b>	-	-	<b>421,720</b>
<b>Comparatives</b>	<b>524,800</b>	-	-	-	<b>(83,705)</b>	-	-	<b>441,095</b>

This Note continues on the following pages.

# Eastern Health Authority

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

### Note 6 - LIABILITIES

		2016		2015	
		\$		\$	
<b>TRADE &amp; OTHER PAYABLES</b>	Notes	Current	Non-current	Current	Non-current
Goods & Services		<b>65,453</b>		<b>87,631</b>	
Accrued expenses - employee entitlements		<b>20,972</b>		<b>10,388</b>	
Accrued expenses - other		<b>9,430</b>		<b>10,639</b>	
		<b>95,855</b>	<b>-</b>	<b>108,658</b>	<b>-</b>
<b>BORROWINGS</b>					
Loans		<b>58,623</b>	<b>376,575</b>	<b>55,934</b>	<b>435,198</b>
		<b>58,623</b>	<b>376,575</b>	<b>55,934</b>	<b>435,198</b>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
<b>PROVISIONS</b>					
Employee entitlements (including oncosts)		<b>259,008</b>	<b>33,207</b>	<b>236,220</b>	<b>41,662</b>
		<b>259,008</b>	<b>33,207</b>	<b>236,220</b>	<b>41,662</b>

# Eastern Health Authority

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

### Note 7 - RECONCILIATION TO CASH FLOW STATEMENT

#### (a) Reconciliation of Cash

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

	Notes	2016 \$	2015 \$
Total cash & equivalent assets	4	<b>581,155</b>	789,971
Balances per Cash Flow Statement		<b>581,155</b>	789,971

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

Net Surplus (Deficit)	<b>21,967</b>	112,675
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	<b>45,098</b>	83,704
Net increase (decrease) in unpaid employee benefits	<b>24,917</b>	(16,430)
Change in allowances for under-recovery	<b>(114,650)</b>	-
	<b>(22,668)</b>	179,949
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	<b>118,896</b>	16,240
Net increase (decrease) in trade & other payables	<b>(23,387)</b>	(72,664)
<b>Net Cash provided by (or used in) operations</b>	<b>72,841</b>	123,525

#### (c) Financing Arrangements

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

Corporate Credit Cards	<b>5,000</b>	5,000
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# Eastern Health Authority

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

### Note 8 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables*.

#### Accounting Policies - Recognised Financial Instruments

<b>Bank, Deposits at Call, Short Term Deposits</b>	<p><b>Accounting Policy:</b> Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p><b>Terms &amp; conditions:</b> Deposits are returning fixed interest rates between 1.5% and 2% (2015: 2% and 3%).</p> <p><b>Carrying amount:</b> approximates fair value due to the short term to maturity.</p>
<b>Receivables - Fees &amp; other charges</b>	<p><b>Accounting Policy:</b> Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p><b>Terms &amp; conditions:</b> Unsecured, and do not bear interest. Although the Authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Receivables - other levels of government</b>	<p><b>Accounting Policy:</b> Carried at nominal value.</p> <p><b>Terms &amp; conditions:</b> 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.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Creditors and Accruals</b>	<p><b>Accounting Policy:</b> Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.</p> <p><b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Interest Bearing Borrowings</b>	<p><b>Accounting Policy:</b> Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p><b>Terms &amp; conditions:</b> secured over future revenues, borrowings are repayable (describe basis); interest is charged at a fixed rate of 4.75% (2015: 4.75%)</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Finance Leases</b>	<p><b>Accounting Policy:</b> accounted for in accordance with AASB 117.</p>

# Eastern Health Authority

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

### Note 8 (cont) - FINANCIAL INSTRUMENTS

#### Liquidity Analysis

2016	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>	\$	\$	\$	\$	\$
Cash & Equivalents	581,155			581,155	581,155
Receivables	158,026	-	-	158,026	158,026
<b>Total</b>	<b>739,181</b>	<b>-</b>	<b>-</b>	<b>739,181</b>	<b>739,181</b>
<b>Financial Liabilities</b>					
Payables	95,855	-	-	95,855	95,855
Current Borrowings	78,606	-	-	78,606	58,623
Non-Current Borrowings	-	471,638	39,303	510,941	376,575
<b>Total</b>	<b>174,461</b>	<b>471,638</b>	<b>39,303</b>	<b>685,402</b>	<b>531,053</b>

2015	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>	\$	\$	\$	\$	\$
Cash & Equivalents	789,971			789,971	789,971
Receivables	162,272	-	-	162,272	162,272
<b>Total</b>	<b>952,243</b>	<b>-</b>	<b>-</b>	<b>952,243</b>	<b>952,243</b>
<b>Financial Liabilities</b>					
Payables	108,658	-	-	108,658	108,658
Current Borrowings	78,606	-	-	78,606	55,934
Non-Current Borrowings	-	471,638	117,909	589,547	435,198
<b>Total</b>	<b>187,264</b>	<b>471,638</b>	<b>117,909</b>	<b>776,811</b>	<b>599,790</b>

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

	30 June 2016		30 June 2015	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Fixed Interest Rates	4.75	435,198	4.75	491,132
		<u>435,198</u>		<u>491,132</u>

#### Net Fair Value

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

#### Risk Exposures

**Credit Risk** represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of EHA is the carrying amount, net of any allowance for doubtful debts. All EHA investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within EHA'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 EHA'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 EHA 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. EHA 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. EHA has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically.

# Eastern Health Authority

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

### Note 9 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2016 \$	2015 \$
Income	2,214,776	2,182,897
less Expenses	<u>2,192,809</u>	<u>2,070,222</u>
<b>Operating Surplus / (Deficit)</b>	<b>21,967</b>	<b>112,675</b>
<b>less Net Outlays on Existing Assets</b>		
Depreciation, Amortisation and Impairment	(45,098)	(83,704)
	<u>(19,375)</u>	<u>(83,704)</u>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b><u>41,342</u></b>	<b><u>196,379</u></b>

# Eastern Health Authority

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

### Note 10 - OPERATING LEASES

#### Lease payment commitments of EHA

EHA has entered into non-cancellable operating leases for motor vehicles and a photocopier.

No lease imposes any additional restrictions on EHA in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit EHA, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

No lease contains any escalation clause.

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

	2016	2015
	\$	\$
Not later than one year	46,399	43,041
Later than one year and not later than 5 years	46,102	37,286
	<u>92,501</u>	<u>80,327</u>

# Eastern Health Authority

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

### Note 11 – SUPERANNUATION

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

#### Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2015/16; 9.50% in 2014/15). No further liability accrues to EHA 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. EHA makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2014/15) of "superannuation" salary.

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

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

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

#### Contributions to Other Superannuation Schemes

EHA 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 EHA.





# Annual Report 2015-2016



**EAST WASTE PROVIDES AN ENVIRONMENTALLY RESPONSIBLE, EFFECTIVE COLLECTION AND DISPOSAL WASTE AND RECYCLING SERVICE FOR ITS CONSTITUENT COUNCILS.**



**A TARGET OF**  
 **90%**  
**OF ALL BINS ARE RETURNED UPRIGHT AND LIDS CLOSED. AN INDUSTRY FIRST.**



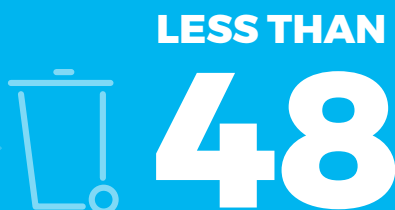
# ANNUAL REPORT 2015-2016

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



**LESS THAN**

**48**

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

# EAST WASTE INDEPENDENT CHAIRPERSON'S REPORT 2015/16

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

## **Strong Financial Position**

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

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

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

## **Benchmarking**

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

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

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

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

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

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

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

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

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



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



**LESS THAN**  
 **8**  
**YEARS IS THE AGE OF EAST WASTE'S FLEET OF TRUCKS.**

# EAST WASTE INDEPENDENT CHAIRPERSON'S REPORT 2015/16

## Recyclables Contract

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

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

This is significant outcome for Member Councils.

## Re-branding

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

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

## Education and Promotion

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

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

## Thanks

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

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

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

The achievement of the above would not have been possible without the commitment and the astute advice of the Board of East Waste. The members of the Board continue to provide valuable professional support to the General Manager and his team.

To all the Directors of East Waste I thank you for your guidance and support to East Waste. We look confidently forward to an even more successful year ahead in 2016/17.

**I commend the 2015-2016 East Waste Annual Report to you.**



*Mr Brian Cunningham  
Independent Chairperson*

**EAST WASTE'S PRIMARY PURPOSE IS TO PROVIDE EFFECTIVE WASTE COLLECTION SERVICES FOR ITS MEMBER COUNCILS WITH FLEXIBLE SERVICE DELIVERY ALLOWING RESPONSIVENESS TO EMERGING COMMUNITY AND MARKET DEMANDS.**



**23,403**

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



# ABOUT EAST WASTE

**East Waste is the trading name of Eastern Waste Management Authority (East Waste), which was established in 1928. The Authority is a regional subsidiary of the Adelaide Hills Council, City of Burnside, Campbelltown City Council, City of Norwood, Payneham & St Peters, City of Mitcham, and the Corporation of the Town of Walkerville.**

These six Councils are referred to as Member or Constituent Councils of East Waste. East Waste is governed by a Charter pursuant to Section 43 of the Local Government Act 1999 (the Charter).

East Waste is administered by a Board in accordance with the requirements of the Local Government Act, the Charter, and other various policies and codes. The membership of the Board comprises of seven directors – one director appointed by each of the Member Councils, and one independent person who acts as Chair. The Board appoints a General Manager who is responsible for implementing the decisions made by the Board, and running the day-to-day operations of East Waste.

East Waste's primary purpose is to provide effective waste collection services for its Member Councils. The exact nature of the waste collection services are determined independently by each Council to meet the needs of their respective communities.

East Waste operates on a cost share basis between Member Councils. This ensures Councils are not subject to providing varying levels of profit that are required by private sector operators, whilst still benefiting efficiency, buying power and cost effectiveness through East Waste as a service provider. From time to time, East Waste is contracted to provide waste collection services for other Councils (referred to as Client Councils).

The primary advantages from the East Waste delivery model can be summarised as:

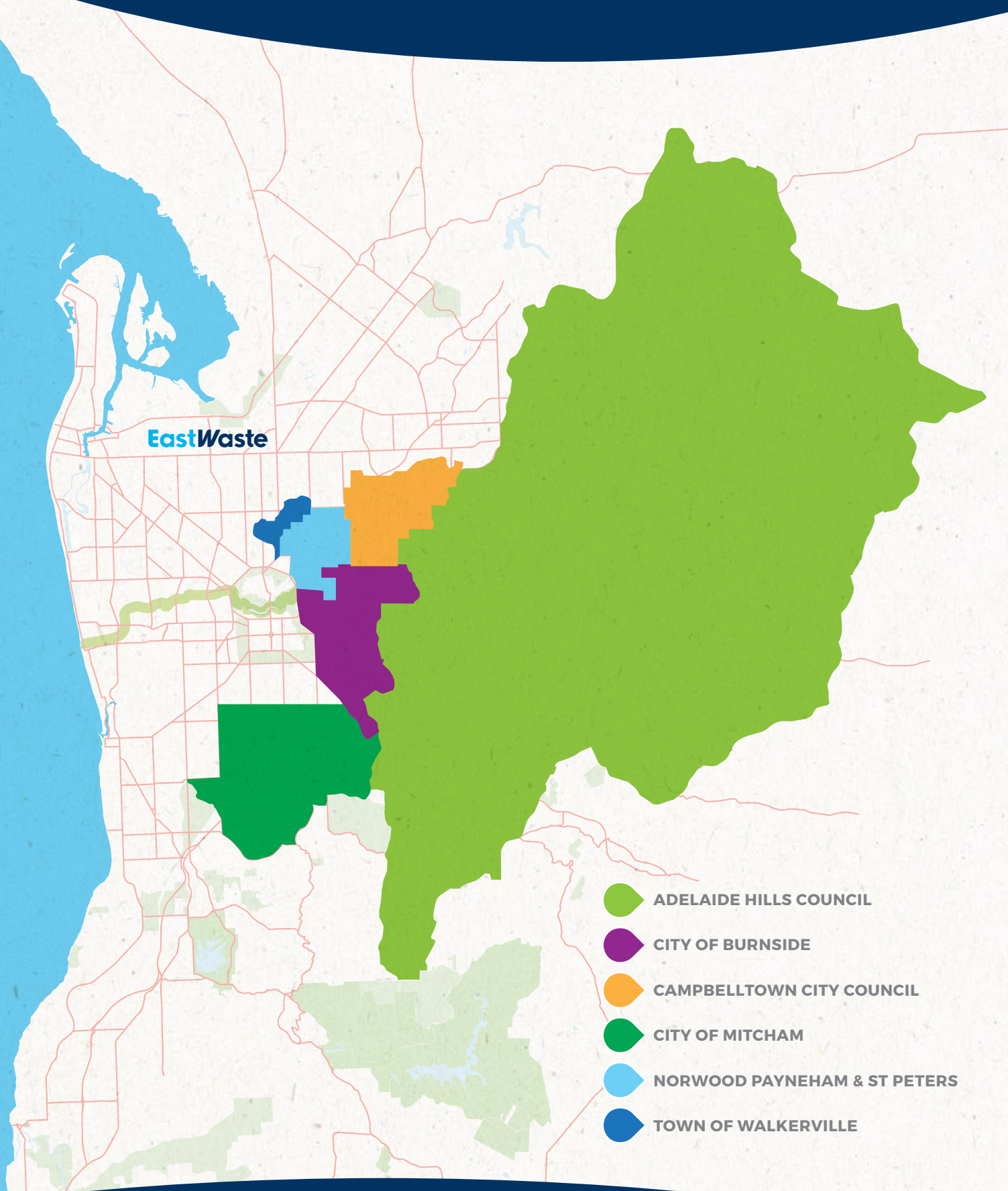
- Appropriate economical return from the at cost charging methodology based on GPS cost allocation.
- Enhanced quality of service by measuring and valuing quality capacities as well as financial indicators.
- Flexibility in service delivery allowing responsiveness to emerging community and market demands.
- Aligned values and strategic direction with Member Councils, to protect and promote reputation management.
- Reducing exposure of Member Councils to the commercial profit-driven market.

## Core Services

East Waste's core business is defined in the Charter as collection, recycling, and disposal of waste produced in the area of one or more of the Member Councils. This core business is undertaken in regard to the following broad understandings:

- Continually operate to the parameters set within the Charter.
- Deliver efficient, effective and value for money services for Member Councils.
- Maintain quality services that are quantified by certain metrics (i.e. >90% of bins returned upright to kerb with lids closed, ensuring any bins that are tipped over are put upright).
- Effective and positive complaint handling and timely resolution of complaints, and;
- Vehicles are clean, maintained and well presented.

# EAST WASTE SERVICE AREA





# VISION STATEMENT

## **At East Waste we are all about...**

“Providing a safe, high quality, low cost, waste and resource recovery collection service that responds to our community’s needs, while using innovation and technology to drive efficiencies, reduce cost, and have a minimal impact on the receiving environment”.

## **At East Waste we are moving towards...**

“Providing flexible and responsive waste and resource recovery collection services that focus on safety, high order recycling, elevated service levels, less vehicle movements, and lower emissions”.

## **At East Waste we contribute to our Member Council communities by...**

“Providing a responsive and proactive waste and resource recovery collection service that enhances streetscape amenity and assists in promoting a healthy lifestyle”.

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



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

# GENERAL MANAGER'S REPORT

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

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

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

## **Strategic Procurement**

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

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

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

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

## **New Member Council Services**

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

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

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

## **Operations Assistance Committee**

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

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

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

# GENERAL MANAGER'S REPORT

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

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

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

## Consultation

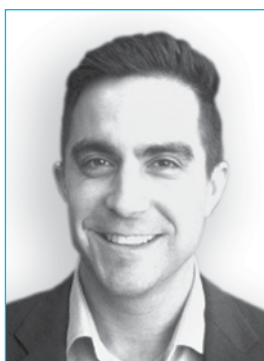
Importantly, East Waste is active in many conversations, discussions and working groups around improving the broader waste and recycling sector.

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

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

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

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



*Adam Faulkner  
General Manager*





# EAST WASTE GOVERNANCE

**East Waste is administered by a Board in accordance with the requirements of the Local Government Act, the Charter, and various other policies and codes.**

The membership of the Board comprises of seven directors – one director appointed by each of the Member Councils, and one independent person who acts as Chair. The Board appoints a General Manager who is responsible for implementing the decisions made by the Board, and running the day-to-day operations of East Waste.

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

The table below details Board Member attendance.

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

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



*Mr Brian Cunningham  
Independent Chairperson*



*Cr Linda Green  
Adelaide Hills Council*



*Cr. Grant Piggott  
City of Burnside*



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



*Cr. Karen Hockley  
City of Mitcham*



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



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

# AUDIT AND RISK MANAGEMENT COMMITTEE

In accordance with the requirements of the Local Government Act 1999, East Waste has an established Audit and Risk Management Committee. The functions of the Committee include:

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

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

The Audited Financial Statements for the year ending 30 June 2016 are provided at page 27.

## GOVERNANCE STRUCTURE

The figure below demonstrates the governance arrangements in place to ensure diligent management of East Waste on behalf of the Member Councils.



# EAST WASTE OPERATIONS

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

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

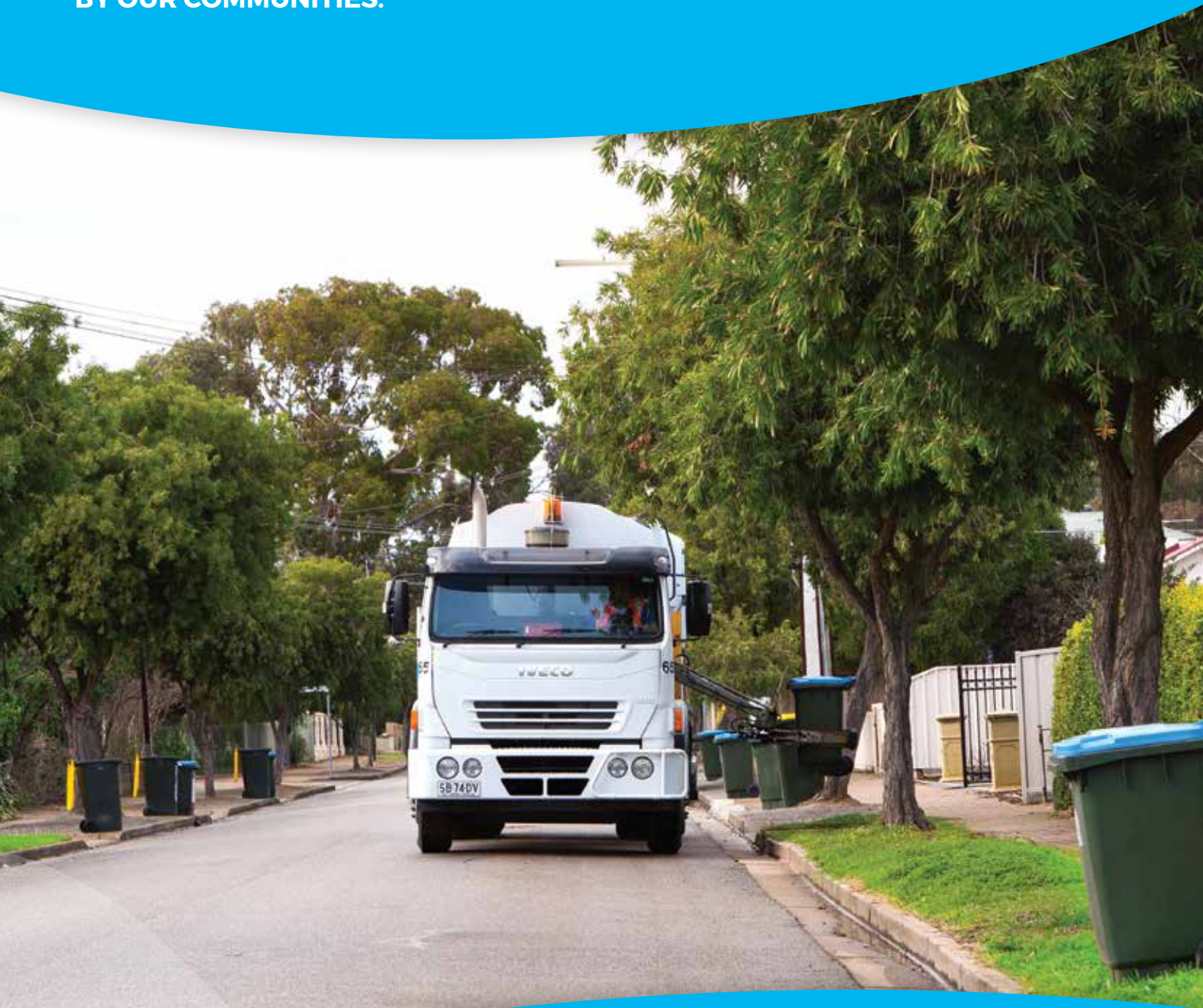
East Waste currently provides a broad range of services to Member Councils. This is summarised in the Services Matrix below. To continue to provide good value and efficiency to Member Councils, it is important to East Waste to offer all of these current services to Member Councils.

This table identifies opportunity for efficient and effective service offerings currently available to Member Councils, and includes the additional service offerings taken up by Member Councils since last year's (2014/15) Annual Report.

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



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



# 47,080

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



# TONNAGE DATA

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

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

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

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

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

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

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

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



# 30,831

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

## East Waste Values Safety

**For East Waste, safety is more than a policy manual or a training session; it's how East Waste does business. It cannot be denied that it makes good business sense to have management systems that are designed to be suitable to the nature of the business, responsive to the business needs and manage the business' risks as part of every-day operational practices.**

East Waste fosters a culture in which safety, health and welfare are top priorities; and where all staff are responsible for looking out for one another. Our commitment to safety and care for fellow employees is aimed at improved business results as well as business continuity and promotion of a safe workplace.

### Audit results

East Waste is audited by the Local Government Association Workers Compensation Scheme. This annual audit serves to determine if East Waste is meeting the WHS and Injury Management performance standards for self-insured organisations. During the LGAWCS WHS Key Performance Indicator Audit 2015 hundreds of documents were reviewed over a two day period. Eleven (11) elements were chosen to be audited, being a sample across all forty six (46) elements. East Waste again achieved an audit score of 100 out of 100. The next audit is due to occur in October 2016.

### Return to Work

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

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

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

### Collection Vehicle Safety

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

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



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



# 23,403

TONNES OF RECYCLABLES  
COLLECTED FOR RESIDENTS  
DURING 2015/16.

# EDUCATION AND PROMOTION

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

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

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

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

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

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





# EDUCATION AND PROMOTION



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

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



# EDUCATION AND PROMOTION



# FINANCIAL STATEMENT



## 2015-16 ANNUAL REPORT



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## CERTIFICATION OF FINANCIAL STATEMENTS

### EASTERN WASTE MANAGEMENT AUTHORITY

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

#### CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Authority to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2016 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.

.....  
Adam Faulkner  
CHIEF EXECUTIVE OFFICER

.....  
Brian Cunningham  
INDEPENDENT CHAIRPERSON

Date: 14 September 2016

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

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

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

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

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

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

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

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

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

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

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

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

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

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

The financial statements cover Eastern Waste Management Authority Inc as an individual entity. Eastern Waste Management Authority Inc is an association incorporated in South Australia under the SA Local Government Act 1999 and has its principal place of business at 1 Temple Court Ottoway SA.

#### **1 Basis of Preparation**

##### **1.1 Compliance with Australian Accounting Standards**

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

##### **1.2 Historical Cost Convention**

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

##### **1.3 Critical Accounting Estimates**

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

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

Eastern Waste Management Authority Inc ("The Authority") is a Regional Subsidiary formed under Section 43 of the Local Government Act 1999, under the control of the City of Burnside, City of Norwood, Payneham & St Peters, Campbelltown City Council, Corporation of the Town of Walkerville, City of Mitcham and Adelaide Hills Council. The Charter was reviewed as required by the Local Government Act 1999 and a revised Charter was gazetted on 29 November 2012. The six Member Councils have an equal equity share and the Board comprises a Director from each Council and an Independent Chair appointed by the absolute majority of Member Councils.

#### **3 Income recognition**

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

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

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

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



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

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

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

##### **5.1 Initial Recognition**

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

##### **5.2 Materiality**

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

##### **5.3 Depreciation of Non-Current Assets**

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

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

The depreciable amount of all fixed assets including building and capitalised lease assets, is depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

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

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

##### **5.4 Impairment**

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

##### **5.5 Borrowing Costs**

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016****NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONT)****6 Payables****6.1 Goods & Services**

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

**6.2 Payments Received in Advance & Deposits**

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

**7 Borrowings**

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

**8 Employee Benefits****8.1 Salaries, Wages & Compensated Absences**

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

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date.

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

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

**8.2 Superannuation**

The Authority makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods.

**9 Leases**

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

In respect of finance leases, where the Authority substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments.

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

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

The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Authority is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

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

#### **10 GST Implications**

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

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

#### **11 Distribution to Member Council**

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

#### **12 Competitive Neutrality**

The Authority undertakes commercial (for profit) activities being the collection and disposal of domestic waste on behalf of non member councils. This non core business constitutes a significant business activity of the Authority, as such, for the purposes of the national competition policy, it is an activity to which the principles of competitive neutrality will apply.

The Authority recognises the objective of competitive neutrality as the intention to remove any net competitive advantages from its commercial (for profit) activities. Accordingly, the Authority is implementing principles of competitive neutrality, in particular tax equivalents and debt guarantee fees, where it competes with the private sector.

These tax equivalents include:

- 1.1 payroll tax;
- 1.2 stamp duty;
- 1.3 council rates;
- 1.4 fuel excise;
- 1.5 Work Cover levies;
- 1.6 prevailing commercial interest rates applicable to the purchase of operating plant;
- 1.7 debt guarantee fees, where required;
- 1.8 standard interest rates on borrowings;
- 1.9 income tax

The Authority will annually and proportionately disburse to its member councils, the equivalent of all of the costs referred to above together with the equivalent of company taxation on the net profit derived from its commercial (for profit) activities. The disbursements made to the member councils will not and are not intended to be directly or indirectly returned to the Authority.

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

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

In bidding for the new commercial (for profit) business activities, the Authority will fully account for all costs including all taxes, licences, fees, charges and guarantees that are applicable to the private sector operating in the same market place, unless all bidders are both equally directed to do otherwise and have the benefit of all exemptions to which the Authority is entitled.

The Authority has obtained and will maintain for its commercial (for profit) activities a prescribed activity license from the Environment Protection Authority for the collection or transport of waste from domestic premises on behalf of non member councils.

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

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

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

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

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

Authority is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

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

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

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

### NOTE 2 - INCOME

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

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

### NOTE 3 - EXPENSES

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

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

### NOTE 3 - EXPENSES (CONT)

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



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

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

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

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

### NOTE 5 - CURRENT ASSETS

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

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

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

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

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

This note continues on the following page.

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

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

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

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

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

### NOTE 7 - LIABILITIES

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

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

### PROVISIONS

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

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

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

### NOTE 8 - RECONCILIATION TO CASH FLOW STATEMENT

#### (a) Reconciliation of Cash

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

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

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

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

#### (d) Financing Arrangements

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

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

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

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

**NOTE 9 - FINANCIAL INSTRUMENTS**

All financial instruments are categorised as loans and receivables.

**Accounting Policies - Recognised Financial Instruments**

**Bank, Deposits at Call,  
Short Term Deposits**

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

**Terms & conditions:** Deposits are returning fixed interest rates between 1.75% and 1.85% (2015: 2% and 2.05%).

**Carrying amount:** Approximates fair value due to the short term to maturity.

---

**Liabilities -  
Creditors and Accruals**

**Accounting Policy:** Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.

**Terms & conditions:** Liabilities are normally settled on 30 day terms.

**Carrying amount:** Approximates fair value.

---

**Liabilities -  
Interest Bearing Borrowings**

**Accounting Policy:** Carried at the principal amounts. Interest is charged as an expense as it accrues.

**Terms & conditions:** Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed rates between 4.25% and 7.01% (2015: 4.25% and 7.01%)

**Carrying amount:** Approximates fair value.

---

**Liabilities - Finance Leases**

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

---

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

### NOTE 9 - FINANCIAL INSTRUMENTS (CONT)

#### Liquidity Analysis

	Due < 1 year	Due > 1 year; < 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2016	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash & Equivalents	2,797,570	-	-	2,797,570	2,797,570
Receivables	358,583	-	-	358,583	358,583
<b>Total</b>	<b>3,156,153</b>	-	-	3,156,153	3,156,153
<b>Financial Liabilities</b>					
Payables	516,030	-	-	516,030	516,030
Current Borrowings	1,688,503	-	-	1,688,503	1,321,796
Non-Current Borrowings	-	4,545,647	290,556	4,836,203	4,047,959
<b>Total</b>	<b>2,204,533</b>	4,545,647	290,556	7,040,736	5,885,785
2015					
<b>Financial Assets</b>					
Cash & Equivalents	2,096,194	-	-	2,096,194	2,096,194
Receivables	248,589	-	-	248,589	248,589
<b>Total</b>	<b>2,344,783</b>	-	-	2,344,783	2,344,783
<b>Financial Liabilities</b>					
Payables	745,638	-	-	745,638	745,638
Current Borrowings	1,700,074	-	-	1,700,074	1,038,885
Non-Current Borrowings	-	4,974,068	1,510,869	6,484,937	5,654,846
<b>Total</b>	<b>2,445,712</b>	4,974,068	1,510,869	8,930,649	7,439,369

#### Net Fair Value

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

#### Risk Exposures

**Credit Risk** represents the loss that would be recognised if counterparties fail to perform as contracted.

The maximum credit risk on financial assets of the Authority is the carrying amount, net of any allowance for doubtful debts. All Authority investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government.

**Market Risk** is the risk that fair values of financial assets will fluctuate as a result of changes in market prices.

All of Authority's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.



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

### NOTE 9 - FINANCIAL INSTRUMENTS (CONT)

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

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

### NOTE 10 - COMMITMENTS FOR EXPENDITURE

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

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

### NOTE 11 - UNIFORM PRESENTATION OF FINANCES

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

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

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

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

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

### **NOTE 12 – RELATED PARTY INFORMATION**

A new charter for East Waste was gazetted on 29 November 2012. Under this Charter, Directors are not paid by East Waste and the newly appointed Independent Chair is paid by East Waste. The remuneration set by the Board is \$20,000 per annum.

#### **Board Members**

##### **Mr. P Dilulio**

Appointed to the Board of East Waste for a term of two (2) years from the date of the gazettal of new charter 29 November 2012. Reappointed in December 2014.

##### **Cr G Piggott\***

Appointed to the Board of East Waste for a term of two (2) years from 17 September 2012. Reappointed in December 2014.

##### **Mr. M Barone**

Appointed to the Board of East Waste for a term of two (2) years from the date of the gazettal of new charter 29 November 2012. Reappointed in December 2014.

##### **Cr K Hockley**

Appointed to the Board of East Waste for a term of two (2) years from 25 November 2014.

##### **Cr G Webster**

Appointed to the Board of East Waste for a term of two (2) years from 24 November 2014.

##### **Cr L Green**

Appointed to the Board of East Waste in February 2013. Reappointed in November 2014.

##### **Mr B Cunningham**

Appointed as independent chairman of the Board of East Waste in March 2013. Reappointed in June 2015.

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

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

### NOTE 13 – KEY MANAGEMENT PERSONNEL

The table below summarises in aggregate the remuneration of all senior management personnel and Board Members of the Eastern Waste Management Authority Inc.

	Salary \$	Super \$	Non-Cash \$	Allowances \$	ETP \$	Total \$
<b>2016</b>	<b>144,852</b>	<b>14,287</b>	-	<b>12,000</b>	-	<b>171,139</b>
2015	128,827	13,523	-	12,000	-	154,350

#### *Board Member Compensation*

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

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

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

**NOTE 14 – Highbury Landfill Authority Inc**

The Eastern Waste Management Authority, originally known as the East Torrens Municipal Destructor Trust, was established on 19 July 1928 (the name change took place in 1993).

As at 1 July 2004, the Eastern Waste Management Authority comprised 3 member Councils, being the City of Norwood, Payneham and St Peters, the City of Burnside and the Corporation of the Town of Walkerville.

On 5 August 2004, the City of Norwood, Payneham and St Peters, the City of Burnside and the Corporation of the Town of Walkerville established the Highbury Landfill Authority Inc. Its purpose included the facilitation of the closure and the post- closure of the Highbury Landfill site, as well as managing the joint interests and liability of the Councils in relation to the closure of the site.

On 31 December 2004 the property known as the Highbury Landfill site was transferred from East Waste to Highbury Landfill Authority Inc.

On 1 January 2005 the Eastern Waste Management Authority Inc. Charter was amended to include the three new member Councils - the City of Mitcham, the City of Campbelltown and Adelaide Hills Council.

On 1 January 2005 a loan was created between East Waste and the Highbury Landfill Authority that represented the net value of assets in East Waste prior to 1 January 2005. This was an At Call Loan and interest had been capitalised until the loan was called in by the Highbury Landfill Authority in November 2008. The loan amount was

\$873,000 and East Waste borrowed the money from the National Australia Bank with an Interest Only Loan. This loan has now been re-financed through the Local Government Finance Authority, to be repaid in 10 years. The Board of East Waste resolved in February 2010 to charge Member Councils the loan repayments for this loan in their equity percentages as set out in the January 2005 charter.

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

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

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

## CERTIFICATION OF AUDITOR INDEPENDENCE

### EASTERN WASTE MANAGEMENT AUTHORITY

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

#### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Waste Management Authority for the year ended 30 June 2016, the Authority's Auditor, Dean Newbery & Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

.....  
Adam Faulkner  
CHIEF EXECUTIVE OFFICER

.....  
Brian Cunningham  
PRESIDING MEMBER  
AUDIT COMMITTEE

Date: 14 September 2016



## STATEMENT BY AUDITOR



### Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the Eastern Waste Management Authority for the year ended 30 June 2016, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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

A handwritten signature in blue ink, appearing to read 'Samantha Allard'.

**SAMANTHA ALLARD**  
Partner

**DEAN NEWBERY & PARTNERS**  
CHARTERED ACCOUNTANTS

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

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## WHO IS EAST WASTE?

- A REGIONAL SUBSIDIARY ESTABLISHED UNDER THE LOCAL GOVERNMENT ACT 1999 SIX MEMBER COUNCILS.
- PURPOSE IS TO COLLECT AND DISPOSE/RECYCLE MEMBER COUNCILS WASTES AND RECYCLABLES.
- PROVIDE APPROXIMATELY 180,000 SERVICES PER WEEK.
- SERVICES APPROXIMATELY 30% OF METRO ADELAIDE.
- BOARD OF DIRECTORS & INDEPENDENT CHAIRMAN.
- EAST WASTE HAS A GENERAL MANGER AND 51 PERMANENT STAFF MEMBERS.
- PURPOSE BUILT DEPOT, FUEL SUPPLY; SELF-SUFFICIENT WORKSHOP AND ADMINISTRATION CENTRE.

APPROXIMATELY  
 **180,000**  
BINS COLLECTED PER WEEK,  
EVERY WEEK, EACH DAY  
OF THE WEEK (BAR TWO).

## EastWaste

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Ottoway SA 5013

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Mansfield Park SA 5012

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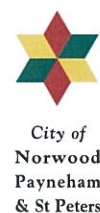


## EastWaste



# ANNUAL REPORT 15-16

## ERA WATER



# ERA WATER ANNUAL REPORT 2015-16

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## MESSAGE FROM THE CHAIRPERSON

Eastern Region Alliance Water (ERA Water) is the first subsidiary established in accordance with the South Australian Local Government Act to capture, store and market urban stormwater.

ERA Water has the role to use sustainable supplies of Urban Stormwater that is captured from urban water systems at Third and Fourth Creek. ERA Water cleans and treats the water and stores it in the underground aquifer. The Water is later extracted from the aquifer and pumped to irrigate ovals, school playing fields and businesses. One of the unique aspects of this project is the cooperation between the three councils in the design, construction and planning of a technically complex project. The councils have secured a commercial advantage whilst also ensuring sustainable water supplies of locally produced water to the local community.

The project is funded through grants from the Commonwealth Government and the Adelaide and Mount Lofty Natural Resources Management Board along with borrowings by ERA Water. Construction commenced in March 2016 and is scheduled to be completed by June 2017. This is an exciting project and from a governance and technical aspect is world leading.

The constituent councils of ERA Water are those of Walkerville, Burnside and Norwood, Payneham & St Peters. They are to be congratulated in their leadership in supporting the project and consequent benefits that it provides to their communities.

As Chairperson, I would like to thank them for their support and to also acknowledge and thank the hard work of the Acting General Manager and the design and construction teams for bringing this exciting project towards its fruition. I look forward to reporting on its successful completion in 2017.

**JOHN O'BRIEN**  
ERA WATER CHAIRMAN



# ACTING GENERAL MANAGER'S REPORT

In developing this report it is important to acknowledge the significant role the constituent councils have had in the formation of the subsidiary resulting in the ministerial ascent to the formation of the subsidiary in July 2015. The considerable financial and technical evaluation that was required to ensure that the confidence of the constituent councils enabled the project to commence construction with strong foundations already in place.

The period following the formation of the subsidiary involved a substantial effort in successfully seeking an extension of time for completion date for construction from the Commonwealth Government from the original date of June 2016 to the revised date of June 2017.

The assistance of the Acting Chairperson Kiki Magro along with the local Members of Parliament and the continued support of the ERA Water board through some particularly challenging issues at this time is acknowledged.

In addition, the agreement with the NRM board was renewed and an updated budget and contract was agreed with the Commonwealth Department of Water. In completing all of these approvals, considerable detailed information on designs and tendered amounts was prepared, including the execution of the Electrical Mechanical Contract.

To meet the agreed construction schedule, upon finalisation of the funding, the purchase of pipes was undertaken and pre-construction notification of the community was commenced. Community communication was initiated through radio, local press releases and through the project website and has been completed very effectively.

The construction of the pipelines has started with no notable issues arising. There has been slightly more rock encountered during drilling by the contractor than anticipated but this is still within the contingency sums allowed for in the budget.

Updates on progress of the project has been regularly reported to both the ERA Water Board and the constituent councils. Details have included maps of the completed works, detailed financial reports including both positive and negative variations and compliance with the risk plan.

The Board has met at least bi-monthly and has adopted policies in relation to financial and governance issues as required by legislation and in accordance with best practice board governance procedures. This has provided the framework in which the project is being delivered by the design and construction team.

The project is in its construction and marketing phase with key priorities being ensuring that the critical risks are minimized by focusing on meeting the construction schedule and budget and working to ensure customers are secured to drive revenue growth in the early years of the project's operations. The budget forecast is being refined on a regular basis to track progress and monitor variations.

Planning for the post construction period and the commissioning of the decision support system to ensure customer demand in the first year of delivery is underway and will be developed as the construction moves towards completion.

I wish to thank the constituent councils and Board for their sincere and committed approach to the project through some challenging times to bring the project to one that is nearing reality and is on target achieve all of the construction and marketing targets in the business plan.

**COLIN PITMAN**  
ERA WATER ACTING GENERAL MANAGER





## ABOUT ERA WATER

ERA Water Regional Subsidiary (ERA Water) is a regional subsidiary established under Section 43 of the *Local Government Act 1999* which through the charter provides for the supply of recycled Urban Storm water on behalf of its Constituent Councils in the eastern suburbs of Adelaide South Australia.

### THE CONSTITUENT COUNCILS

The constituent councils are:

- The Corporation of the Town of Walkerville Council
- The City of Norwood, Payneham and St Peters
- The City of Burnside.

ERA water was legally constituted on the 21st of July of 2015 following a period where the financial feasibility of the business was analysed and after considerable bore testing was undertaken to secure certainty to the ability to store the required quantities of treated urban storm water.

Following the feasibility analysis, the business case was prepared with the active participants including Tea Tree Gully Council and Campbelltown Councils. These Councils subsequently withdrew from the project and the project was redesigned and a prudential review presented to the constituent councils which resulted in the approval of the charter and its subsequent approval by the Minister of Local Government.

# GOVERNANCE

## BOARD OF MANAGEMENT

The constituent councils individually nominated a board member each and the Chairperson was appointed after a ROI and appraisal process member the approval of the constituent councils.

The board members are:

City of Norwood Payneham and St Peters	Mario Barone
City of Burnside	Paul Deb
Corporation of the Town of Walkerville	Kiki Magro
Independent Chairperson	John O'Brien

Interim Meetings were held up until the appointment of the Chairman with Kiki Magro nominated as the Acting Chairperson.

The key responsibility of board appointees pending the appointment of the Independent Chairperson was to secure an extension of time for the completion of the project from the commonwealth funding partner.

The Acting General Manager Colin Pitman was appointed by ERA Water in December 2015.

## FREEDOM OF INFORMATION

No requests were received under the Freedom of Information Act during the 2015/16 financial year.

## STAFFING STRUCTURE

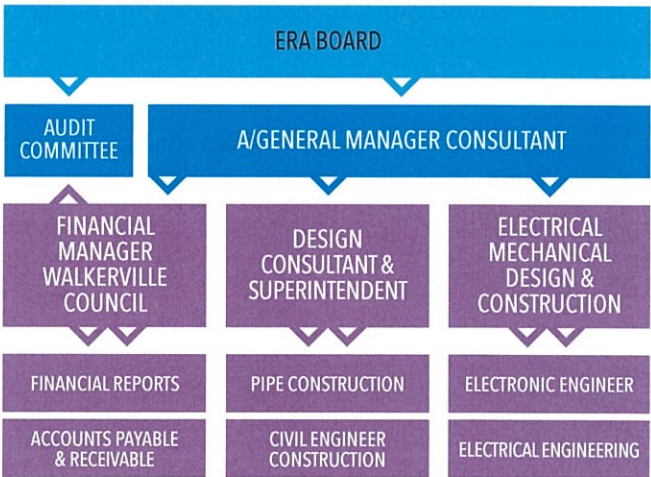
ERA Water has not appointed permanent staff but has chosen to contract suitably qualified consultants during the period of construction of the facility.

The Structure of the consulting team is depicted below.

The external funding financial relationship has for simplicity been negotiated between the external funding authorities and the Town of Walkerville. ERA Water has a contract with the Town of Walkerville to expend those funds in compliance with the Commonwealth and the Adelaide and Mount Lofty Natural Resources Management Authority contracts.

The Town of Walkerville have been contracted to provide financial and clerical, IT and accommodation support services.

Diagram of consulting team and the relationship between the funding bodies.





# GOVERNANCE

## ANNUAL BUSINESS PLAN

ERA Water as an entity was unfunded until March of 2016. Therefore the Board adopted the feasibility and financial analysis as prepared by the Town of Walkerville as the pro forma for seeking the funds from the Commonwealth.

The Project Manager / Acting General Manager was funded from surplus funds from Water Proofing the East Stage 1 and was initially retained by the Town of Walkerville and was subsequently appointed after funding was secured.

The first objective of ERA Water was to secure funds to ensure the feasibility analysis and business plan could be implemented. ERA Water and the Town of Walkerville negotiated an agreed budget based upon the financial analysis and the prudential review with firm quotations from the pipe and electrical/mechanical contractors and estimates of the cost for civil works.

The receipt of the funding by the board in March 2016 enabled the board to let contracts to ensure ERA Water could meet the Commonwealth contracted completion date of June 2017.

## CHARTER

The charter for ERA Water was approved by the Minister of Local Government on the 21st of July 2015. The charter sets out the responsibilities of ERA Water including its governance financials and its responsibilities to its constituent councils.

## FINANCE AUDIT COMMITTEE

Members of the Audit Committee have been appointed and will commence their roles in the 2016/17 financial year. The work of the committee will include reviewing the audited Financial Statements and reviewing a draft long term financial plan and considering external audit considerations.

## FINANCIAL STATEMENTS

The Audited Financial Statements for the year ending the 30th June 2016 are provided in the annual report below they show an operating surplus of \$2,143,403.





# CONSTRUCTION PROGRAM

## PROJECT DESIGN AND CONSTRUCTION

In 2011 the Eastern Region Alliance was successful in obtaining Commonwealth Funding to proceed with the feasibility study for and on behalf of five eastern suburbs councils. The work involved Hydrogeological analysis site investigations and detailed financial analyses.

The Feasibility study for project was undertaken on behalf of five of the regional Councils. On completion of a business case analysis and a prudential review, two councils withdrew from the project. The delivery of the project is now being undertaken by ERA Water with Walkerville, Norwood, Payneham and St Peters and Burnside councils. The same Target Performance measures as were adopted for the three councils as was the case for the five councils.

The Business Case Analysis and the prudential review were undertaken on behalf of the three councils and each council approved the charter. The minister of Local Government approved the charter and it was gazette on 21st of July 2015.

The target completion date set by the Commonwealth (June 2016) was not achievable and ERA Water developed a strategy to have the date of completion extended to June 2017. The Commonwealth approved the extension of the completion date in late December and the new commonwealth and NRM Agreements were signed by the parties in February/ March 2016.

The contract with the commonwealth was preconditioned on a milestone report and financial audit and confirmed contracts with the Electrical and Mechanical Contract which did not permit construction to commencement until March / April of 2016.

The Construction program consists of four principle contracts:

- Project Management and General Manager extended in April
- Design and superintendence (LDC) extended to stage 2 in March
- Pipe Construction using horizontally directional boring techniques commenced in March
- Electrical Mechanical Electronic (ECI) contracts commenced in April
- Civil and landscape Works contracts yet to be tendered.

## MARKETING

The financial viability of the project relies on securing customer contracts.

The Business plan identifies the following customers:

- 1 The consumption by the Constituent Councils
- 2 Consumption by State Schools
- 3 Consumption by Private Schools
- 4 Consumption by customers in Port Adelaide Enfield, Prospect, Campbelltown and Tea Tree Gully councils
- 5 Private Businesses.

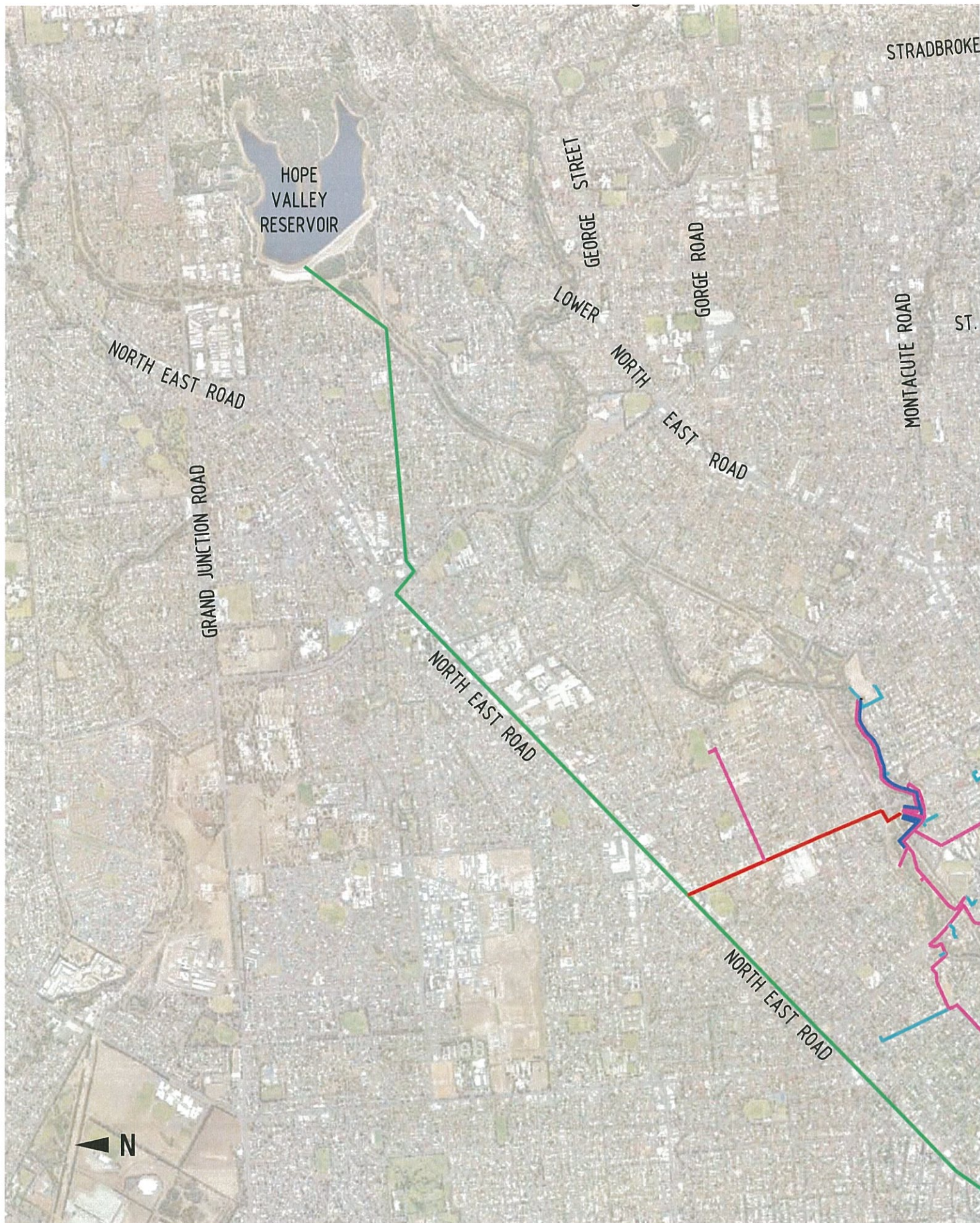
The consumption by customers other than the constituent councils north of the project has been facilitated by the purchase of 9.5km of disused SA Water pipe along Nottage Terrace, North East Road and Lyons Road. This has opened up the potential for a large number of customers other than the Port Adelaide Enfield Council to be connected.

The business plan currently relies on sales of in excess of 454 ML which is currently made up of the following:

- 1 Constituent councils 237 ML
- 2 Private Schools and Public Schools 193 ML
- 3 Port Adelaide Enfield, Prospect and Tea Tree Gully and Campbelltown 55 ML.

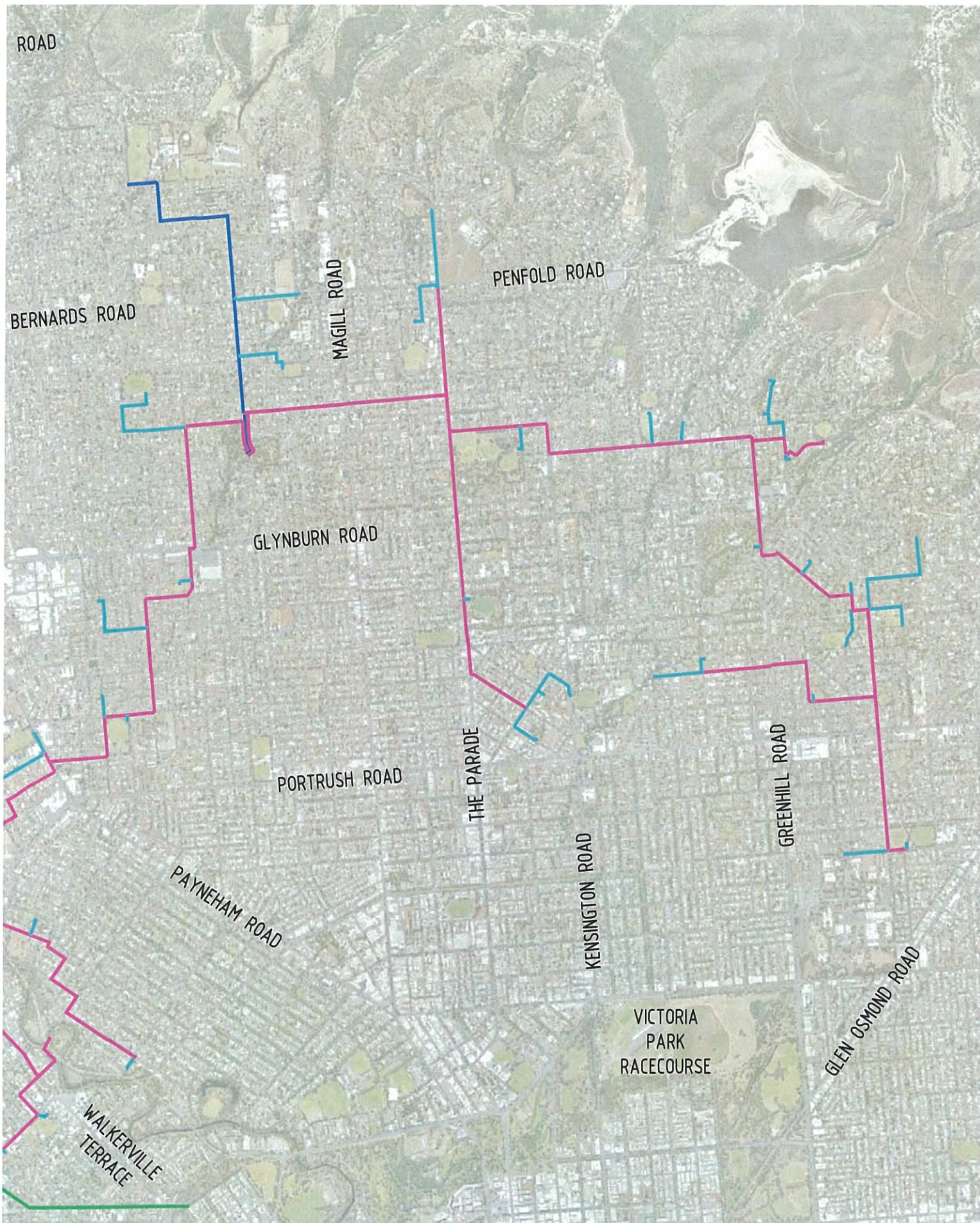
Securing contracts is a high priority.





## WATERPROOFING THE EAST



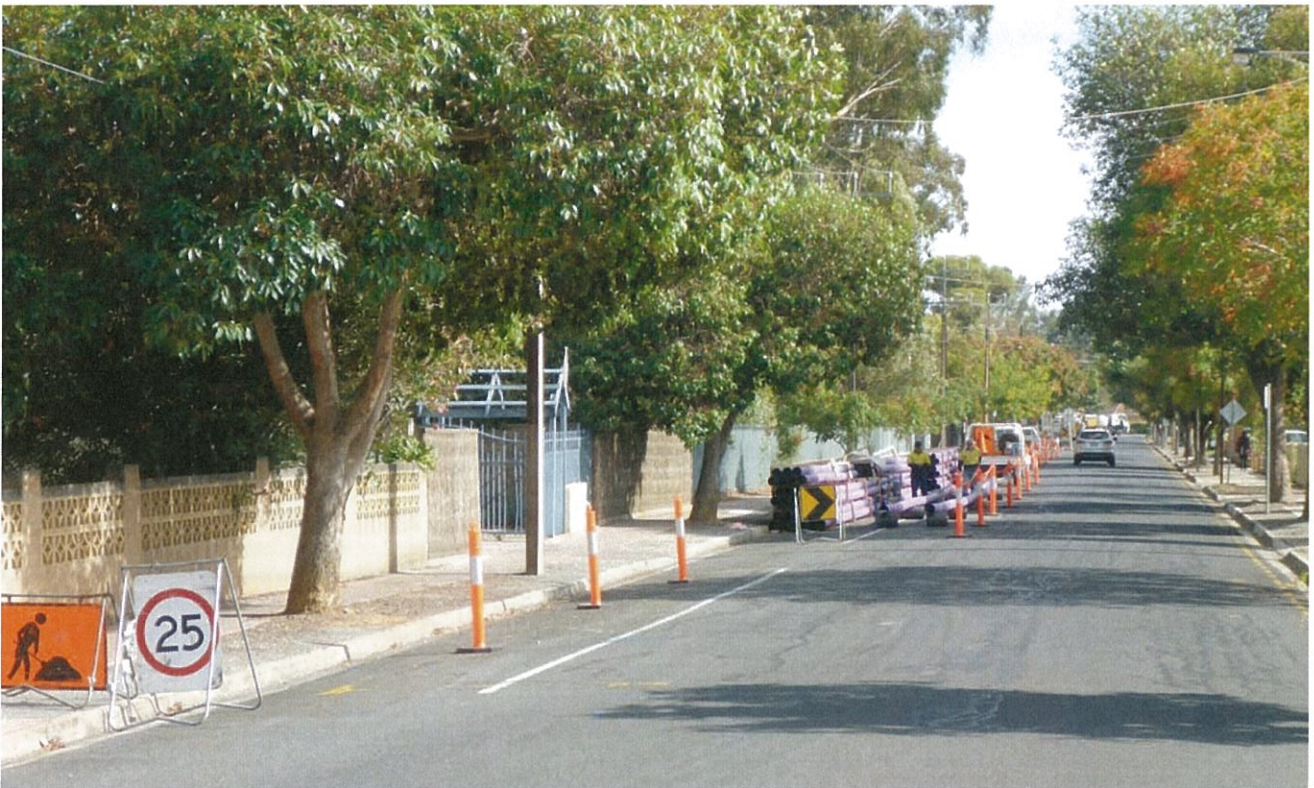


- RECYCLED WATER FEEDER MAIN (Ø125 HDPE)
- RECYCLED WATER FEEDER MAIN (Ø180 HDPE)
- RECYCLED WATER TRUNK MAIN (Ø280 HDPE)
- RECYCLED WATER TRUNK MAIN (Ø315 HDPE)
- EXISTING SUPPLY MAIN





## WATERPROOFING THE EAST











# SUMMARY FINANCIAL STATEMENT

General Purpose Financial Statements  
for the year ended 30 June 2016

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## Certification of Financial Statements

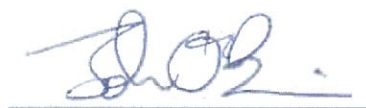
**We have been authorised by ERA Water Regional Subsidiary to certify the financial statements in their final form.**

**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 ERA Water Regional Subsidiary's financial position at 30 June 2016 and the results of its operations and cash flows for the financial year,
- internal controls implemented by ERA Water Regional Subsidiary provide a reasonable assurance that ERA Water Regional Subsidiary's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect ERA Water Regional Subsidiary's accounting and other records.



Colin Pitman  
Acting General Manager



John O'Brien  
Chairman

Date:

## Statement of Comprehensive Income

for the year ended 30 June 2016

\$	Notes	2016	2015
<b>Income</b>			
Investment Income	2a	173,370	-
Grants, Subsidies and Contributions	2b	16,442	-
<b>Total Income</b>		<b>189,812</b>	<b>-</b>
<b>Expenses</b>			
Materials, Contracts & Other Expenses	3a	20,043	-
<b>Total Expenses</b>		<b>20,043</b>	<b>-</b>
<b>Operating Surplus / (Deficit)</b>		<b>169,769</b>	<b>-</b>
Amounts Received Specifically for New or Upgraded Assets	2b	2,099,361	-
<b>Net Surplus / (Deficit) <sup>1</sup></b>		<b>2,269,130</b>	<b>-</b>
<b>Other Comprehensive Income</b>			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Nil		-	-
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>2,269,130</b>	<b>-</b>

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

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

Statement of Financial Position  
as at 30 June 2016

\$	Notes	2016	2015
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4a	26,072	-
Trade & Other Receivables	4b	1,317,599	-
<b>Total Current Assets</b>		<b>1,343,671</b>	<b>-</b>
<b>Non-Current Assets</b>			
Other Non-Current Assets	5	2,099,360	-
<b>Total Non-Current Assets</b>		<b>2,099,360</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>3,443,031</b>	<b>-</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	6	1,173,901	-
<b>Total Current Liabilities</b>		<b>1,173,901</b>	<b>-</b>
<b>Non-Current Liabilities</b>			
Nil		-	-
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1,173,901</b>	<b>-</b>
<b>Net Assets</b>		<b>2,269,130</b>	<b>-</b>
<b>EQUITY</b>			
Accumulated Surplus		2,269,130	-
<b>Total Council Equity</b>		<b>2,269,130</b>	<b>-</b>

## Statement of Changes in Equity

for the year ended 30 June 2016

		Asset		
	Notes	Accumulated Surplus	Revaluation Reserve	Other Reserves
				Total Equity
\$				
2016				
Balance at the end of previous reporting period		-	-	-
a. Net Surplus / (Deficit) for Year		2,269,130	-	2,269,130
b. Other Comprehensive Income		-	-	-
Other Comprehensive Income		-	-	-
Total Comprehensive Income		2,269,130	-	2,269,130
c. Transfers between Reserves		-	-	-
Balance at the end of period		2,269,130	-	2,269,130

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

## Statement of Cash Flows

for the year ended 30 June 2016

\$	Notes	2016	2015
<b>Cash Flows from Operating Activities</b>			
<u>Receipts</u>			
Grants, Subsidies and Contributions (operating purpose)		44,159	-
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(18,087)	-
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>26,072</b>	<b>-</b>
<b>Cash Flows from Investing Activities</b>			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		1,408,474	-
<u>Payments</u>			
Expenditure on New/Upgraded Assets		(1,408,474)	-
<b>Net Cash provided by (or used in) Investing Activities</b>	7	<b>-</b>	<b>-</b>
<b>Cash Flows from Financing Activities</b>			
<u>Receipts</u>			
Nil			
<u>Payments</u>			
Nil			
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>-</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>26,072</b>	<b>-</b>
plus: <b>Cash &amp; Cash Equivalents at beginning of period</b>	7	<b>-</b>	<b>-</b>
<b>Cash &amp; Cash Equivalents at end of period</b>	7	<b>26,072</b>	<b>-</b>
<b>Total Cash, Cash Equivalents &amp; Investments</b>		<b>26,072</b>	<b>-</b>



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

Contents of the Notes accompanying the Financial Statements

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



## Note 1. Summary of Significant Accounting Policies

---

The principal accounting policies adopted by ERA Water Regional Subsidiary (ERA Water) in the preparation of these consolidated financial statements are set out below.

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

### 1 Basis of Preparation

#### 1.1 Compliance with Australian Accounting Standards

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

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

#### 1.2 Historical Cost Convention

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

#### 1.3 Critical Accounting Estimates

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

#### 1.4 Rounding

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

### 2 The Local Government Reporting Entity

ERA Water Regional Subsidiary is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 66 Walkerville Terrace, Gilberton, SA 5081. These

financial statements include the ERA Water's direct operations.

### 3 Income Recognition

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

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes.

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

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

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

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

### 5 Infrastructure, Property, Plant & Equipment

#### 5.1 Initial Recognition

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

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

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

assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the ERA Water includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

### 5.2 Materiality

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

The capitalisation threshold determined by ERA Water is \$1,000 for all asset categories.

### 5.3 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 ERA Water, 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 ERA Water, 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.

Stormwater structures	50 years
Other Infrastructure	20 years
Treatment plants	10 years
Bore & Mechanical	30 years
Pump & fittings	15 years
Pipes & conduits	70 years

### 5.4 Impairment

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

### 5.5 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.

## 6 Payables

### 6.1 Goods & Services

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

### 6.2 Payments Received in Advance & Deposits

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

## 7 Borrowings

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



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

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

### 8 Provisions

#### 8.1 Provisions for Reinstatement, Restoration and Rehabilitation

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

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. ERA Water'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.

### 9 Construction Contracts

For works undertaken on a fixed price contract basis, expenses are recognised when claims/milestone payments are received and approved for payment.

### 10 GST Implications

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

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.

- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

### 11 New accounting standards and UIG interpretations

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

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

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

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

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under



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

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

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### 9 Construction Contracts

For works undertaken on a fixed price contract basis, expenses are recognised when claims/milestone payments are received and approved for payment.

### 10 GST Implications

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

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.

- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

### 11 New accounting standards and UIG interpretations

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

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

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

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

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under

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

the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

As a result, ERA Water will be required to measure its financial assets, including its investment in XYZ at fair value. There will be no financial impact on the consolidated financial statements.

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

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

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

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

### Effective for periods commencing 1 July 2016:

- AASB 1056 *Superannuation Entities*
- AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* [AASB 10, AASB 124 & AASB 1049]

### Effective for periods commencing 1 January 2017:

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*

- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*

### Effective for periods commencing 1 January 2018:

- AASB *Financial Instruments* (December 2009)
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010)
- AASB 2014-1 *Amendments to Australian Accounting Standards* (Part E)
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014)

### Effective for periods commencing 1 January 2019:

- AASB 16 *Leases*

## 12 Comparative Figures

ERA Water was incorporated on 21 July 2015 and therefore does not have comparative data to disclose.

## 13 Disclaimer

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



## Note 2. Income (continued)

\$	Notes	2016	2015
<b>(a). Investment Income</b>			
Interest on Investments		-	-
- Local Government Finance Authority		173,367	-
- Banks & Other		3	-
<b>Total Investment Income</b>		<b>173,370</b>	<b>-</b>
<b>(b). Grants, Subsidies, Contributions</b>			
Amounts Received Specifically for New or Upgraded Assets		2,099,361	-
Other Grants, Subsidies and Contributions		16,442	-
<b>Total Grants, Subsidies, Contributions</b>		<b>2,115,803</b>	<b>-</b>
<b>(i) Sources of grants</b>			
Other		2,115,803	-
<b>Total</b>		<b>2,115,803</b>	<b>-</b>
<b>(ii) Individually Significant Items</b>			
Nil			



### Note 3. Expenses

\$	Notes	2016	2015
(a). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		3,600	-
<b>Subtotal - Prescribed Expenses</b>		<b>3,600</b>	<b>-</b>
(ii) Other Materials, Contracts and Expenses			
Contractors		13,163	-
Legal Expenses		3,280	-
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>16,443</b>	<b>-</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>20,043</b>	<b>-</b>

## Note 4. Current Assets

\$	Notes	2016	2015
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		26,072	-
Total Cash & Cash Equivalents		26,072	-
(b). Trade & Other Receivables			
Accrued Revenues		20,008	-
Debtors - General		1,121,029	-
GST Recoupment		176,562	-
Subtotal		1,317,599	-
Less: Allowance for Doubtful Debts		-	-
Total Trade & Other Receivables		1,317,599	-

## Note 5. Non-Current Assets

\$	Notes	2016	2015
 (a). Other Non-Current Assets			
Capital Works-in-Progress		2,099,360	-
<b>Total Other</b>		2,099,360	-
<b>Total Other Non-Current Assets</b>		<b>2,099,360</b>	<b>-</b>

## Note 6. Liabilities

		2016	2016	2015	2015
\$	Notes	Current	Non Current	Current	Non Current
(a). Trade and Other Payables					
Goods & Services		1,170,301	-	-	-
Accrued Expenses - Other		3,600	-	-	-
<b>Total Trade and Other Payables</b>		<b>1,173,901</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Note 7. Reconciliation to Statement of Cash Flows

### (a). Reconciliation of Cash

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

Total Cash & Equivalent Assets	5	26,072	-
<b>Balances per Statement of Cash Flows</b>		<b>26,072</b>	<b>-</b>

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

<b>Net Surplus/(Deficit)</b>	<b>2,269,130</b>	<b>-</b>
Non-Cash Items in Income Statements		
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)	(2,099,360)	-
	<b>169,770</b>	<b>-</b>
<b>Add (Less): Changes in Net Current Assets</b>		
Net (Increase)/Decrease in Receivables	(1,317,599)	-
Net Increase/(Decrease) in Trade & Other Payables	1,173,901	-
<b>Net Cash provided by (or used in) operations</b>	<b>26,072</b>	<b>-</b>



## Note 8. Financial Instruments

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\$

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### Recognised Financial Instruments

#### Bank, Deposits at Call, Short Term Deposits

**Accounting Policy:**

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

**Terms & Conditions:**

All deposits are at call earning rates of 0.1%.

**Carrying Amount:**

Approximates fair value due to the short term to maturity.

#### Receivables

**Accounting Policy:**

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

**Terms & Conditions:**

Unsecured, and do not bear interest. ERA Water only material exposure is to The Corporation of the Town of Walkerville

**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 ERA Water

**Terms & Conditions:**

Liabilities are normally settled on 30 day terms.

**Carrying Amount:**

Approximates fair value.

## Note 8. Financial Instruments (continued)

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
\$					
<b>2016</b>					
<b>Financial Assets</b>					
Cash & Equivalents	26,072	-	-	26,072	26,072
Receivables	1,317,599	-	-	1,317,599	1,317,599
Other Financial Assets	-	-	-	-	-
<b>Total Financial Assets</b>	<b>1,343,671</b>	<b>-</b>	<b>-</b>	<b>1,343,671</b>	<b>1,343,671</b>
<b>Financial Liabilities</b>					
Payables	1,173,901	-	-	1,173,901	1,173,901
Current Borrowings	-	-	-	-	-
Non-Current Borrowings	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>1,173,901</b>	<b>-</b>	<b>-</b>	<b>1,173,901</b>	<b>1,173,901</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 ERA Water.



## Note 8. Financial Instruments (continued)

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\$

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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 ERA Water is the carrying amount, net of any allowance for doubtful debts. All investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated with the Town of Walkerville, and there is no material exposure to any other 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.

## Note 9. Uniform Presentation of Finances

\$	2016	2015
----	------	------

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

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

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

Income	189,812	-
<i>less</i> Expenses	(20,043)	-
Operating Surplus / (Deficit)	<b>169,769</b>	-
<i>less</i> <b>Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	-	-
<i>less</i> Depreciation, Amortisation and Impairment	-	-
<i>less</i> Proceeds from Sale of Replaced Assets	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>
<i>less</i> <b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	1,408,474	-
<i>less</i> Amounts Received Specifically for New and Upgraded Assets	(1,408,474)	-
<i>less</i> Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>169,769</b>	<b>-</b>

## Note 10. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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

### 1. REPAYMENT OF CAPITAL INCOME

Should ERA Water not meet the milestone obligations in the completion of the storm water harvesting project it may be obliged to return unused funds.

### 2. POTENTIAL INSURANCE LOSSES

ERA Water insures against 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.

ERA Water 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 ERA Water may have existed at reporting date.

## Note 11. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2016, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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




Accordingly, the "authorised for issue" date is 13/09/16.

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

## Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of ERA Water Regional Subsidy for the year ended 30 June 2016, the Council's Auditor, Dean Newbery and Partners has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act

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

  
\_\_\_\_\_  
Colin Pitman  
Acting General Manager  
\_\_\_\_\_  
Corinne Garrett  
PRESIDING MEMBER, AUDIT COMMITTEE  
\_\_\_\_\_  
Kiki Magro  
CEO, Town of Walkerville  
\_\_\_\_\_  
Paul Deb  
CEO, City of Burnside  
\_\_\_\_\_  
CEO, City of Norwood, Payneham & Saint Peters  
Mario Barone



**Auditor's Independence Declaration under Section 22 of the Local Government  
(Financial Management) Regulations 2011 to the Eastern Region Alliance Water.**

I confirm that, for the audit of the financial statements of the Eastern Region Alliance Water for the year ended 30 June 2016, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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



**SAMANTHA ALLARD**  
PARTNER

Signed on the 30<sup>th</sup> day of September 2016,  
at 214 Melbourne Street, North Adelaide, South Australia 5006.

---

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214 Melbourne Street  
North Adelaide SA 5006

**All Correspondence:**  
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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE EASTERN REGION ALLIANCE WATER

We have audited the accompanying financial report of the Eastern Region Alliance Water, which comprises the Statement of Financial Position as at 30 June 2016 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Certification of Financial Statements.

### *The Responsibility of the Executive Officer for the Financial Report*

The Executive Officer of the Eastern Region Alliance Water is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

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

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

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

### **Independence**

In conducting our audit, we have complied with the independence requirements of the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011 and the Australian professional ethical pronouncements.

### **Auditor's Opinion**

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Eastern Region Alliance Water as of 30 June 2016, and its financial performance and cash flows for the year then ended in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and the Australian Accounting Standards (including Australian Accounting Interpretations).

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



**SAMANTHA ALLARD**  
**PARTNER**

Signed on the 30<sup>th</sup> day of September 2016,  
at 214 Melbourne Street, North Adelaide, South Australia 5006.

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ERA WATER



## Highbury Landfill Authority

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

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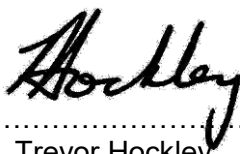
# HIGHBURY LANDFILL AUTHORITY

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

### CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Authority to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2016 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.



.....  
Trevor Hockley  
**CHIEF EXECUTIVE OFFICER**



.....  
Graham Webster  
**CHAIRPERSON**

Date: 21 September 2016

## Highbury Landfill Authority

### STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>INCOME</b>			
Interest Received	2	316	636
Sundry Income	2	1,303	6,822
<b>Total Income</b>		<u>1,619</u>	<u>7,458</u>
<b>EXPENSES</b>			
Materials, contracts & other expenses	3	2,400	2,250
Depreciation, amortisation & impairment	3	7,395	7,395
Highbury Closure Provision	3	255,175	490,860
<b>Total Expenses</b>		<u>264,970</u>	<u>500,505</u>
<b>OPERATING SURPLUS / (DEFICIT)</b>		(263,351)	(493,047)
Other Comprehensive Income		-	-
<b>Total Other Comprehensive Income</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>(263,351)</u>	<u>(493,047)</u>

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

# Highbury Landfill Authority

## STATEMENT OF FINANCIAL POSITION as at 30 June 2016

		2016 \$	2015 \$
<b>ASSETS</b>	Notes		
<b>Current Assets</b>			
Cash and cash equivalents	4	19,478	92,079
Trade & other receivables	4	8,526	4,234
<b>Total Current Assets</b>		<u>28,004</u>	<u>96,313</u>
<b>Non-current Assets</b>			
Infrastructure, property, plant & equipment	5	9,195	16,590
<b>Total Non-current Assets</b>		<u>9,195</u>	<u>16,590</u>
<b>Total Assets</b>		<u>37,199</u>	<u>112,903</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	6	33,246	7,169
Provisions	6	225,430	171,000
<b>Total Current Liabilities</b>		<u>258,676</u>	<u>178,169</u>
<b>Non-current Liabilities</b>			
Provisions	6	4,339,140	4,372,000
<b>Total Non-current Liabilities</b>		<u>4,339,140</u>	<u>4,372,000</u>
<b>Total Liabilities</b>		4,597,816	4,550,169
<b>NET ASSETS</b>		<u>(4,560,617)</u>	<u>(4,437,266)</u>
<b>EQUITY</b>			
Accumulated Surplus		(4,560,617)	(4,437,266)
<b>TOTAL EQUITY</b>		<u>(4,560,617)</u>	<u>(4,437,266)</u>

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

# Highbury Landfill Authority

## STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2016

	Accumulated Surplus	TOTAL EQUITY
2016	Notes	
	\$	\$
Balance at end of previous reporting period	(4,437,266)	(4,437,266)
<b>Net Surplus / (Deficit) for Year</b>	(263,351)	(263,351)
<b>Other Comprehensive Income</b>		
Member Council Contributions - Recurrent Funding of Provision		
-City of Burnside	70,568	70,568
-City of Norwood Payneham & St Peters	56,500	56,500
-Corporation of the Town of Walkerville	12,932	12,932
<b>Balance at end of period</b>	<b>(4,560,617)</b>	<b>(4,560,617)</b>
<b>2015</b>		
Balance at end of previous reporting period	(4,154,219)	(4,154,219)
<b>Net Surplus / (Deficit) for Year</b>	(493,047)	(493,047)
<b>Other Comprehensive Income</b>		
Member Council Contributions - Recurrent Funding of Provision		
-City of Burnside	105,852	105,852
-City of Norwood Payneham & St Peters	84,750	84,750
-Corporation of the Town of Walkerville	19,398	19,398
<b>Balance at end of period</b>	<b>(4,437,266)</b>	<b>(4,437,266)</b>



# Highbury Landfill Authority

## STATEMENT OF CASH FLOWS

for the year ended 30 June 2016

		2016	2015
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	Notes		
<u>Receipts</u>			
Interest Received		316	636
GST Reimbursements		18,989	15,455
Sundry		2,395	7,504
<u>Payments</u>			
Payments to Suppliers		(234,302)	(200,498)
<b>Net Cash provided by (or used in) Operating Activities</b>	7	<b>(212,602)</b>	<b>(176,903)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		-	-
<b>Net Cash provided by (or used in) Investing Activities</b>		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Member Council Contributions		140,000	210,000
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>140,000</b>	<b>210,000</b>
<b>Net Increase (Decrease) in cash held</b>	7	<b>(72,602)</b>	<b>33,097</b>
Cash & cash equivalents at beginning of period	7(a)	92,079	58,982
<b>Cash &amp; cash equivalents at end of period</b>	7(a)	<b>19,477</b>	<b>92,079</b>

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

# Highbury Landfill Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

Highbury Landfill Authority (the Authority) is a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. The Member Councils and their respective percentages of equity are as follows:

<b>Constituent Council</b>	<b>Equity Share %</b>
City of Burnside	50.406%
City of Norwood Payneham & St Peters	40.357%
Corporation of the Town of Walkerville	9.237%

The financial report was authorised for issue by certificate under clause 11 of the *Local Government (Financial Management) Regulations 2011*.

The following is a summary of the material accounting policies adopted by the Authority in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### Basis of preparation

##### Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

#### Accounting Policies

##### (a) Competitive Neutrality

The Authority does not undertake commercial (for profit) activities.

The Authority holds an Environmental Authorisation under Part 6 of the Environment Protection Act 1993. The EPA Licence number is EPA15145 and this licence was renewed on 1 August 2016.

##### (b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

##### Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Board of the Authority to ensure it is not in excess of the recoverable amount from these assets.

##### Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, is depreciated on a diminishing value basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and equipment	20%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## **Highbury Landfill Authority**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**for the year ended 30 June 2016**

#### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

##### **(c) Impairment**

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

##### **(d) Cash And Cash Equivalents and other Financial Instruments**

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

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

All financial instruments are recognised at fair value at the date of recognition.

##### **(e) Investments**

Investments represent monies on deposit at twenty-four hour call and on fixed deposit for twelve months or less.

##### **(f) Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

##### **(g) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

##### **(h) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### **Critical Accounting Estimates and Judgments**

The Authority evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the association.

#### **Going Concern Basis**

The Board of Management of HLA notes the accumulated deficit of \$4,560,617 including a working capital deficiency of \$263,351. The Authority is required to manage the post-closure of the Highbury landfill and the Authority has a statutory guarantee from its Member Councils to meet all financial obligations and accordingly has prepared the financial statements on a going concern basis.

# Highbury Landfill Authority

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

	Notes	2016 \$	2015 \$
<b>NOTE 2: INCOME</b>			
<b>Operating Activities</b>			
Interest Income		316	636
Sundry Income		1303	6,822
		<u>1,619</u>	<u>7,458</u>
<b>NOTE 3: EXPENSES</b>			
<b>Prescribed Expenses</b>			
Auditor's Remuneration		2,400	2,250
<b>Depreciation</b>			
Plant & Equipment		7,395	7,395
<b>Highbury Closure Provision</b>			
Movement in Provision	6	<u>255,175</u>	<u>490,860</u>
		<u>264,970</u>	<u>500,505</u>
<b>NOTE 4: CURRENT ASSETS</b>			
Cash on Hand and at Bank		3,207	76,053
Investments in LGFA		16,271	16,026
GST Receivable		8,526	4,234
		<u>28,004</u>	<u>96,313</u>

## Highbury Landfill Authority

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

#### Note 5 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2015				2016			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
	\$	\$	\$	\$	\$	\$	\$	\$
Land	-	1,800	-	1,800	-	1,800	-	1,800
Plant & Equipment	-	78,090	(63,300)	14,790	-	78,090	(70,695)	7,395
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	-	79,890	(63,300)	16,590	-	79,890	(70,695)	9,195
<i>Comparatives</i>	-	79,890	(48,510)	31,380	-	79,890	(63,300)	16,590

# Highbury Landfill Authority

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

### Note 6 - LIABILITIES

	Notes	2016		2015	
		\$ Current	\$ Non-current	\$ Current	\$ Non-current
<b>TRADE &amp; OTHER PAYABLES</b>					
Goods & Services		33,246	-	7,169	-
		<b>33,246</b>	<b>-</b>	<b>7,169</b>	<b>-</b>
<b>PROVISIONS</b>					
Provision for Highbury Post Closure		225,430	4,339,140	171,000	4,372,000
		<b>225,430</b>	<b>4,339,140</b>	<b>171,000</b>	<b>4,372,000</b>

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

Opening Balance		4,543,000
(Less) Payments recorded and accrued	3	(233,605)
Add (Less) Remeasurement Adjustments	3	255,175
Closing Balance		<b>4,564,570</b>

The Authority has an ongoing obligation under its EPA licence to manage the post-closure phase for the landfill for at least 25 years. A provision for the Highbury Landfill closure has been accrued. A net present value (NPV) calculation has then been made by estimating cash flows to manage the Highbury site in accordance with its EPA licence for a 25 year period commencing 1 July 2009. The cash outflows have been escalated at an inflation forecast of 5% per annum and the discount rate used is equivalent to the 10 year Commonwealth Bond rate - indicative mid rate 30 June 2016 adjusted to 30 June balance dates. This NPV calculation has been incorporated into the provision and represents the Authority's best estimate of its future liability to manage the Highbury Landfill post-closure phase.

In 2012, the Board of the Highbury Landfill Authority resolved to have the cash flow estimates and assumptions in the provision spreadsheet reviewed by Golder Associates. Their summary conclusion was that the provision appears to be reasonable based on available information.

The Audit Committee of the Highbury Landfill Authority has recommended that the provision be reviewed annually and that the provision be independently reviewed every 3 years. It was reviewed in 2015 by Golder Associates, with the next review is scheduled for 30 June 2018.

Golder Associates based their Post Closure provision estimates on the Authority having a further 19 year monitoring obligation.



# Highbury Landfill Authority

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

### Note 7 - RECONCILIATION TO STATEMENT OF CASH FLOW

#### (a) Reconciliation of Cash

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

	Notes	2016 \$	2015 \$
Cash at Bank		3,207	76,053
LGFA Investment A/C		16,271	16,026
Balances per Cash Flow Statement		<u>19,478</u>	<u>92,079</u>

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

Net Surplus (Deficit)	(263,351)	(493,047)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	7,395	7,395
Add (Less): Changes in Net Current Assets		
Net increase (decrease) in trade & other payables	26,077	(11,322)
Net increase (decrease) in other provisions	21,570	321,000
Net (increase) decrease in other assets	(4,292)	(929)
Net Cash provided by (or used in) operations	<u>(212,601)</u>	<u>(176,903)</u>

# **Highbury Landfill Authority**

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

### **Note 8 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION**

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

#### **PERFORMANCE GUARANTEE**

The Authority has provided the following performance guarantee to the following entity:  
Environment Protection Authority

**\$25,000**

The Highbury Landfill site is managed in accordance with an approved risk management plan that has been incorporated into the EPA licence for the site. The EPA guidelines indicate an initial 25 year period for the post-closure over this period. The NPV calculation is the Highbury Landfill Authority's best estimate of the cash outflows over this period to maintain a satisfactory risk profile for the site and adhere to the EPA licence.

If however, the risk profile changes on the site then the Authority will be required to expend significant money to restore a satisfactory risk profile that has not been included in the provision. Similarly if steady state conditions on the site are not reached at the end of the 25 year period then the Authority will need to incur additional expenditure to manage the site and these costs are not included in the post-closure provision.

# Highbury Landfill Authority

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

### Note 9 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables*.

#### Accounting Policies - Recognised Financial Instruments

**Bank, Deposits at Call, Accounting Policy:** Carried at lower of cost and net realisable value; Interest is recognised when earned.

#### Short Term Deposits

**Terms & conditions:** Deposits are returning fixed interest rates between 1.75% and 2.0% (2015: 2.0% and 2.4%).

**Carrying amount:** approximates fair value due to the short term to maturity.

**Receivables - Fees & other charges Accounting Policy:** Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

**Terms & conditions:** Unsecured, and do not bear interest. Although 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).

**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.

#### Liquidity Analysis

2016	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>	\$	\$	\$	\$	\$
Cash & Equivalents	19,478	-	-	19,478	19,478
Receivables	8,526	-	-	8,526	8,526
<b>Total</b>	<b>28,004</b>	<b>-</b>	<b>-</b>	<b>28,004</b>	<b>28,004</b>
<b>Financial Liabilities</b>					
Payables	33,246	-	-	33,246	33,246
<b>Total</b>	<b>33,246</b>	<b>-</b>	<b>-</b>	<b>33,246</b>	<b>33,246</b>
<b>Net Inflow (Outflow)</b>	<b>(5,242)</b>	<b>-</b>	<b>-</b>	<b>(5,242)</b>	<b>(5,242)</b>

2015	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial Assets</b>	\$	\$	\$	\$	\$
Cash & Equivalents	92,079	-	-	92,079	92,079
Receivables	4,234	-	-	4,234	4,234
<b>Total</b>	<b>96,313</b>	<b>-</b>	<b>-</b>	<b>96,313</b>	<b>96,313</b>
<b>Financial Liabilities</b>					
Payables	7,169	-	-	7,169	7,169
<b>Total</b>	<b>7,169</b>	<b>-</b>	<b>-</b>	<b>7,169</b>	<b>7,169</b>
<b>Net Inflow (Outflow)</b>	<b>89,144</b>	<b>-</b>	<b>-</b>	<b>89,144</b>	<b>89,144</b>

#### Net Fair Value

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

#### Risk Exposures

**Credit Risk** represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any allowance for doubtful debts. All authority investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 4 in relation to individual classes of receivables, exposure is concentrated within the Authority's boundaries, and there is no material exposure to any individual debtor.

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

# Highbury Landfill Authority

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

### Note 10 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2016 \$	2015 \$
Income	1,619	7,458
less Expenses	<u>264,970</u>	<u>500,505</u>
<b>Operating Surplus / (Deficit)</b>	<b>(263,351)</b>	<b>(493,047)</b>
<b>less Net Outlays on Existing Assets</b>		
Depreciation, Amortisation and Impairment	7,395	7,395
<b>Net Lending / (Borrowing) for Financial Year</b>	<b><u>(270,746)</u></b>	<b><u>(500,442)</u></b>

# **Highbury Landfill Authority**

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

### **Note 11 - EVENTS OCCURRING AFTER REPORTING DATE**

There were no events subsequent to 30 June 2016 that need to be disclosed in the financial statements.

# **Highbury Landfill Authority**

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

### **Note 12 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED**

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

#### **1. POTENTIAL INSURANCE LOSSES**

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

The Authority 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 the Authority may have existed at reporting date.

#### **2. LEGAL EXPENSES**

All known costs have been recognised.

### **Note 13 - EXPENDITURE COMMITMENTS**

The Authority has committed to the purchase of a new flare during FY2017 at an agreed cost of \$267,000. This capital expenditure is expected to be funded by a 10 year loan which member councils will be required to fund annually through on-going contributions to the paid to Authority over the life of the loan.

Member councils will required to annually contribute fund to the Authority to fund their portion of the loan in addition to their existing annual contributions made.



# HIGHBURY LANDFILL AUTHORITY

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

### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Highbury Landfill Authority for the year ended 30 June 2016, the Authority's Auditor, Dean Newbery & Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

  
.....  
Trevor Hockley  
**CHIEF EXECUTIVE OFFICER**

  
.....  
Cr John Minney  
**PRESIDING MEMBER  
AUDIT COMMITTEE**

Date: 21 September 2016

**Auditor's Independence Declaration under Section 22 of the Local Government  
(Financial Management) Regulations 2011 to the Highbury Landfill Authority.**

I confirm that, for the audit of the financial statements of the Highbury Landfill Authority for the year ended 30 June 2016, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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



**JIM KEOGH  
PARTNER**

Signed on the 29<sup>th</sup> day of September 2016,  
at 214 Melbourne Street, North Adelaide, South Australia 5006.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE Highbury Landfill Authority

We have audited the accompanying financial report of the Highbury Landfill Authority, which comprises the Statement of Financial Position as at 30 June 2016 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Certification of Financial Statements.

### *The Responsibility of the Executive Officer for the Financial Report*

The Executive Officer of the Highbury Landfill Authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

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

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

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

### **Independence**

In conducting our audit, we have complied with the independence requirements of the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011 and the Australian professional ethical pronouncements.

### **Auditor's Opinion**

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Highbury Landfill Authority as of 30 June 2016, and its financial performance and cash flows for the year then ended in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and the Australian Accounting Standards (including Australian Accounting Interpretations).

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

  
**JIM KEOGH**  
**PARTNER**

Signed on the 29<sup>th</sup> day of September 2016,  
at 214 Melbourne Street, North Adelaide, South Australia 5006.

**Item No:** 5.2  
**To:** Audit Committee  
**Date:** 17 October 2016  
**Author:** Karishma Dutta – Manager, Finance and Procurement  
**General Manager and Division** Martin Cooper – General Manager, Corporate Services  
**Contact:** 8366 4202  
**Subject:** INDEPENDENCE OF COUNCIL AUDITOR (OPERATIONAL)  
**Attachments:** A. Certification of Auditor Independence  
**Prev. Resolution:** A0324, 6/11/13  
A0389, 3/11/14  
A04015, 15/09/15

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### Officer's Recommendation

1. That the Report be received.
  2. That the Audit Committee endorses the Presiding Member of the Audit Committee, together with the Chief Executive Officer to authorise the Certification of Auditor Independence to be included with the Annual Financial Statements for the year ended 30 June 2016.
- 

### Purpose

1. To seek endorsement for the Presiding Member of the Audit Committee and the Chief Executive Officer (CEO) to sign a statement that provides certification that the Auditor is independent of Council and any subsidiaries associated with Council.

### Strategic Plan

2. The following Strategic Plan provision is relevant:

*"A financially sound Council that is accountable, responsible and sustainable"*

### Communications/Consultation

3. No communication or consultation was required in the preparation of this Report.

### Statutory

4. The following legislation is relevant in this instance:

*Regulation 22 of the Local Government (Financial Management) Regulations 2011 provides in clauses (1), (2), (3) and (4) that:*

- (1) *Subject to subregulation (2), a council, council subsidiary or regional subsidiary must not engage its auditor to provide services to the council outside the scope of the auditor's functions under the Act.*
- (2) *A council, council subsidiary or regional subsidiary may engage its auditor to certify that a grant or subsidy received by the council, council subsidiary or regional subsidiary (as the case may be) has been acquitted in accordance with any conditions required by the provider of the grant or subsidy.*



- (3) *The following persons must each provide, on an annual basis, a statement that provides a certification as to compliance for the relevant financial year with the requirement that the auditor be independent of the council, council subsidiary or regional subsidiary (as the case may be):*
- (a) *in a case involving a council or council subsidiary – the chief executive officer of the relevant council and the presiding member of the audit committee of the relevant body;*
  - (b) *in a case involving a regional subsidiary—*
    - (i) *the chief executive officer of each constituent council; and*
    - (ii) *the chair of the board of management of the regional subsidiary; and*
    - (iii) *the presiding member of the audit committee of the regional subsidiary (unless the subsidiary is exempt from the requirement to have an audit committee).*
- (4) *A statement under subregulation (3) must accompany the financial statements for the relevant body.*
5. Section 128(8) of the *Local Government Act 1999* (the Act) provides that the Council and the auditor must comply with any requirements prescribed by the regulations in relation to the independence of the Auditor.
6. The Act, at Section 128(9), provides that the Council's Annual Report must include information as to the remuneration payable to the Auditor during the relevant financial year, distinguishing between audit fees and other remuneration.
7. The Act, at Section 130A, provides for the Auditor to undertake work additional to the annual audit in the prescribed limited circumstances of financial management or efficiency and economy in the use of resources either in conjunction with or separate to the annual audit – clearly this is a permissible type of 'other' work for which the Auditor may be paid and which is the type of remuneration envisaged for the reporting purposes at Section 128(9) of the Act.
8. The *Local Government (Financial Management) Regulations 2011* provide that with the exception of the Auditor's functions under the Act (necessarily meaning both the annual audit and the use of the Auditor for Section 130A purposes) and the prescribed grant/subsidy certification recognised at regulation 22(2), the Council must not engage its Auditor to provide services to the Council.
9. The *Local Government (Financial Management) Regulations 2011* also provide for a certificate of independence of the Auditor being provided each year with the financial statements, by the CEO and the presiding member of the Audit Committee. Further, the Auditor must also provide a statement confirming, amongst other things, that the Auditor has maintained independence as required by the Act and the 2011 Regulations.
10. The Minister may, on application by the Council, grant an exemption from all or from part of regulation 22.

## Policy

11. There are no Policy implications or requirements associated with this recommendation.

### **Risk Assessment**

12. There are no risks associated with the recommendation.

### **Finance**

13. There are no financial implications arising from this recommendation.

### **Discussion**

14. As part of the Annual Reporting process, Council must provide a statement of independence (signed by the CEO and the Presiding Member of the Audit Committee) to confirm the Auditor has maintained independence as required by the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.
15. Council has not engaged its Auditor, HLB Mann Judd, to provide any services outside the scope of the auditor's functions under the Act.

### **Conclusion**

16. It is recommended that the Audit Committee endorses the Presiding Member of the Audit Committee, together with the Chief Executive Officer to authorise the Certification of Auditor Independence to be included with the Annual Financial Statements for the year ended 30 June 2016.



**Attachment A**

**CITY OF BURNSIDE**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2016**

**CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the City of Burnside for the year ended 30 June 2016, the Council's Auditor, HLB Mann Judd, 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*.

.....  
Paul Deb  
**CHIEF EXECUTIVE OFFICER**

.....  
Leigh Hall  
**PRESIDING MEMBER**  
**AUDIT COMMITTEE**

Dated this                      day of October 2016

<b>Item No:</b>	5.3
<b>To:</b>	Audit Committee
<b>Date:</b>	17 October 2016
<b>Author:</b>	Karishma Dutta – Manager, Finance and Procurement
<b>General Manager and Division</b>	Martin Cooper – General Manager, Corporate Services
<b>Contact:</b>	8366 4202
<b>Subject:</b>	DRAFT LONG TERM FINANCIAL PLAN 2017 – 2026 (STRATEGIC)
<b>Attachments:</b>	A. Draft Long Term Financial Plan 2016/17 B. Draft Long Term Financial Plan 2016/17 - Capital Expenditure C. Comparison of financial modelling scenarios
<b>Prev. Resolution:</b>	A04035, 4/04/16

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### Officer's Recommendation

1. That the Report be received.
  2. That the Audit Committee considers and analyses the Draft 2016/17 Long Term Financial Plan's debt assumptions, including the level of debt, the projected borrowings by 2020 and a repayment period of 20 years and provides an opinion for submission to Council at the 25 October 2016 meeting.
  3. That following the addition of any amendments identified by Audit Committee Members or Administration, that the draft City of Burnside 2016/17 Long Term Financial Plan be submitted to Council at the 25 October 2016 meeting for adoption.
- 

### Purpose

1. To provide the Audit Committee with a copy of the draft 2016/17 Long Term Financial Plan and to seek feedback on the content before it is presented to Council for adoption.

### Strategic Plan

2. The following Strategic Plan provisions are relevant:

*"A financially sound Council that is accountable, responsible and sustainable"*

### Communications/Consultation

3. The following communication / consultation has been undertaken:
  - 3.1. Discussions with the Executive Team, Managers and the Finance and Procurement Team

### Statutory

4. The following legislation is relevant in this instance:

*Local Government Act, 1999 (Section 123)*

*Local Government Act, 1999 (Section 122(4)(a)(i))*

*Local Government (Financial Management) Regulations 2011*

5. The *Local Government Act 1999 Section 122* requires Councils to have strategic management plans which must address:
  - 5.1. the sustainability of its financial performance and position;
  - 5.2. the maintenance, replacement or development needs for infrastructure;
  - 5.3. proposals with respect to debt levels; and
  - 5.4. identification of any anticipated or predicted changes that will have a significant effect upon the costs of council's activities or operations.
6. The form of the local government LTFP is not prescribed but the *Local Government (Financial Management) Regulations, 2011* require it to contain financial statements in the form consistent with the model set of accounts including estimates for Operating Surplus Ratio, Asset Sustainability Ratio and Net Financial Liabilities Ratio.

### Policy

7. There are no policy implications or requirements associated with this recommendation.

### Risk Assessment

8. The following risks have been identified:
  - 8.1. Material misstatement of forecast financial data and/or a significant change in economic conditions.
  - 8.2. Not achieving the financial ratios and targets recommended by the Local Government Association – Financial Sustainability Information paper No.1.

### Finance

9. The ability of Council to deliver on its Strategic Plan is dependent on having the financial resources to do so. Good sustainable financial management requires a LTFP which reflects the future activities of Council in financial terms. The *Local Government Act, 1999* requires Council to develop a LTFP and sustainable Infrastructure and Asset Management Plans, both of which form integral parts of Council's Strategic Management Planning Framework.
10. The *Local Government Act, 1999* requires an annual review, at a minimum, of the LTFP and the LTFP can be reviewed and amended at any time.
11. For this draft LTFP, The Adopted 2016/17 Budget forms the basis for Year 1 of the Plan.
12. A list of inherent assumptions and LTFP model drivers have been developed to support and generate the recommended revisions to the current LTFP.

### Discussion

#### Background

13. The City of Burnside has prepared a LTFP that is reviewed annually against actual audited results achieved, approved budgets and revised projections. It is prudent

financial management practice to have a LTFP, given it underpins delivery of Council's Strategic Community Plan and development of its Annual Business Plans and Budgets.

14. The LTFP is a document that analyses and explains the underlying parameters, key assumptions, drivers and outputs from a spreadsheet model. Each year, the LTFP is revised and enhanced. The current LTFP is a broad overview covering a 10-year planning horizon of Council's financial projections. Revenues and expenditures (both operating and capital) are projected largely based on recent actual performance, escalated in accordance with various indices to provide a forward projected view in nominal dollars. As with any projection, confidence in the reliability of numbers diminishes with each successive forecast year in the planning horizon.
15. The LTFP is presented in its required statutory form in Attachment A. The LTFP presents 10 years of data. The first year incorporates data from the Adopted 2016/17 Budget. Years 2 to 10 present 9 inclusive years of financial projections underpinned by the base data. Key assumptions and model drivers are detailed in sections below.
16. The Audit Committee has previously provided feedback on the 2015/16 LTFP at its meeting on 8 April 2015 where it resolved (A04003):
  1. *That the Report be received.*
  2. *That the Audit Committee recommends:*
    - 2.1 *Operating Surplus Ratio target range of 0-5%*
    - 2.2 *Average rates increases be determined to achieve an operating surplus ratio no greater than 2% in years 6 – 10.*
  3. *That the Audit Committee endorses the assumptions and drivers with the suggested enhancements inherent in the Draft Long Term Financial Plan 2016 – 2025.*
  4. *That the Long Term Financial Plan be presented to the 28 April 2015 meeting of Council for consideration.*
17. The updated 2016/17 draft LTFP was first presented to the Audit Committee on 4 April 2016, where it resolved (A04035):
  1. *That the Report be received.*
  2. *That the feedback from the Audit Committee be noted.*
  3. *That steps be taken to gain Council's input into key financial assumptions including an appropriate level of debt.*
  4. *That the Report be brought back to the Audit Committee at a later date.*
18. Feedback received from the Audit Committee at the April 2016 meeting included:
  - 18.1. Rates to be tied to projected LGPI/CPI;
  - 18.2. Staff costs be tied to CPI/LGPI; and
  - 18.3. Debt levels to be based on the percentage of council revenue which Council is comfortable to devote to the payment of interest.

19. The draft 2016/17 was then further refined and presented at an Elected Member workshop which was held on 20 September 2016. Feedback from the workshop related primarily to debt levels and ratios and Administration were requested to provide alternative financial models based on differing levels of debt.
20. Based on this request, Administration has developed three different scenarios driven by a debt to income ratio (refer Attachment C):
  - 20.1. Scenario 1 is based on the current scenario incorporated within the draft LTFP document, being an average of 42% debt to income ratio across 10 years;
  - 20.2. Scenario 2 is based on an average of 30% debt to income ratio across 10 years; and
  - 20.3. Scenario 3 is based on average of 0% debt to income ratio across 10 years.

#### **Audit Committee feedback and the draft 2016/17 LTFP**

21. The draft 2016/17 LTFP (Scenario 1) has been modelled around feedback obtained from the Audit Committee as follows:

<b>Audit Committee recommendation</b>	<b>How has this been factored into the draft 2016/17 LTFP</b>
Operating surplus to be between 0 and 5 % of council revenue.	Operating Surplus has been maintained at below 5%.  <i>An added assumption made is that Operating Surplus should be at least \$500k so that there is some contingency available in case of emergencies and unforeseen events.</i>
Rates to be tied to projected LGPI	Rates have been tied to projected CPI with the exception of years 3-6 where an additional increase has been added to ensure that the Operating Surplus has been maintained at a min of \$500k.
Staff costs to be tied to CPI	Staff costs tied to CPI. However from Year 6 onwards (2021/22), an additional 0.5% has been added to account for the increase in Superannuation Guarantee.
Debt levels to be based on the percentage of council revenue which council is comfortable to devote to the payment of interest	Interest cover ratio has been maintained at less than 2% across the 10 years.

22. Administration have modelled the draft LTFP with a minimum Operating Surplus of \$500k in line with concerns raised about having some contingency funds in the event of another storm, decrease in grant funding, cost shifting etc. This has been discussed further in the *Council Resolution and feedback* section below.

#### **Key Parameters, Assumptions and Model Drivers**

##### No Policy Change

23. The current LTFP is driven by a variety of assumptions but particularly one of consistency in service delivery. This assumes that existing core services, including

assets and infrastructure, will continue to be provided at current service levels. There is however provision for \$314k of new and enhanced services as identified in the 2016/17 Adopted Annual Business Plan.

24. The key assumptions used in the draft LTFP (Scenario 1) are as follows:

		Cost Index	Wages	Rates *
2017	Year 1	0.9%	3.0%	0.9%
2018	Year 2	2.0%	2.0%	2.0%
2019	Year 3	2.5%	2.5%	3.0%
2020	Year 4	3.0%	3.0%	3.5%
2021	Year 5	3.0%	3.0%	3.6%
2022	Year 6	3.0%	3.5%	3.5%
2023	Year 7	3.0%	3.5%	3.0%
2024	Year 8	3.0%	3.5%	3.0%
2025	Year 9	3.0%	3.5%	3.0%
2026	Year 10	3.0%	3.5%	3.0%

\* Plus 0.5% Organic Growth

#### Rates Revenue

25. The LTFP has used the adopted rates increase of 0.9% for the 2016/17 financial year. In addition, natural growth is projected to increase at a steady historical rate (0.5% pa). In line with Audit Committee recommendation, rates for years 2-10 of this LTFP have been tied to projected CPI. However in years 3 to 6, an additional amount has been added to ensure that the Operating Surplus has been maintained at a minimum of \$500k across the 10 years.

#### Materials Expenditure

26. The materials expenditure for 2016/17 has been set at 0.9% and was based on the December 2016 Local Government Price Index (LGPI) of 0.9%. The comparative Consumer Price Index (CPI) for the December 2016 quarter was 1.0%. For years 2 - 10, this LTFP forecasts a cost index of 2.0% - 3.0%. The inflation target for the Reserve Bank of Australia is between 2.0% – 3.0% (on average).
27. The LTFP revenue increases have been calculated to closely match projected expenditure increases. This strategy is both prudent and essential in order to produce a balanced and financially sustainable LTFP.

#### Salaries and Wages

28. The 2016/17 cost index for wages of 3.0% is based on the current Enterprise Agreement. For years 2-10, a cost index of between 2.0% - 3.5% has been assumed which is in line with the projected CPI and Audit Committee recommendation. However, from Year 6 onwards, there is an additional impact from the increase in the superannuation guarantee which was announced as part of the 2014 Federal Budget (as amended). This LTFP assumes that the superannuation will increase progressively from 9.5% to 12.0% by 2025/26. Any future changes to the superannuation legislation



outside of the current projected trajectory to 12% has the potential to impact the Plan and Council's financial position.

29. Once award increments and reclassifications are taken into consideration, the cost indices end up being higher than what has been projected in the LTFP. However this has historically been offset by positional vacancies. In previous years, the staffing levels have been maintained at 163.9 Full Time Equivalents (FTE). However, as part of Council's commitment to finding efficiencies and financial savings, this LTFP has been based on 160.9 FTE, thus incorporating a saving target of 3 FTE for 2016/17.

*Capital Expenditure Projects included in the Long Term Financial Plan*

30. Council has indicated a preference to purchase capital expenditure items through the use of Council borrowings. This iteration of the LTFP has been prepared based on the most up to date capital expenditure forecasts at this time and include:
- Renewal and Replacement of existing assets totaling \$104.9m across the 10 year period; and
  - Spending of \$26.3m on New and Upgraded assets across the 10 year period.
31. A net of \$8.3m of debt has been built into this LTFP based on a treasury management position of drawing down on loans when required and repaying loans when excess cash is available.
32. Borrowings have been assumed at a 4.00% interest rate over a 20 year period, which is a conservative and reasonable timeframe for Council to aim at repayment of its debt. In spite of this level of debt, Council maintains a net financial liability ratio between 40% - 59% across this 10 year period. This is significantly lower than the LGA recommended target of less than 100% of Operating Revenue. This demonstrates the affordability of the capital investments currently budgeted for over the next 10 years.
33. In addition, Administration has also introduced the 'Debt to Income' Ratio in addition to the Net Financial Liabilities (NFL) Ratio. Whilst the NFL ratio includes trade payables, provisions as well as debt, the Debt to Income Ratio solely focuses on measuring debt as a proportion of income. The multiple scenarios provided in Attachment C have thus been based on the Debt to Income ratio.

*Integration with Asset Management Plans*

34. Given Council's substantial investment in infrastructure and other assets and the corresponding significant allocation of financial resources for appropriate renewal and replacement programs, it is critical that the LTFP and Asset Management Plans are fully integrated.
35. Council's Asset Management Plans are currently out for consultation and are expected to be adopted by Council in November 2016. The Draft LTFP aligns with the draft Asset Management Plans but it is expected that the LTFP will be further refined to ensure consistency with the adopted Asset Management Plans.
36. The integration of the LTFP and Asset Management Plans is a high priority objective and, when achieved, will considerably improve the accuracy and reliability of Council's forward financial projections. It is also recognised that both the Long Term Financial Plan and Asset Management Plans will continue to evolve as input costs are refined, thereby improving the accuracy of future year forecasts.

*Regional Subsidiary Operating Costs and Provisions*

37. The draft 2016/17 LTFP assumes no movement in the net gain /loss from Council subsidiaries and is based on the 2016/17 Adopted Budget. It is however expected that Council will be able to update its share of contribution and equity in all its Regional Subsidiaries as and when the Long Term Financial Plans of the subsidiaries are received.
38. This draft 2016/17 LTFP also does not include any capital contributions towards ERA Water. In addition, this plan only includes \$8.3m towards Brownhill Keswick Creek over the next 10 years. Given, the recent decision from the Federal Government not to provide funding, there is a risk that this number might increase further.

*Financial Sustainability Ratios*

39. This draft 2016/17 LTFP exhibits a position of financial sustainability over the 10 year period and the financial indicators as shown below are well within the recommended targets by the Local Government Association.

Ratio	2015/16 LTFP	2016/17 LTFP	LGA Target
Operating Surplus Ratio - %	Between 0.2% – 4.9%	Between 1% - 3.1 %	Average of 0 – 10%
Net Financial Liabilities Ratio - %	Between 38.2% - 68%	Between 40% - 59%	Between 0 - 100%
Interest Cover Ratio - %	Under 2.38%	Under 1.88%	No Recommendation
Asset Sustainability Ratio	90% - 110%	90% - 110%	Greater than 90% but less than 110%
Debt Repayment Term	20 Years	20 Years	No Recommendation
Debt to Income Ratio	-	42% across 10 years	No recommendation

40. On adoption of the 2016/17 LTFP, an Economic Assumptions and Indicators Policy will be presented to the Audit Committee and Council for adoption. This Policy will then form the framework for the development of future financial plans.

*Council Resolution and feedback*

41. At the 9 August 2016 Council meeting, the following resolution (C10760) was passed:
- That the issue of the current Long Term Financial Plan's debt assumptions, including the level of debt and projected borrowings by 2020 and a repayment period of 20 years, be referred to the Council's Audit Committee for consideration and analysis and that the Audit Committee provide Council with an opinion on the matter by the end of the calendar year.*

2. That Administration prepare a report to Council prior to the presentation of the new LTFP which provides commentary to inform Council in establishing its long term position in respect to debt, including but not limited to potential impact of :

2.1. Future interest rates rises;

2.2. Occurrence of unforeseen events such as the 2014 storm which may cost the City in excess of \$1.0 million;

2.3. Significant changes in government grant funding;

2.4. Introduction of rate capping at CPI and LGPI and

2.5. Trading difficulties of the City of Burnside subsidiaries

42. The projected borrowing as at 30 June 2020 currently is forecast as being \$22.9m which equates to a Debt to Income ratio of 48%.
43. Each of these items have been discussed below and were also discussed with Elected Members at the LTFP Workshop on 19 September 2016.

43.1. Future Interest Rates

The 2016/17 LTFP has been based on 4% interest over a 20 year period. A rise in interest costs and the resulting impact on the finance costs/ borrowing position has been depicted as follows:

Year	Interest Rate	Impact on LTFP over the term
Year 1	4%	Current Assumption
Year 2	4.5%	Additional impact over 10 year term - \$99k in interest costs and \$495k in debt
Year 3	5%	Additional impact over 10 year term - \$216k in interest costs and extra \$900k in debt
Year 4	6%	Additional impact over 10 year term - \$430k in interest costs and \$1.78M in debt

Market Forecast:

*The official cash rate is expected to reduce by 0.25 basis points by end of this year and increase back to the current level by Sept 2018.*

43.2. Occurrence of unforeseen events

Debt is currently only undertaken for 'new' capital projects. Any unforeseen event such as the cleanup after a storm event should be funded out of the operating Budget.

As such, Council can decide to maintain a minimum 'x' dollars as the Operating Surplus. This Plan has been based on a minimum of \$500k Operating Surplus.

43.3. Significant changes in Government grant funding

Usually any significant changes in Government grant funding are known before hand and incorporated into the Budget/ LTFP. Once again, any such cost pressure should be funded out of the operating Budget and not through debt.

Similar to 2.1 above, to safeguard against this, Council can decide to maintain a minimum 'x' dollars as the Operating Surplus.

#### 43.4. Introduction of rate capping at CPI and LGPI

This Plan is closely aligned to projected CPI (except in years 3 - 6 where an additional increase has been added to ensure that the Operating Surplus has been maintained at a min of \$500k).

If rates were capped and Council could not add in this additional increase, the implications would be a lower Surplus than \$500k or cost saving measures.

#### 43.5. Trading difficulties of the City of Burnside subsidiaries

If Council were to make capital contributions towards a subsidiary in the Future, there would be a potential implication on Debt since Council would have to borrow funds. However, Council could also choose to forgo a 'New' capital project in that year to be able to fund this contribution.

#### 43.6. Benchmarking against other Councils

44. With respect to debt, Administration has also undertaken a benchmarking exercise to compare the borrowing position of the City of Burnside against some other Metropolitan Councils. The table below shows the comparisons:

Council	Debt Balance in Year 10 (\$m)	Peak NFL Ratio across 10 years	Debt to Income ratio in Year 10
City of Tea Tree Gully	\$0	33%	(4%) Cash balance at Year 10 is \$4.7m
City of Campbelltown	\$0	(62%)	(84%) Cash balance at Year 10 is \$49.5m
Town of Walkerville	\$4.7m	127%	38%
City of Marion	\$10.8m	14.7%	(37%). Cash balance at Year 10 is \$51.6m
City of Burnside	\$19.8m	59%	33%
Adelaide Hills Council	\$20.2m	76.7%	42%
City of Mitcham	\$28.9m	60.7%	36%
City of Playford	\$148.5m	154.1%	113%

*Conclusion*

45. The LTFP is Council's primary financial management tool linking the broader Strategic Community Plan with the more detailed Annual Business Plan and Budget.
46. The draft 2016/17 LTFP has been developed based on feedback received from the Audit Committee and Council.
47. In addition, a further two financial models have been provided in Attachment C for consideration.
48. It is recommended that the Audit Committee considers and analyses the Draft 2016/17 Long Term Financial Plan's debt assumptions, including the level of debt, the projected borrowings by 2020 and a repayment period of 20 years and provides an opinion for submission to Council at the 25 October 2016 meeting.
49. It is recommended that the Audit Committee considers, revises (if necessary) and endorses the assumptions and drivers inherent in the draft 2016/17 Long Term Financial Plan.
50. Following the addition of any amendments identified by Audit Committee Members or Administration, it is recommended that the draft 2016/17 Long Term Financial Plan is presented to Council at its meeting on 25 October 2016 for consideration and adoption.





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Attachment A



# City of Burnside Long Term Financial Plan

(Based on Scenario 1)

2016/17 – 2025/26



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# Executive Summary

The City of Burnside's Long Term Financial Plan (LTFP) is critical to Council's financial planning process. It underpins our long term financial sustainability while meeting the needs and expectations of our communities and delivering Council's Strategic Directions highlighted in our strategic community plan *Be the Future of Burnside 2025 – Our Strategic Community Plan*. The LTFP is pivotal in setting the high level financial parameters that guide the development and refinement of Council's budgeted plans, strategies and actions and generates information that assists decisions about the mix, timing and affordability of future outlays on operating activities, renewal and replacement of existing assets and funding of additional assets. It is also instrumental in ensuring the City of Burnside delivers enhanced services now and in the future by providing optimal value-for-money community outcomes.

In developing the LTFP, a number of key assumptions are applied. For this draft LTFP, the model utilises the Adopted 2016/17 Budget as Year 1 of the LTFP. The model also assumes that overall, service levels will remain materially unchanged throughout the planning period. However there is recognition of some exceptions to this, outlined below:

- Additional services totalling to \$314k have been included in the 2016/2017 Annual Business Plan;
- Provision has been made for outlays for new/upgraded assets across this ten year period that will add to service levels;
- Varied or additional services may also be added over time in response to changes in community needs and preferences. It is assumed that any variations in the demand for services will not impact the financial bottom line, unless otherwise stated; and
- Any grant funding opportunities will be actively pursued as they arise as this is an important source of revenue. This may lead to increased service levels.

With these principles and objectives in mind, this Long Term Financial Plan is based on, and achieves the following outcomes:

- projecting an operating surplus (excluding subsidiaries) of \$1.3 million in 2016/17 and surpluses for all remaining years;
- a target efficiency saving in 2016/2017 of \$558k with a further \$562k and \$582k incorporated in 2017/2018 and 2018/2019 respectively;
- Total borrowing as at 30 June 2017 forecast at \$13.2 million and at the end of the 10 year period at \$19.8 million;
- Financial indicators within acceptable target levels throughout the 10 year period;
- \$531,000 of operating projects in 2016/2017;
- \$314,000 of new and enhanced services in 2016/2017;

- Renewal and Replacement of existing assets equalling a net \$9.8 million in 2016/2017 and totalling \$104.9 million across the 10 year period; and
- New and Upgraded assets equalling a net \$2.7 million in 2016/2017 and totalling \$26.3 million across the 10 year period.

## Strategic Context

The LTFP is a strategic component of Council's Strategic Management Framework and supports the delivery of the Strategic Community Plan. The Strategic Framework illustrated below outlines our organisational planning framework and highlights the importance of community feedback into this process.

The LTFP is integral to Council's suite of Strategic Management Plans providing the critical link between the:

- Strategic Community Plan;
- Asset Management Plans and;
- Annual Business Plan and Budget.

It translates the objectives and strategies outlined in the Strategic Community Plan and Asset Management Plans (AMP) into financial outcomes for analysis and community consultation. Optimising the integration between these strategic intentions ensures Council develops and implements a robust and transparent system of financial management aimed to uphold and maintain Council's long term financial sustainability.



Council's Asset Management Plans are currently out for consultation and are expected to be adopted by Council in November 2016. The Draft LTFP aligns with the draft Asset Management Plans but it is expected that the LTFP will be further refined to ensure consistency with the adopted Asset Management Plans.

# Key Influences and Risks

This Long Term Financial Plan generates information which is used to guide decisions about Council operations into the future. However, as with any long term plan, the accuracy of this LTFP is subject to many inherent influences. These variables and risks can be divided into three main groups:

## i. External Influences – items outside of Council's control:

- Unforeseen economic changes or circumstances such as:
  - Interest rates fluctuations;
  - Localised economic growth – residential development & new business;
  - Consumer Price Index (All Adelaide);
  - Local Government Price Index (LGPI); and
  - Specific program Federal Assistance Grants.
- Unforeseen political changes or circumstances such as:
  - Changes to Levy's and their conditions (i.e. Environment Protection Authority (SA) Waste Levy);
  - Cost of natural resources such as fuel and water;
  - A change in the level of legislative compliance; and
  - Cost shifting (i.e. Increased Emergency Services Levy).
- Variable Climatic Conditions such as:
  - Storm or Force Majeure Events (i.e. Storm Event of Feb 2014 and 2016)
  - Flooding;
  - Bushfire; and
  - Drought.

## ii. Internal Influences – items that Council can control:

- Agreed service level review outcomes;
- Infrastructure Asset Management;
- Depreciation;
- Rate increases and other financial influences;
- Performance Management;
- Efficiencies in service delivery and administrative support; and
- Salaries and Wages.

## iii. Community Drivers:

- Community needs and expectations;
- Strategic Community Plan – Be the Future of Burnside 2025;
- Other Key Strategies.

In order to minimise the inherent risks of long term financial planning, Council reviews and updates its Long Term Financial Plan on a regular basis and ensures that the most recent economic data and forecasts are being used as the basis for developing Council's Long Term Financial Plan.

# Basis of Preparation

The LTFP is key to establishing funding requirements of Council's Asset Management Plans and other strategic community planning and implementation, ensuring we continue to operate sustainably. It enables Council to effectively and equitably manage service levels, asset funding and revenue raising decisions, balanced with achieving its financial strategy and key performance indicators.

In developing the LTFP, key financial principles are established that underpins Council's forecast financial performance and position over a 10-year time frame. The LTFP incorporates a number of statutory and discretionary reports and assumptions as part of a statutory requirement (within the *Local Government Act 1999*). Due to the variable nature of the assumptions focusing on changes in the economy, an annual review of the LTFP provides the Council with the opportunity to review the financial principles to easily adapt to these external influences, changes in proposed service levels or projects. This involves concerted input from Council, the Audit Committee and Administration.

The financial projections contained within the LTFP, provide an indication of Council's direction and financial capacity into the future and are intended to be viewed as a guide to future actions or opportunities. This in turn encourages Council to analyse the future effects and impacts of current decisions made by Council.

The first year of the LTFP is consistent with the 2016/17 Adopted Annual Business Plan and Budget.

## Finance Strategy

The City of Burnside continues to employ a strategic approach to our financial planning that is influenced by the current and predicted economic environment, our financial position and the impacts on the organisation both internally and externally. Employing this strategic approach is designed to ensure:

- Support of the achievement of the Strategic Community Plan – *Be the Future 2026*
- Our long term financial sustainability;
- Intergenerational equity;
- Needs and expectations of the Burnside community are met;
- Delivery of appropriate, targeted, effective and efficient services; and
- Responsible rate increases.

This leads to Council achieving:

- Continued funding to ensure Councils infrastructure is replaced and maintained when required (includes roads, footpaths, Council owned properties and open spaces);
- Commitment to major projects which span more than one year;

- Council continues to fund the full life-cycle costs of any new or enhanced services or construction of new assets through savings, rate increases or grant funding;
- Maintaining existing services at current service levels.

## 1.1 Key Economic Assumptions

It is important that Council's Long Term Financial Plan reflects the most recent economic data and forecasts available. A review is conducted each year to ensure that the underlying parameters and assumptions are reasonable given the current economic conditions and expectations. The key economic indicators and drivers used in this Plan are summarised in the Table 1 below.

**Table 1: Key Drivers and Assumptions**

		Cost Index	Salaries & Wages	Rates *
<b>2017</b>	<b>Year 1</b>	<b>0.9%</b>	<b>3.0%</b>	<b>0.9%</b>
<b>2018</b>	<b>Year 2</b>	2.0%	2.0%	2.0%
<b>2019</b>	<b>Year 3</b>	2.5%	2.5%	3.0%
<b>2020</b>	<b>Year 4</b>	3.0%	3.0%	3.5%
<b>2021</b>	<b>Year 5</b>	3.0%	3.0%	3.6%
<b>2022</b>	<b>Year 6</b>	3.0%	3.5%	3.5%
<b>2023</b>	<b>Year 7</b>	3.0%	3.5%	3.0%
<b>2024</b>	<b>Year 8</b>	3.0%	3.5%	3.0%
<b>2025</b>	<b>Year 9</b>	3.0%	3.5%	3.0%
<b>2026</b>	<b>Year 10</b>	3.0%	3.5%	3.0%

\* Plus 0.5% Organic Growth

### 1.1.1 Cost Index

The Consumer Price Index (CPI) is regarded as Australia's key measure of inflation for household consumables. It is designed to provide a general measure of price inflation for the Australian household sector as a whole. Whilst the CPI drives non-rates income, expenditure on materials is based on the Local Government Price Index (LGPI). Whilst the CPI is regarded as a key measure of household expenditure inflation and is designed to provide a general measure of price inflation for household purchases, the LGPI is considered more suitable for measuring the inflation of Local Government sector services.



Year 1 of this Long Term Financial Plan is based on the Dec 2016 LGPI of 0.90%. The comparative Adelaide CPI for the Dec quarter was 1.0%. For years 2 -10, this LTFP forecasts a conservative cost index of 2.0% - 3.0%. The inflation target for the Reserve Bank of Australia is between 2.0% – 3.0% (on average).

### **1.1.2 Salaries and Wages**

The 2016/2017 cost index for wages of 3.0% is based on the current Enterprise Agreement. For years 2-10, a cost index of between 2.0% - 3.5% has been assumed which is in line with the projected CPI and Audit Committee recommendation. However, from Year 6 onwards, there is an additional impact from the increase in the superannuation guarantee which was announced as part of the 2014 Federal Budget (as amended). This LTFP assumes that the superannuation will increase progressively from 9.5% to 12.0% by 2025/2026. Any future changes to the superannuation legislation outside of the current projected trajectory to 12% has the potential to impact the Plan and Council's financial position.

Once award increments and reclassifications are taken into consideration, the cost indices end up being higher than what has been projected in the LTFP. However this has historically been offset by positional vacancies. In previous years, the staffing levels have been maintained at 163.9 Full Time Equivalents (FTE). However, as part of Council's commitment to finding efficiencies and financial savings, this LTFP has been based on 160.9 FTE, thus incorporating a saving target of 3FTE for 2016/2017.

### **1.1.3 Rates**

The LTFP has used the adopted rates increase of 0.9% for the 2016/2017 financial year. In addition, natural growth is projected to increase at a steady historical rate (0.5% pa). In line with Audit Committee recommendation, rates for years 2-10 of this LTFP have been tied to projected CPI. However in years 3 to 6, an additional amount has been added to ensure that the Operating Surplus has been maintained at a minimum of \$500k across the 10 years.

### **1.1.4 Capital Works**

The City of Burnside is responsible for the management, operation and maintenance of a diverse asset portfolio that provides services and facilities for our community.

Council's Asset Management Plans are currently out for consultation and are expected to be adopted by Council in November 2016. The Draft LTFP aligns with the draft Asset Management Plans but it is expected that the LTFP will be further refined to ensure consistency with the adopted Asset Management Plans.

This iteration of the LTFP has been prepared based on the most up to date capital expenditure forecasts at this time and include:

- Renewal and Replacement of existing assets totalling \$104.9 m across the 10 year period; and
- Spending of \$26.3 m on New and Upgraded assets across the 10 year period.

### **1.1.5 Debt levels**

A major component of services Council provides are asset intensive which often requires a large investment, initially for acquisition of assets and ongoing as a result of maintenance and renewal of those assets. Without the use of debt it is very difficult for Council to finance the acquisition of new assets, while at the same time finance planned and requisite asset renewals. In the absence of adequate debt, Council would have to charge current ratepayers a high charge relative to the benefit derived. This would also lead to issues with intergenerational equity since Council would charge current ratepayers high rates whilst future ratepayers would continue to derive the benefit of the assets. Using debt, when done equitably and responsibly, will help alleviate these issues of intergenerational equity.

This current LTFP builds in \$104.9 million in asset renewal and replacement and \$26.3 million in new and upgraded assets over the 10 year period. A net of \$8.3 million of debt has been built into this LTFP based on a treasury management position of drawing down on loans when required and repaying loans when excess cash is available. Borrowings have been assumed at 4.00% interest rate over a 20 year period, which is a conservative and reasonable timeframe for Council to aim at repayment of its debt. In spite of this level of debt, Council maintains a net financial liability ratio between 40% - 59% across this 10 year period. This is significantly lower than the LGA recommended target of less than 100% of Operating Revenue. This demonstrates the affordability of the capital investments currently budgeted for over the next 10 years.

In addition, the 'Debt to Income' Ratio has also been introduced in addition to the Net Financial Liabilities (NFL) Ratio. Whilst the NFL ratio includes trade payables, provisions as well as debt, the Debt to Income Ratio solely focuses on measuring debt as a proportion of income. This LTFP has been based on an average 42% Debt to Income Ratio across the 10 years.

This LTFP will be updated periodically to ensure that the most up to date capital projections are being captured and accounted for over the 10 year period.

### **1.1.6 Council subsidiaries**

The draft 2016/2017 LTFP assumes no movement in the net gain /loss from Council subsidiaries and is based on the 2016/17 Adopted Budget. It is however expected that Council will be able to update its share of contribution and equity in all its Regional Subsidiaries as and when the Long Term Financial Plans of the subsidiaries are received.

### **1.1.7 Other Projects**

In addition to the factors discussed above, there are also some other projects which impact or have the potential to impact Council in the future. These have been detailed below:

#### **ERA Water Regional Alliance**

'Waterproofing the East – Eastern Region Alliance Stormwater Harvesting and Reuse' is an initiative of the Eastern Region Alliance (ERA), a group of eastern metropolitan Councils (including the City of Burnside) working together and sharing resources for the benefit of their local communities and the eastern region community as a whole. When completed, water will be extracted from the region's watercourses and stormwater drains and be treated at various sites in the eastern region via wetlands or bio-filtration systems for aquifer storage and recovery. The outcome will thus be a sustainable additional source of non-potable water.

The project cost for this initiative has been estimated at around \$21.6 million out of which \$7.6 million will be funded by a Commonwealth grant and \$2 million will be funded by a grant from the Adelaide Mount Lofty Natural Resource Management Board. The outstanding costs would be funded through borrowings undertaken by a regional subsidiary and paid back through water sales by the subsidiary. This draft 2016/17 LTFP also does not include any capital contributions towards ERA Water.

#### **Brownhill Keswick Creek Stormwater Project**

The City of Burnside continues to work collaboratively with the Cities of Mitcham, Unley and West Torrens and the Corporation of the City of Adelaide to develop a catchment based Stormwater Management Plan (SMP) for the Brown Hill Keswick Creek catchment. The purpose of the SMP is to mitigate and manage flood risk in the Brown Hill and Keswick Creek catchments and to achieve storm water reuse where feasible and economical.

The forecast cost of the Brown Hill and Keswick Creeks Stormwater Management Plan is estimated to be in the order of \$147 million, with implementation planned over a 10 year period. Commencement of detail design and construction works is dependent on funding support from the other tiers of government. No funding commitments have yet been received.

Based on the estimated costs and cost sharing arrangements approved under the Stormwater Management Plan (SMP 2012), the City of Burnside's current share of the local government contribution is set at 12%, and this plan includes a total of \$8.3 million towards this Project. However, given, the recent decision from the Federal Government not to provide funding, there is a risk that this number might increase further.

At this stage, the Project (catchment Councils) does not own any assets and a regional subsidiary has not been established. However, on the establishment of a Regional Subsidiary, it is expected that Council will recognise its share of equity in this Regional Subsidiary.

### Glenside Development

The Glenside development site is located on Fullarton Road, south-east of the Adelaide CBD, adjoining the Adelaide Parklands between Glen Osmond and Greenhill roads. This Project aims at building up to 1000 homes on the vacant land surrounding the Glenside Hospital.

This project is still in its planning phase and construction is expected to commence in the first half of 2017. As such, no increases with respect to rates revenue or service provision have been factored into the LTFP as yet. The LTFP will be updated once the potential impacts of this project are determined.

## Key Outcomes

This Long Term Financial Plan is based on, and achieves the following outcomes:

- projecting an operating surplus (excluding subsidiaries) of \$1.3 million in 2016/17 and surpluses for all remaining years;
- a target efficiency saving in 2016/2017 of \$558k with a further \$562k and \$582k incorporated in 2017/2018 and 2018/2019 respectively;
- Total borrowing as at 30 June 2017 forecast at \$13.2 million and at the end of the 10 year period at \$19.8 million;
- Financial indicators within acceptable target levels throughout the 10 year period;
- \$531,000 of operating projects in 2016/2017;
- \$314,000 of new and enhanced services in 2016/2017;
- Renewal and Replacement of existing assets equalling a net \$9.8 million in 2016/2017 and totalling \$104.9 million across the 10 year period; and
- New and Upgraded assets equalling a net \$2.7 million in 2016/2017 and totalling \$26.3 million across the 10 year period.

### 1.2 Financial Indicators

Council has adopted a suite of Key Financial Indicators that are primarily based on those included in the Model Financial Statements and recommended by the Australian Local Government Association as appropriate for measuring financial sustainability. The following tables provide a summary of Council's financial

indicators and provide the industry accepted approach to analysing and comparing Council's performance from year to year.

**Table 3: Key Financial Indicators**

Ratio	2015/16 LTFP	2016/17 LTFP	LGA Target
Operating Surplus Ratio - %	Between 0.2% – 4.9%	Between 1% - 3.1 %	Average of 0 – 10%
Net Financial Liabilities Ratio - %	Between 38.2% - 68%	Between 40% - 59%	Between 0 - 100%
Interest Cover Ratio - %	Under 2.38%	Under 1.88%	No Recommendation
Asset Sustainability Ratio	90% - 110%	90% - 110%	Greater than 90% but less than 110%
Debt to Income Ratio	-	42% across 10 years	No recommendation

**Table 4: Key Financial Indicator Commentary**

Financial Indicator (Ratio) Name	Key Financial Indicator Commentary
Net Operating Result	The LTFP currently indicates that an operating surplus will be achieved and maintained throughout the 10 years. Council's Audit Committee has recommended that the average rates increases be determined to achieve an operating surplus ratio no greater than 2% in years 6-10.
Net Financial Liabilities	Council's projected ratio is comfortably below the Local Government Association recommended maximum target of the value of rates generated. While Council's objective is to minimise its net financial liabilities position, Council is positioned to borrow funds for capital expenditure where required.
Net Financial Liabilities Ratio	Council's ratios across this 10 year plan are comfortably below the LGA recommended maximum target of 100 per cent.
Asset Sustainability Ratio	Council's target is to achieve a rolling target within the recommended range of 90-110 per cent. Council's ratios over this 10 year plan are close to this target.
Debt to Income Ratio	New ratio introduced to measure Council's proportion of debt compared to its income. This LTFP has been based on an average of 42% across the 10 years.

# Key Financial Statements

Refer to Attachment C – Scenario 1 (42%)



# Attachment B- Draft 2016/17 LTFP Capital Works

The draft 2016/17 LTFP includes \$8.3M for Brownhill Creek over the next 10 years. There is a risk that this number might increase further based on the decision from the Federal Government not to provide funding. Administration is awaiting the latest forecast from the Project Director.

Project Department	Description	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
PROJECTS BY ASSET CLASS FOR 2016/17 - 2025/26		Adopted Year 1	Plan Year 2	Plan Year 3	Plan Year 4	Plan Year 5	Plan Year 6	Plan Year 7	Plan Year 8	Plan Year 9	Plan Year 10
NEW/ UPGRADE											
Open Space	Irrigation - Reduced Pressure Zone Installation Program	25,000	-	-	-	-	-	-	-	-	-
Open Space	Anzac Lookout Remediation	35,000	25,000	-	-	-	-	-	-	-	-
Open Space	Hazelwood Park M/Plan St. 1 - Wayfinding Signage	50,000	350,000	-	-	-	-	-	-	-	-
Open Space	Kensington Park New Amenity Facility	67,000	-	-	-	-	-	-	-	-	-
Open Space	Conyngham Street Dog Park	50,000	100,000	55,000	-	-	-	-	-	-	-
Open Space	Kensington Gardens Masterplan	300,000	-	-	-	-	-	-	-	-	-
Engineering	Traffic Calming Program	250,000	-	-	-	-	-	-	-	-	-
Open Space	Magill Precinct	-	-	750,000	750,000	750,000	-	-	-	-	-
Open Space	Hills Face Trails	-	75,000	45,000	55,000	50,000	50,000	50,000	50,000	50,000	50,000
Open Space	Conyngham Street Depot	-	75,000	250,000	250,000	350,000	-	-	-	-	-
Open Space	Danthonia and Zig Zag Reserve Fire Track Upgrade	10,000	-	-	-	-	-	-	-	-	-
Open Space	Constable Hyde Processing Costs	145,000	-	-	-	-	-	-	-	-	-
Open Space	Capital Contribution to Highbury Landfill Authority for the Lo Cal Flare	134,000	-	-	-	-	-	-	-	-	-
Engineering	Dulwich Pedestrian Facility	35,000	-	-	-	-	-	-	-	-	-
Engineering	Public Seating Program	15,000	10,000	10,000	15,000	15,000	15,000	12,000	12,000	12,000	12,000
Engineering	Disability Discrimination Act Compliance Project	25,000	40,000	40,000	85,000	-	-	-	-	-	-
Engineering	Waterfall Gully Risk Mitigation	70,000	-	50,000	50,000	35,000	-	-	-	-	-
Engineering	Footpath New Construction Program	500,000	500,000	500,000	500,000	500,000	500,000	500,000	-	-	-
Engineering	Drainage New Program	580,000	580,000	600,000	620,000	650,000	600,000	600,000	600,000	600,000	600,000
Library	Library Radio-Frequency Identification (RFID)	120,000	-	-	-	-	-	-	-	-	-
Informatio System	Information Services - Customer Service Kiosk	8,000	-	-	-	-	55,000	-	-	-	-
Informatio System	Information Services- Sharing of Services	110,000	-	-	-	-	-	-	-	-	-
Informatio System	Work order effectiveness	160,000	100,000	-	-	-	-	-	-	-	-
Open Space	New Reserve Furniture	-	200,000	200,000	200,000	-	-	-	-	-	-
Open Space	New Playgrounds	-	125,000	150,000	-	-	700,000	-	-	-	-
Open Space	New Sports Lighting	-	25,000	50,000	-	-	-	-	-	-	-
Open Space	Brownhill Keswick Creek	-	255,000	1,926,000	1,408,000	1,225,000	1,164,000	1,211,000	1,001,000	103,000	305,000
Open Space	Civic Centre upgrades	-	300,000	200,000	-	-	-	-	-	-	-
Informatio System	Smart Cities 2020	-	-	-	400,000	10,000	10,000	10,000	10,000	10,000	10,000
TOTAL NEW/UPGRADE		2,689,000	2,760,000	4,826,000	4,333,000	3,585,000	3,094,000	2,383,000	1,673,000	569,000	367,000

Total New Capital over 10 years = \$26.3m

Project Department	Description	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
PROJECTS BY ASSET CLASS FOR 2016/17 - 2025/26		Adopted	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
RENEWAL / REPLACEMENT											
Operation Services	Civic Centre Pond Pump	-	-	10,000	-	-	-	-	-	-	-
Operation Services	Depot Wash Down Bay Equipment replacement	-	-	-	-	-	-	-	-	-	-
Operation Services	Hazelwood Park Bore	-	-	-	-	-	-	-	-	-	-
Operation Services	Plant Replacement - Depot Based Light Fleet	70,000	40,000	200,000	40,000	280,000	80,000	40,000	50,000	350,000	35,000
Operation Services	Plant Replacement - Depot Based Major Plant	625,000	720,000	756,000	920,000	639,000	345,000	620,000	593,000	330,000	820,000
Operation Services	Plant Replacement - Depot Based Minor Plant	25,000	27,000	27,000	30,000	30,000	32,000	32,000	35,000	35,000	35,000
Operation Services	Kensington Gardens Bore and Reserve Pumps	-	-	-	-	-	-	-	-	-	250,000
Open Space	Kensington Gardens Masterplan	-	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Open Space	Tusmore Park	-	-	750,000	750,000	-	-	-	-	-	-
Engineering	Traffic Calming Program	-	200,000	200,000	200,000	200,000	200,000	250,000	250,000	250,000	250,000
Information System	Information Services	-	50,000	50,000	-	-	-	-	-	-	-
Information System	Records Management System Upgrade	-	-	30,000	-	-	30,000	-	-	30,000	-
Information System	Records Storage Upgrade	-	150,000	-	-	-	-	-	-	-	-
Open Space	Asset and Infrastructure Emergency Program	100,000	50,000	50,000	50,000	100,000	100,000	100,000	100,000	100,000	100,000
Open Space	Burnside Adventure Playground Timber Equipment Upgrade	-	-	-	-	97,000	-	-	-	-	-
Open Space	Civic Centre Renewal Works	650,000	400,000	380,000	400,000	600,000	300,000	300,000	500,000	-	-
Open Space	Community Buildings Program	690,000	200,000	400,000	500,000	500,000	250,000	299,000	500,000	300,000	400,000
Open Space	Depot Renewal Works	-	-	-	-	-	-	-	2,500,000	-	-
Open Space	Drinking Fountain Replacement	23,000	10,000	10,000	5,000	-	-	-	-	-	-
Open Space	George Bolton Swimming Centre - Roof Replacement	350,000	-	-	-	-	-	-	-	-	-
Open Space	Gully Reserve Fire Track Upgrade	10,000	-	-	-	-	-	-	-	-	-
Open Space	Hazelwood Park	-	304,000	129,000	154,000	134,000	-	-	-	-	-
Open Space	Irrigation System Replacement	230,000	150,000	100,000	100,000	300,000	100,000	185,000	185,000	222,000	200,000
Open Space	Kensington Gardens Works	200,000	170,000	150,000	100,000	100,000	-	-	-	-	-
Open Space	Open Space Renewal	-	130,000	140,000	110,000	265,000	250,000	280,000	280,000	280,000	280,000
Open Space	Playgrounds	175,000	150,000	100,000	100,000	200,000	151,000	300,000	319,000	199,000	281,000
Open Space	Reserve Fencing Replacement (Fencing Act Provision)	20,000	-	-	-	-	-	-	-	-	-
Open Space	Reserve Furniture Replacement	27,000	20,000	30,000	20,000	60,000	-	-	-	-	-
Open Space	Roundabout Landscape Renewal Program	45,000	-	-	-	-	-	-	-	-	-
Open Space	Sports Field Lighting Replacement	81,000	80,000	80,000	50,000	75,000	35,000	32,000	32,000	15,000	175,000
Open Space	Tennis Courts	145,000	95,000	70,000	50,000	120,000	70,000	50,000	50,000	50,000	50,000
Open Space	Harris Reserve Upgrade	25,000	-	-	-	-	-	-	-	-	-
Finance & Procurement	Civic Centre Light Fleet Replacement	219,000	200,000	163,000	433,000	355,000	409,000	187,000	601,000	601,000	601,000
Engineering	Bus Shelter Renewal Program	28,000	21,000	21,000	21,000	14,000	14,000	14,000	14,000	14,000	14,000
Engineering	Drainage Renewal Program	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Engineering	Footpath Renewal Program	1,700,000	1,700,000	1,700,000	1,700,000	1,100,000	500,000	500,000	500,000	600,000	600,000
Engineering	Kerb Program	1,700,000	1,800,000	1,800,000	1,800,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
Engineering	Minor Infrastructure Program Renewal	81,500	80,000	84,600	93,000	91,900	110,000	95,300	113,000	94,900	100,000
Engineering	Pavement Renewal Program	-	-	-	-	250,000	-	-	-	250,000	-
Engineering	Public Lighting Renewal Program	100,000	100,000	120,000	120,000	115,000	110,000	100,000	100,000	100,000	100,000
Engineering	Road Cracksealing program	66,000	67,000	68,000	69,000	70,000	71,000	72,000	73,000	74,000	75,000
Engineering	Road Resurfacing Program	2,000,000	2,000,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Engineering	Traffic Signals	120,000	160,000	160,000	-	-	-	-	-	-	-

Project Department	Description	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
PROJECTS BY ASSET CLASS FOR 2016/17 - 2025/26		Adopted Year 1	Plan Year 2	Plan Year 3	Plan Year 4	Plan Year 5	Plan Year 6	Plan Year 7	Plan Year 8	Plan Year 9	Plan Year 10
RENEWAL / REPLACEMENT											
Library	Library Capital Budget	268,000	268,000	268,000	268,000	268,000	268,000	268,000	268,000	268,000	268,000
Library	Plant Replacement - Major Fleet C/S Library	-	60,000	-	55,000	60,000	315,000	-	-	-	-
Library	Replacement Furniture & Fittings	-	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Informatio System	Backup Strategy	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Informatio System	Ci Anywhere	-	-	-	150,000	-	-	-	150,000	-	-
Informatio System	Core Network Upgrades	-	-	50,000	-	-	-	-	-	-	-
Informatio System	Council Facility Data Cabling Replacement	-	-	-	-	-	-	60,000	-	-	60,000
Informatio System	Edge Network Upgrades	-	-	-	40,000	-	-	-	-	-	-
Informatio System	Essential Power Generator	-	-	-	-	65,000	-	-	-	-	65,000
Informatio System	Fibreoptic Network Replacement	-	-	-	-	-	-	-	-	250,000	-
Informatio System	Main UPS Replacement	-	-	-	-	-	-	20,000	-	-	-
Informatio System	Meeting Rooms, Kiosks & Displays	-	10,000	10,000	10,000	10,000	10,000	-	-	-	10,000
Informatio System	Microfiche and Microfilm Conversion	-	-	35,000	-	-	-	-	-	-	-
Informatio System	Mobile Workforce	-	40,000	-	-	40,000	-	-	40,000	-	-
Informatio System	DMZ Server Upgrade	-	-	-	-	-	-	-	-	-	-
0	Unallocated	-	-	-	-	-	2,500,000	2,700,000	-	2,700,000	3,100,000
TOTAL RENEWAL/ REPLACEMENT		9,838,500	9,797,000	10,286,600	10,483,000	10,033,900	10,145,000	10,399,300	11,148,000	11,007,900	11,764,000

Total Capital Renewal over 10 years = \$104.9m

## COMPARISON OF FINANCIAL MODELLING SCENARIOS

Item	Scenario 1 – 42% average	Scenario 2 – 30% average	Scenario 3 – 0% average
<b>Rate increases**</b>	<p>Rates have been tied to projected CPI with the exception of years 3 - 6 where an additional increase has been added to ensure that the Operating Surplus has been maintained at a min of \$500k.</p> <p>Rate increases range from 2% in Year 2 to 3.6% with an <b>average rates increase of 2.9%.</b></p>	<p>Rates have been tied to projected CPI with the exception of years 5 and 6 where an additional increase has been added to ensure that the Operating Surplus has been maintained at a min of \$500k.</p> <p>Rate increases range from 2% in Year 2 to 4.0% with an <b>average rates increase of 2.8%.</b></p>	<p>Rates increase for year 2 is 3.6% and from years 3-10 is maintained at 4%.</p> <p><b>Average Rates increase is 3.7%.</b></p>
<b>New Capital</b>	\$26.3m over 10 years	\$17.1m over 10 years	\$2.7m only in 2016/17
<b>Net Debt in Yr 10</b>	\$19.8m	\$10.7m	(\$25.9m)
<b>Total Debt taken over 10 years</b>	\$8.3m net	(\$0.7m) net	Nil
<b>Debt to Income Ratio</b>	42% average over 10 years	30% average over 10 year	0% average over 10 years
<b>Net Financial Liabilities Ratio</b>	52% average over 10 years	40% average over 10 years	10% average over 10 years
<b>Interest Cover Ratio</b>	1.6% average over 10 years	1.2% average over 10 years	0.8% average over 10 years
<b>Operating Surplus Ratio **</b>	Under 2.5% in all years	Under 3.0% in all years	Under 5% in Years 1 and 2. Between 5.07% - 10.13% in years 3-10
<b>Average Operating Surplus Ratio Yr 6-10**</b>	2.15%	2.60%	8.41%
<b>Summary</b>	<ul style="list-style-type: none"> <li>- Reasonable Rate increases over 10 years</li> <li>- In line with intergenerational equity principles</li> <li>- \$26.3m of new capital for the community</li> <li>- Well within LGA recommended targets</li> <li>- 20 year debt repayment</li> <li>- Primarily in line with Audit Committee recommendations</li> </ul>	<ul style="list-style-type: none"> <li>- Less New Capital compared to Scenario 1</li> <li>- Average rate rises consistent with Scenario 1</li> <li>- Well within LGA targets</li> <li>- Less debt in year 10</li> <li>- Quicker debt repayment</li> </ul>	<ul style="list-style-type: none"> <li>- No New Capital in years 2-10</li> <li>- Average rate rises higher</li> <li>- No debt in year 10</li> <li>- Intergenerational inequity</li> <li>- Operating Surplus Ratio higher than recommendation from Audit Committee</li> <li>- Not in line with previous Audit Committee recommendations</li> </ul>

\*\* Previous Audit Committee recommendation

## SCENARIO 1 - AVERAGE OF 42% DEBT TO INCOME RATIO OVER 10 YEARS

City of Burnside Long Term Financial Plan 2016/17 ESTIMATED COMPREHENSIVE INCOME STATEMENT										
Year Ended 30 June:	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
<b>INCOME</b>										
Rates	36,577	37,492	38,804	40,355	42,010	43,691	45,220	46,802	48,441	50,137
Statutory Charges	1,148	1,172	1,201	1,237	1,274	1,313	1,352	1,392	1,433	1,476
User Charges	1,644	1,677	1,719	1,770	1,824	1,878	1,936	1,995	2,056	2,118
Grants, subsidies, contributions	4,129	4,089	3,835	3,950	4,069	4,191	4,317	4,447	4,580	4,717
Investment Income	28	28	28	28	28	28	28	28	28	28
Reimbursements	270	276	283	292	301	310	319	328	338	348
Other Income	396	404	414	426	438	451	464	478	493	508
Gain - Equity Accounted Council Bus.	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>44,192</b>	<b>45,138</b>	<b>46,284</b>	<b>48,058</b>	<b>49,944</b>	<b>51,862</b>	<b>53,636</b>	<b>55,470</b>	<b>57,369</b>	<b>59,332</b>
<b>EXPENSES</b>										
Employee costs	15,753	16,069	16,471	16,966	17,476	18,087	18,719	19,375	20,054	20,755
Materials, contracts & other expenses	17,626	17,987	18,431	19,583	20,170	20,776	21,399	22,041	22,702	23,506
Depreciation	9,021	9,176	9,448	9,859	10,886	11,184	11,462	11,712	12,253	13,746
Finance Costs	450	516	588	747	897	971	1,009	1,007	986	929
Loss - Joint Ventures	8	6	6	6	6	6	6	6	6	6
<b>Total Expenses</b>	<b>42,858</b>	<b>43,754</b>	<b>44,944</b>	<b>47,161</b>	<b>49,435</b>	<b>51,024</b>	<b>52,595</b>	<b>54,141</b>	<b>56,001</b>	<b>57,942</b>
Operating Surplus/(deficit) Excluding Subsidiaries	1,342	1,390	1,346	903	515	844	1,047	1,335	1,374	1,396
<b>OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS (Including subsidiaries)</b>	<b>1,334</b>	<b>1,384</b>	<b>1,340</b>	<b>897</b>	<b>509</b>	<b>838</b>	<b>1,041</b>	<b>1,329</b>	<b>1,368</b>	<b>1,390</b>
Net gain/(loss) on disposal or revaluations	124	206	115	304	101	207	206	186	115	304
Amounts specifically for new assets	302	193	195	197	199	201	203	205	207	209
Physical resources free of charge	-	-	-	-	-	-	-	-	-	-
Net Surplus/(deficit) Excluding Subsidiaries	1,768	1,789	1,656	1,404	815	1,252	1,456	1,726	1,696	1,909
<b>NET SURPLUS/(DEFICIT) (including subsidiaries)</b>	<b>1,760</b>	<b>1,783</b>	<b>1,650</b>	<b>1,398</b>	<b>809</b>	<b>1,246</b>	<b>1,450</b>	<b>1,720</b>	<b>1,690</b>	<b>1,903</b>
<b>Other Comprehensive Income</b>										
Changes in revaluation surplus - IPP&E	-	-	495	45,194	-	-	-	1,007	72,953	-
Movements in Other Reserves	-	-	-	-	-	-	-	-	-	-
Impairment (expense) / recoupments offset to asse	-	-	-	-	-	-	-	-	-	-
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>495</b>	<b>45,194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,007</b>	<b>72,953</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1,760</b>	<b>1,783</b>	<b>2,145</b>	<b>46,592</b>	<b>809</b>	<b>1,246</b>	<b>1,450</b>	<b>2,727</b>	<b>74,643</b>	<b>1,903</b>

City of Burnside Long Term Financial Plan 2016/17 ESTIMATED BALANCE SHEET										
Year Ended 30 June:	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash & Equivalent Assets	-	-	-	-	-	-	-	-	-	-
Trade & Other Receivables	1,459	1,488	1,528	1,576	1,626	1,677	1,725	1,775	1,826	1,881
Inventories	26	26	26	26	26	26	26	26	26	26
<b>Total Current Assets</b>	<b>1,485</b>	<b>1,514</b>	<b>1,554</b>	<b>1,602</b>	<b>1,652</b>	<b>1,703</b>	<b>1,751</b>	<b>1,801</b>	<b>1,852</b>	<b>1,907</b>
<b>Non-Current Assets</b>										
Other Financial Assets	25	25	25	25	25	25	25	25	25	25
Equity Accounted Investments in Council Business	178	90	97	106	117	130	145	162	181	202
Infrastructure, Property, Plant & Equipment	524,179	527,860	534,135	584,590	587,424	589,686	591,212	593,514	665,906	664,595
<b>Total Non-Current Assets</b>	<b>524,382</b>	<b>527,975</b>	<b>534,257</b>	<b>584,721</b>	<b>587,566</b>	<b>589,841</b>	<b>591,382</b>	<b>593,701</b>	<b>666,112</b>	<b>664,822</b>
<b>Total Assets</b>	<b>525,867</b>	<b>529,489</b>	<b>535,811</b>	<b>586,323</b>	<b>589,218</b>	<b>591,544</b>	<b>593,133</b>	<b>595,502</b>	<b>667,964</b>	<b>666,729</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Trade & Other Payables	3,931	3,887	3,949	3,966	4,078	4,081	4,139	4,170	4,216	4,255
Borrowings	465	561	737	920	1,051	1,162	1,248	1,325	1,914	720
Provisions	1,814	1,837	1,869	1,905	1,946	1,990	2,040	2,089	2,142	2,194
Other Current Liabilities	35	35	35	35	35	35	35	35	35	35
<b>Total Current Liabilities</b>	<b>6,245</b>	<b>6,320</b>	<b>6,590</b>	<b>6,826</b>	<b>7,110</b>	<b>7,268</b>	<b>7,462</b>	<b>7,619</b>	<b>8,307</b>	<b>7,204</b>
<b>Non-Current Liabilities</b>										
Borrowings	12,741	14,492	18,370	22,024	23,794	24,677	24,583	24,026	21,115	19,035
Provisions	355	368	397	427	459	498	537	579	621	666
Other Non-Current Liabilities	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153
<b>Total Non-Current Liabilities</b>	<b>15,249</b>	<b>17,013</b>	<b>20,920</b>	<b>24,604</b>	<b>26,406</b>	<b>27,328</b>	<b>27,273</b>	<b>26,758</b>	<b>23,889</b>	<b>21,854</b>
<b>Total Liabilities</b>	<b>21,494</b>	<b>23,333</b>	<b>27,510</b>	<b>31,430</b>	<b>33,516</b>	<b>34,596</b>	<b>34,735</b>	<b>34,377</b>	<b>32,196</b>	<b>29,058</b>
<b>NET ASSETS</b>	<b>504,373</b>	<b>506,156</b>	<b>508,301</b>	<b>554,893</b>	<b>555,702</b>	<b>556,948</b>	<b>558,398</b>	<b>561,125</b>	<b>635,768</b>	<b>637,671</b>
<b>EQUITY</b>										
Accumulated Surplus	217,877	219,660	221,310	222,708	223,517	224,763	226,213	227,933	229,623	231,526
Asset Revaluation Reserve	286,085	286,085	286,580	331,774	331,774	331,774	331,774	332,781	405,734	405,734
Other Reserves	411	411	411	411	411	411	411	411	411	411
<b>TOTAL EQUITY</b>	<b>504,373</b>	<b>506,156</b>	<b>508,301</b>	<b>554,893</b>	<b>555,702</b>	<b>556,948</b>	<b>558,398</b>	<b>561,125</b>	<b>635,768</b>	<b>637,671</b>



<b>City of Burnside</b> <b>Long Term Financial Plan 2016/17</b> <b>ESTIMATED CASH FLOW STATEMENT</b>										
Year Ended 30 June:	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
<u>Receipts</u>										
Rates	36,568	37,475	38,780	40,326	41,980	43,660	45,192	46,773	48,411	50,106
Statutory Charges	1,148	1,172	1,201	1,237	1,274	1,313	1,352	1,392	1,433	1,476
User Charges	1,640	1,666	1,705	1,753	1,806	1,860	1,918	1,976	2,037	2,097
Grants, subsidies, contributions	4,129	4,088	3,836	3,950	4,071	4,191	4,318	4,447	4,581	4,717
Investment Income	27	27	26	26	26	26	26	26	26	25
Reimbursements	270	276	283	292	301	310	319	328	338	348
Other Income	396	404	414	426	438	451	464	478	493	508
Gain - Equity Accounted Council Bus.	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Employee costs	(15,687)	(16,035)	(16,407)	(16,900)	(17,398)	(18,004)	(18,628)	(19,283)	(19,957)	(20,656)
Materials, contracts & other expenses	(17,611)	(18,028)	(18,373)	(19,566)	(20,065)	(20,773)	(21,344)	(22,011)	(22,659)	(22,469)
Finance Costs	(446)	(516)	(588)	(747)	(897)	(971)	(1,009)	(1,007)	(986)	(929)
Loss - Equity Accounted Council Bus.	(8)	(12)	(13)	(15)	(17)	(19)	(21)	(23)	(25)	(27)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>10,426</b>	<b>10,517</b>	<b>10,864</b>	<b>10,782</b>	<b>11,519</b>	<b>12,044</b>	<b>12,587</b>	<b>13,096</b>	<b>13,692</b>	<b>15,196</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<u>Receipts</u>										
Amounts Specifically for New/Upgraded Assets	302	193	195	197	199	201	203	205	207	209
Sale of Renewed/Replaced Assets	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Expenditure on Renewal/Replacement of Assets	(9,839)	(9,797)	(10,287)	(10,483)	(10,034)	(10,145)	(10,399)	(11,148)	(11,008)	(11,764)
Expenditure on New/Upgraded Assets	(2,689)	(2,760)	(4,826)	(4,333)	(3,585)	(3,094)	(2,383)	(1,673)	(569)	(367)
<b>Net Cash Provided by (or used in) Investing Activities</b>	<b>(12,226)</b>	<b>(12,364)</b>	<b>(14,918)</b>	<b>(14,619)</b>	<b>(13,420)</b>	<b>(13,038)</b>	<b>(12,579)</b>	<b>(12,616)</b>	<b>(11,370)</b>	<b>(11,922)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<u>Receipts</u>										
Proceeds from Borrowings	2,176	2,312	4,614	4,574	2,821	2,045	1,155	768	(998)	(1,360)
<u>Payments</u>										
Repayments of Borrowings	(377)	(465)	(561)	(737)	(920)	(1,051)	(1,162)	(1,248)	(1,325)	(1,914)
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>1,799</b>	<b>1,847</b>	<b>4,054</b>	<b>3,837</b>	<b>1,901</b>	<b>994</b>	<b>(8)</b>	<b>(480)</b>	<b>(2,322)</b>	<b>(3,274)</b>
<b>Net Increase/(Decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Opening cash, cash equivalents or (bank overdraft)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing cash, cash equivalents or (bank overdraft)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

City of Burnside Long Term Financial Plan 2016/17 ESTIMATED STATEMENT OF CHANGES IN EQUITY										
Year Ended 30 June:	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
<b>ACCUMULATED SURPLUS</b>										
Balance at end of previous reporting period	216,211	217,877	219,660	221,310	222,708	223,517	224,763	226,213	227,933	229,623
Net Result for Year	1,666	1,783	1,650	1,398	809	1,246	1,450	1,720	1,690	1,903
<b>Balance at end of period</b>	<b>217,877</b>	<b>219,660</b>	<b>221,310</b>	<b>222,708</b>	<b>223,517</b>	<b>224,763</b>	<b>226,213</b>	<b>227,933</b>	<b>229,623</b>	<b>231,526</b>
<b>ASSET REVALUATION RESERVE</b>										
Land	116,028	116,028	116,028	138,058	138,058	138,058	138,058	138,058	172,767	172,767
Land Improvements	568	568	568	579	579	579	579	579	588	588
Buildings	32,900	32,900	32,900	37,566	37,566	37,566	37,566	37,566	44,799	44,799
Infrastructure	128,419	128,419	128,419	146,677	146,677	146,677	146,677	146,677	177,384	177,384
Plant & Equipment	4,799	4,799	5,294	5,294	5,294	5,294	5,294	6,301	6,301	6,301
Furniture & Fittings	3,371	3,371	3,371	3,600	3,600	3,600	3,600	3,600	3,895	3,895
<b>Balance at end of period</b>	<b>286,085</b>	<b>286,085</b>	<b>286,580</b>	<b>331,774</b>	<b>331,774</b>	<b>331,774</b>	<b>331,774</b>	<b>332,781</b>	<b>405,734</b>	<b>405,734</b>
<b>OTHER RESERVES</b>										
Balance at end of previous reporting period	411	411	411	411	411	411	411	411	411	411
<b>Balance at end of period</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>504,373</b>	<b>506,156</b>	<b>508,301</b>	<b>554,893</b>	<b>555,702</b>	<b>556,948</b>	<b>558,398</b>	<b>561,125</b>	<b>635,768</b>	<b>637,671</b>

<b>City of Burnside</b> <b>Long Term Financial Plan 2016/17</b> <b>SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS</b>										
Year Ended 30 June:	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
Operating Revenues	44,192	45,138	46,284	48,058	49,944	51,862	53,636	55,470	57,369	59,332
<i>less Operating Expenses</i>	42,858	43,754	44,944	47,161	49,435	51,024	52,595	54,141	56,001	57,942
<b>Operating Surplus/(Deficit) before Capital Amortisation</b>	<b>1,334</b>	<b>1,384</b>	<b>1,340</b>	<b>897</b>	<b>509</b>	<b>838</b>	<b>1,041</b>	<b>1,329</b>	<b>1,368</b>	<b>1,390</b>
<b>Less: Net Outlays on Existing Assets</b>										
Capital Expenditure on Renewal/Replacement of Existing Assets	9,839	9,797	10,287	10,483	10,034	10,145	10,399	11,148	11,008	11,764
<i>less Depreciation, Amortisation &amp; Impairment</i>	9,021	9,176	9,448	9,859	10,886	11,184	11,462	11,712	12,253	13,746
<i>less Proceeds from Sale of Replaced Assets</i>	30	-	-	-	-	-	-	-	-	-
	<b>788</b>	<b>621</b>	<b>839</b>	<b>624</b>	<b>(852)</b>	<b>(1,039)</b>	<b>(1,063)</b>	<b>(564)</b>	<b>(1,245)</b>	<b>(1,982)</b>
<b>Less: Net Outlays on New and Upgraded Assets</b>										
Capital Expenditure on New/Upgraded Assets	2,689	2,760	4,826	4,333	3,585	3,094	2,383	1,673	569	367
<i>less Amounts Specifically for New/Upgraded Assets</i>	302	193	195	197	199	201	203	205	207	209
<i>less Proceeds from Sale of Surplus Assets</i>	-	-	-	-	-	-	-	-	-	-
	<b>2,387</b>	<b>2,567</b>	<b>4,631</b>	<b>4,136</b>	<b>3,386</b>	<b>2,893</b>	<b>2,180</b>	<b>1,468</b>	<b>362</b>	<b>158</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(1,841)</b>	<b>(1,804)</b>	<b>(4,130)</b>	<b>(3,863)</b>	<b>(2,025)</b>	<b>(1,016)</b>	<b>(76)</b>	<b>425</b>	<b>2,251</b>	<b>3,214</b>
In any one year, the above financing transactions are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.										
Year Ended 30 June: Financing Transactions	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
New Borrowings	2,177	2,312	4,614	4,574	2,821	2,045	1,155	768	(998)	(1,360)
Repayment of Principal on Borrowings	377	465	561	737	920	1,051	1,162	1,248	1,325	1,914
(Increase)/Decrease in Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in Receivables	(14)	(29)	(40)	(48)	(50)	(51)	(48)	(50)	(51)	(55)
Increase/(Decrease) in Payables & Provisions	84	(8)	123	83	185	86	147	122	141	136
Other – Including the Movement in Inventories	(783)	(936)	(1,128)	(1,484)	(1,851)	(2,116)	(2,340)	(2,513)	(2,668)	(3,849)
<b>Financing Transactions</b>	<b>1,841</b>	<b>1,804</b>	<b>4,130</b>	<b>3,863</b>	<b>2,025</b>	<b>1,016</b>	<b>76</b>	<b>(425)</b>	<b>(2,251)</b>	<b>(3,214)</b>

City of Burnside Long Term Financial Plan 2016/17 KEY FINANCIAL INDICATORS										
Year Ended 30 June: Key Financial Indictors	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
Operating Surplus Ratio - %	3.04%	3.08%	2.91%	1.88%	1.03%	1.63%	1.95%	2.41%	2.40%	2.35%
Net Financial Liabilities - \$'000	17,856	19,666	23,803	27,675	29,711	30,740	30,831	30,423	28,191	24,998
Net Financial Liabilities Ratio - %	40%	44%	51%	58%	59%	59%	57%	55%	49%	42%
Debt to Income Ratio - %	30%	33%	41%	48%	50%	50%	48%	46%	40%	33%
Interest Cover Ratio - %	1.02%	1.14%	1.27%	1.56%	1.80%	1.87%	1.88%	1.82%	1.72%	1.57%
Asset Sustainability Ratio - %	110%	107%	109%	106%	91%	90%	90%	95%	90%	90%

## SCENARIO 2 - AVERAGE OF 30% DEBT TO INCOME RATIO OVER 10 YEARS

City of Burnside Long Term Financial Plan 2016/17 ESTIMATED COMPREHENSIVE INCOME STATEMENT										
Year Ended 30 June:	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
<b>INCOME</b>										
Rates	36,577	37,492	38,617	39,969	41,768	43,439	44,960	46,533	48,162	49,849
Statutory Charges	1,148	1,172	1,201	1,237	1,274	1,313	1,352	1,392	1,433	1,476
User Charges	1,644	1,677	1,719	1,770	1,824	1,878	1,936	1,995	2,056	2,118
Grants, subsidies, contributions	4,129	4,089	3,835	3,950	4,069	4,191	4,317	4,447	4,580	4,717
Investment Income	28	28	28	28	28	28	28	28	28	28
Reimbursements	270	276	283	292	301	310	319	328	338	348
Other Income	396	404	414	426	438	451	464	478	493	508
Gain - Equity Accounted Council Bus.	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>44,192</b>	<b>45,138</b>	<b>46,097</b>	<b>47,672</b>	<b>49,702</b>	<b>51,610</b>	<b>53,376</b>	<b>55,201</b>	<b>57,090</b>	<b>59,044</b>
<b>EXPENSES</b>										
Employee costs	15,753	16,069	16,471	16,966	17,476	18,087	18,719	19,375	20,054	20,755
Materials, contracts & other expenses	17,626	17,987	18,434	19,583	20,170	20,776	21,399	22,041	22,702	23,506
Depreciation	9,021	9,176	9,427	9,789	10,772	11,049	11,300	11,537	12,073	13,552
Finance Costs	450	516	558	612	680	693	667	633	602	562
Loss - Joint Ventures	8	6	6	6	6	6	6	6	6	6
<b>Total Expenses</b>	<b>42,858</b>	<b>43,754</b>	<b>44,896</b>	<b>46,956</b>	<b>49,104</b>	<b>50,611</b>	<b>52,091</b>	<b>53,592</b>	<b>55,437</b>	<b>57,381</b>
Operating Surplus/(deficit) Excluding Subsidiaries	1,342	1,390	1,207	722	604	1,005	1,291	1,615	1,659	1,669
<b>OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS (Including subsidiaries)</b>	<b>1,334</b>	<b>1,384</b>	<b>1,201</b>	<b>716</b>	<b>598</b>	<b>999</b>	<b>1,285</b>	<b>1,609</b>	<b>1,653</b>	<b>1,663</b>
Net gain/(loss) on disposal or revaluations	124	206	115	304	101	207	206	186	115	304
Amounts specifically for new assets	302	193	195	197	199	201	203	205	207	209
Physical resources free of charge	-	-	-	-	-	-	-	-	-	-
Net Surplus/(deficit) Excluding Subsidiaries	1,768	1,789	1,517	1,223	904	1,413	1,700	2,006	1,981	2,182
<b>NET SURPLUS/(DEFICIT) (including subsidiaries)</b>	<b>1,760</b>	<b>1,783</b>	<b>1,511</b>	<b>1,217</b>	<b>898</b>	<b>1,407</b>	<b>1,694</b>	<b>2,000</b>	<b>1,975</b>	<b>2,176</b>
<b>Other Comprehensive Income</b>										
Changes in revaluation surplus - IPP&E	-	-	488	44,893	-	-	-	992	71,738	-
Movements in Other Reserves	-	-	-	-	-	-	-	-	-	-
Impairment (expense) / recoupments offset to asset	-	-	-	-	-	-	-	-	-	-
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>488</b>	<b>44,893</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>992</b>	<b>71,738</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1,760</b>	<b>1,783</b>	<b>1,999</b>	<b>46,110</b>	<b>898</b>	<b>1,407</b>	<b>1,694</b>	<b>2,992</b>	<b>73,713</b>	<b>2,176</b>

City of Burnside  
Long Term Financial Plan 2016/17  
ESTIMATED BALANCE SHEET

Year Ended 30 June:	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash & Equivalent Assets	-	-	-	-	-	-	-	-	-	-
Trade & Other Receivables	1,459	1,488	1,525	1,569	1,622	1,673	1,721	1,771	1,822	1,877
Inventories	26	26	26	26	26	26	26	26	26	26
<b>Total Current Assets</b>	1,485	1,514	1,551	1,595	1,648	1,699	1,747	1,797	1,848	1,903
<b>Non-Current Assets</b>										
Other Financial Assets	25	25	25	25	25	25	25	25	25	25
Equity Accounted Investments in Council Businesses	178	90	97	106	117	130	145	162	181	202
Infrastructure, Property, Plant & Equipment	524,179	527,100	530,563	578,454	579,817	580,620	581,425	583,714	655,502	655,018
<b>Total Non-Current Assets</b>	524,382	527,215	530,685	578,585	579,959	580,775	581,595	583,901	655,708	655,245
<b>Total Assets</b>	<b>525,867</b>	<b>528,729</b>	<b>532,236</b>	<b>580,180</b>	<b>581,607</b>	<b>582,474</b>	<b>583,342</b>	<b>585,698</b>	<b>657,556</b>	<b>657,148</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Trade & Other Payables	3,931	3,887	3,949	3,966	4,078	4,081	4,139	4,170	4,216	4,255
Borrowings	465	535	621	726	791	828	862	901	1,677	720
Provisions	1,814	1,837	1,869	1,905	1,946	1,990	2,040	2,089	2,142	2,194
Other Current Liabilities	35	35	35	35	35	35	35	35	35	35
<b>Total Current Liabilities</b>	<b>6,245</b>	<b>6,294</b>	<b>6,474</b>	<b>6,632</b>	<b>6,850</b>	<b>6,934</b>	<b>7,076</b>	<b>7,195</b>	<b>8,070</b>	<b>7,204</b>
<b>Non-Current Liabilities</b>										
Borrowings	12,741	13,758	15,057	16,703	16,982	16,319	15,312	14,515	11,743	9,980
Provisions	355	368	397	427	459	498	537	579	621	666
Other Non-Current Liabilities	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153
<b>Total Non-Current Liabilities</b>	<b>15,249</b>	<b>16,279</b>	<b>17,607</b>	<b>19,283</b>	<b>19,594</b>	<b>18,970</b>	<b>18,002</b>	<b>17,247</b>	<b>14,517</b>	<b>12,799</b>
<b>Total Liabilities</b>	<b>21,494</b>	<b>22,573</b>	<b>24,081</b>	<b>25,915</b>	<b>26,444</b>	<b>25,904</b>	<b>25,078</b>	<b>24,442</b>	<b>22,587</b>	<b>20,003</b>
<b>NET ASSETS</b>	<b>504,373</b>	<b>506,156</b>	<b>508,155</b>	<b>554,265</b>	<b>555,163</b>	<b>556,570</b>	<b>558,264</b>	<b>561,256</b>	<b>634,969</b>	<b>637,145</b>
<b>EQUITY</b>										
Accumulated Surplus	217,877	219,660	221,171	222,388	223,286	224,693	226,387	228,387	230,362	232,538
Asset Revaluation Reserve	286,085	286,085	286,573	331,466	331,466	331,466	331,466	332,458	404,196	404,196
Other Reserves	411	411	411	411	411	411	411	411	411	411
<b>TOTAL EQUITY</b>	<b>504,373</b>	<b>506,156</b>	<b>508,155</b>	<b>554,265</b>	<b>555,163</b>	<b>556,570</b>	<b>558,264</b>	<b>561,256</b>	<b>634,969</b>	<b>637,145</b>



City of Burnside Long Term Financial Plan 2016/17 ESTIMATED CASH FLOW STATEMENT										
Year Ended 30 June:	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
<u>Receipts</u>										
Rates	36,568	37,475	38,596	39,944	41,735	43,408	44,932	46,504	48,132	49,818
Statutory Charges	1,148	1,172	1,201	1,237	1,274	1,313	1,352	1,392	1,433	1,476
User Charges	1,640	1,666	1,705	1,753	1,806	1,860	1,918	1,976	2,037	2,097
Grants, subsidies, contributions	4,129	4,088	3,836	3,950	4,071	4,191	4,318	4,447	4,581	4,717
Investment Income	27	27	26	26	26	26	26	26	26	25
Reimbursements	270	276	283	292	301	310	319	328	338	348
Other Income	396	404	414	426	438	451	464	478	493	508
Gain - Equity Accounted Council Bus.	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Employee costs	(15,687)	(16,035)	(16,407)	(16,900)	(17,398)	(18,004)	(18,628)	(19,283)	(19,957)	(20,656)
Materials, contracts & other expenses	(17,611)	(18,028)	(18,376)	(19,566)	(20,065)	(20,773)	(21,344)	(22,011)	(22,659)	(22,469)
Finance Costs	(446)	(516)	(558)	(612)	(680)	(693)	(667)	(633)	(602)	(562)
Loss - Equity Accounted Council Bus.	(8)	(12)	(13)	(15)	(17)	(19)	(21)	(23)	(25)	(27)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>10,426</b>	<b>10,517</b>	<b>10,707</b>	<b>10,535</b>	<b>11,491</b>	<b>12,070</b>	<b>12,669</b>	<b>13,201</b>	<b>13,797</b>	<b>15,275</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<u>Receipts</u>										
Amounts Specifically for New/Upgraded Assets	302	193	195	197	199	201	203	205	207	209
Sale of Renewed/Replaced Assets	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Expenditure on Renewal/Replacement of Assets	(9,839)	(9,797)	(10,287)	(10,483)	(10,034)	(10,145)	(10,399)	(11,148)	(11,008)	(11,764)
Expenditure on New/Upgraded Assets	(2,689)	(2,000)	(2,000)	(2,000)	(2,000)	(1,500)	(1,500)	(1,500)	(1,000)	(1,000)
<b>Net Cash Provided by (or used in) Investing Activities</b>	<b>(12,226)</b>	<b>(11,604)</b>	<b>(12,092)</b>	<b>(12,286)</b>	<b>(11,835)</b>	<b>(11,444)</b>	<b>(11,696)</b>	<b>(12,443)</b>	<b>(11,801)</b>	<b>(12,555)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<u>Receipts</u>										
Proceeds from Borrowings	2,176	1,552	1,920	2,372	1,069	165	(144)	104	(1,095)	(1,043)
<u>Payments</u>										
Repayments of Borrowings	(377)	(465)	(535)	(621)	(726)	(791)	(828)	(862)	(901)	(1,677)
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>1,799</b>	<b>1,087</b>	<b>1,385</b>	<b>1,751</b>	<b>344</b>	<b>(626)</b>	<b>(973)</b>	<b>(758)</b>	<b>(1,996)</b>	<b>(2,720)</b>
<b>Net Increase/(Decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Opening cash, cash equivalents or (bank overdraft)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing cash, cash equivalents or (bank overdraft)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

City of Burnside Long Term Financial Plan 2016/17 ESTIMATED STATEMENT OF CHANGES IN EQUITY										
Year Ended 30 June:	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
<b>ACCUMULATED SURPLUS</b>										
Balance at end of previous reporting period	216,211	217,877	219,660	221,171	222,388	223,286	224,693	226,387	228,387	230,362
Net Result for Year	1,666	1,783	1,511	1,217	898	1,407	1,694	2,000	1,975	2,176
<b>Balance at end of period</b>	<b>217,877</b>	<b>219,660</b>	<b>221,171</b>	<b>222,388</b>	<b>223,286</b>	<b>224,693</b>	<b>226,387</b>	<b>228,387</b>	<b>230,362</b>	<b>232,538</b>
<b>ASSET REVALUATION RESERVE</b>										
Land	116,028	116,028	116,028	138,058	138,058	138,058	138,058	138,058	172,767	172,767
Land Improvements	568	568	568	579	579	579	579	579	588	588
Buildings	32,900	32,900	32,900	37,495	37,495	37,495	37,495	37,495	44,551	44,551
Infrastructure	128,419	128,419	128,419	146,483	146,483	146,483	146,483	146,483	176,225	176,225
Plant & Equipment	4,799	4,799	5,287	5,287	5,287	5,287	5,287	6,279	6,279	6,279
Furniture & Fittings	3,371	3,371	3,371	3,564	3,564	3,564	3,564	3,564	3,786	3,786
<b>Balance at end of period</b>	<b>286,085</b>	<b>286,085</b>	<b>286,573</b>	<b>331,466</b>	<b>331,466</b>	<b>331,466</b>	<b>331,466</b>	<b>332,458</b>	<b>404,196</b>	<b>404,196</b>
<b>OTHER RESERVES</b>										
Balance at end of previous reporting period	411	411	411	411	411	411	411	411	411	411
<b>Balance at end of period</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>504,373</b>	<b>506,156</b>	<b>508,155</b>	<b>554,265</b>	<b>555,163</b>	<b>556,570</b>	<b>558,264</b>	<b>561,256</b>	<b>634,969</b>	<b>637,145</b>

City of Burnside Long Term Financial Plan 2016/17 SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS										
Year Ended 30 June:	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
Operating Revenues	44,192	45,138	46,097	47,672	49,702	51,610	53,376	55,201	57,090	59,044
less Operating Expenses	42,858	43,754	44,896	46,956	49,104	50,611	52,091	53,592	55,437	57,381
Operating Surplus/(Deficit) before Capital Amou	1,334	1,384	1,201	716	598	999	1,285	1,609	1,653	1,663
<b>Less: Net Outlays on Existing Assets</b>										
Capital Expenditure on Renewal/Replacement of Ex	9,839	9,797	10,287	10,483	10,034	10,145	10,399	11,148	11,008	11,764
less Depreciation, Amortisation & Impairment	9,021	9,176	9,427	9,789	10,772	11,049	11,300	11,537	12,073	13,552
less Proceeds from Sale of Replaced Assets	30	-	-	-	-	-	-	-	-	-
	788	621	860	694	(738)	(904)	(901)	(389)	(1,065)	(1,788)
<b>Less: Net Outlays on New and Upgraded Assets</b>										
Capital Expenditure on New/Upgraded Assets	2,689	2,000	2,000	2,000	2,000	1,500	1,500	1,500	1,000	1,000
less Amounts Specifically for New/Upgraded Asse	302	193	195	197	199	201	203	205	207	209
less Proceeds from Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-
	2,387	1,807	1,805	1,803	1,801	1,299	1,297	1,295	793	791
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(1,841)</b>	<b>(1,044)</b>	<b>(1,464)</b>	<b>(1,781)</b>	<b>(465)</b>	<b>604</b>	<b>889</b>	<b>703</b>	<b>1,925</b>	<b>2,660</b>
In any one year, the above financing transactions are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.										
Year Ended 30 June: Financing Transactions	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
New Borrowings	2,177	1,552	1,920	2,372	1,069	165	(144)	104	(1,095)	(1,043)
Repayment of Principal on Borrowings	377	465	535	621	726	791	828	862	901	1,677
(Increase)/Decrease in Cash and Cash										
Equivalents	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in Receivables	(14)	(29)	(37)	(44)	(53)	(51)	(48)	(50)	(51)	(55)
Increase/(Decrease) in Payables & Provisions	84	(8)	123	83	185	86	147	122	141	136
Other – Including the Movement in Inventories	(783)	(936)	(1,078)	(1,251)	(1,462)	(1,595)	(1,672)	(1,741)	(1,821)	(3,375)
<b>Financing Transactions</b>	<b>1,841</b>	<b>1,044</b>	<b>1,464</b>	<b>1,781</b>	<b>465</b>	<b>(604)</b>	<b>(889)</b>	<b>(703)</b>	<b>(1,925)</b>	<b>(2,660)</b>
City of Burnside Long Term Financial Plan 2016/17 KEY FINANCIAL INDICATORS										
Year Ended 30 June: Key Financial Indictors	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
Operating Surplus Ratio - %	3.04%	3.08%	2.62%	1.51%	1.22%	1.95%	2.42%	2.93%	2.91%	2.83%
Net Financial Liabilities - \$'000	17,856	18,906	20,377	22,167	22,643	22,052	21,178	20,492	18,586	15,947
Net Financial Liabilities Ratio - %	40%	42%	44%	46%	46%	43%	40%	37%	33%	27%
Debt to Income Ratio - %	30%	32%	34%	37%	36%	33%	30%	28%	24%	18%
Interest Cover Ratio - %	1.02%	1.14%	1.21%	1.28%	1.37%	1.34%	1.25%	1.15%	1.05%	0.95%
Asset Sustainability Ratio - %	110%	107%	109%	106%	91%	90%	90%	95%	90%	90%

## SCENARIO 3 - AVERAGE OF 0% DEBT TO INCOME RATIO OVER 10 YEARS

City of Burnside Long Term Financial Plan 2016/17 ESTIMATED COMPREHENSIVE INCOME STATEMENT										
Year Ended 30 June:	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
<b>INCOME</b>										
Rates	36,577	38,077	39,792	41,583	43,454	45,410	47,454	49,590	51,822	54,154
Statutory Charges	1,148	1,172	1,201	1,237	1,274	1,313	1,352	1,392	1,433	1,476
User Charges	1,644	1,677	1,719	1,770	1,824	1,878	1,936	1,995	2,056	2,118
Grants, subsidies, contributions	4,129	4,089	3,835	3,950	4,069	4,191	4,317	4,447	4,580	4,717
Investment Income	28	28	28	28	28	28	28	28	28	28
Reimbursements	270	276	283	292	301	310	319	328	338	348
Other Income	396	404	414	426	438	451	464	478	493	508
Gain - Equity Accounted Council Bus.	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>44,192</b>	<b>45,723</b>	<b>47,272</b>	<b>49,286</b>	<b>51,388</b>	<b>53,581</b>	<b>55,870</b>	<b>58,258</b>	<b>60,750</b>	<b>63,349</b>
<b>EXPENSES</b>										
Employee costs	15,753	16,069	16,471	16,966	17,476	18,087	18,719	19,375	20,054	20,755
Materials, contracts & other expenses	17,626	17,978	18,416	19,584	20,170	20,777	21,400	22,041	22,702	22,506
Depreciation	9,021	9,176	9,399	9,732	10,681	10,929	11,159	11,374	11,889	13,331
Finance Costs	450	516	497	477	457	435	413	390	366	341
Loss - Joint Ventures	8	6	6	6	6	6	6	6	6	6
<b>Total Expenses</b>	<b>42,858</b>	<b>43,745</b>	<b>44,789</b>	<b>46,765</b>	<b>48,790</b>	<b>50,234</b>	<b>51,697</b>	<b>53,186</b>	<b>55,017</b>	<b>56,939</b>
Operating Surplus/(deficit) Excluding Subsidiaries	1,342	1,984	2,489	2,527	2,604	3,353	4,179	5,078	5,739	6,416
<b>OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>										
(Including subsidiaries)	1,334	1,978	2,483	2,521	2,598	3,347	4,173	5,072	5,733	6,410
Net gain/(loss) on disposal or revaluations	124	206	115	304	101	207	206	186	115	304
Amounts specifically for new assets	302	193	195	197	199	201	203	205	207	209
Physical resources free of charge	-	-	-	-	-	-	-	-	-	-
Net Surplus/(deficit) Excluding Subsidiaries	1,768	2,383	2,799	3,028	2,904	3,761	4,588	5,469	6,061	6,929
<b>NET SURPLUS/(DEFICIT) (including subsidiaries)</b>	<b>1,760</b>	<b>2,377</b>	<b>2,793</b>	<b>3,022</b>	<b>2,898</b>	<b>3,755</b>	<b>4,582</b>	<b>5,463</b>	<b>6,055</b>	<b>6,923</b>
<b>Other Comprehensive Income</b>										
Changes in revaluation surplus - IPP&E	-	-	488	44,550	-	-	-	992	70,202	-
Movements in Other Reserves	-	-	-	-	-	-	-	-	-	-
Impairment (expense) / recoupments offset to asse	-	-	-	-	-	-	-	-	-	-
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>488</b>	<b>44,550</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>992</b>	<b>70,202</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1,760</b>	<b>2,377</b>	<b>3,281</b>	<b>47,572</b>	<b>2,898</b>	<b>3,755</b>	<b>4,582</b>	<b>6,455</b>	<b>76,257</b>	<b>6,923</b>

City of Burnside Long Term Financial Plan 2016/17 ESTIMATED BALANCE SHEET										
Year Ended 30 June:	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash & Equivalent Assets	-	1,031	2,404	3,889	6,931	10,735	15,378	20,335	26,601	33,404
Trade & Other Receivables	1,459	1,499	1,547	1,599	1,653	1,709	1,767	1,827	1,889	1,956
Inventories	26	26	26	26	26	26	26	26	26	26
<b>Total Current Assets</b>	<b>1,485</b>	<b>2,556</b>	<b>3,977</b>	<b>5,514</b>	<b>8,610</b>	<b>12,470</b>	<b>17,171</b>	<b>22,188</b>	<b>28,516</b>	<b>35,386</b>
<b>Non-Current Assets</b>										
Other Financial Assets	25	25	25	25	25	25	25	25	25	25
Equity Accounted Investments in Council Business	178	90	97	106	117	130	145	162	181	202
Infrastructure, Property, Plant & Equipment	524,179	525,100	526,591	572,196	571,650	571,073	570,519	571,471	640,907	639,644
<b>Total Non-Current Assets</b>	<b>524,382</b>	<b>525,215</b>	<b>526,713</b>	<b>572,327</b>	<b>571,792</b>	<b>571,228</b>	<b>570,689</b>	<b>571,658</b>	<b>641,113</b>	<b>639,871</b>
<b>Total Assets</b>	<b>525,867</b>	<b>527,771</b>	<b>530,690</b>	<b>577,841</b>	<b>580,402</b>	<b>583,698</b>	<b>587,860</b>	<b>593,846</b>	<b>669,629</b>	<b>675,257</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Trade & Other Payables	3,931	3,887	3,948	3,964	4,078	4,081	4,139	4,170	4,216	4,255
Borrowings	465	484	503	524	545	567	591	615	1,431	720
Provisions	1,814	1,837	1,869	1,905	1,946	1,990	2,040	2,089	2,142	2,194
Other Current Liabilities	35	35	35	35	35	35	35	35	35	35
<b>Total Current Liabilities</b>	<b>6,245</b>	<b>6,243</b>	<b>6,355</b>	<b>6,428</b>	<b>6,604</b>	<b>6,673</b>	<b>6,805</b>	<b>6,909</b>	<b>7,824</b>	<b>7,204</b>
<b>Non-Current Liabilities</b>										
Borrowings	12,741	12,257	11,754	11,230	10,685	10,118	9,527	8,912	7,481	6,761
Provisions	355	368	397	427	459	498	537	579	621	666
Other Non-Current Liabilities	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153
<b>Total Non-Current Liabilities</b>	<b>15,249</b>	<b>14,778</b>	<b>14,304</b>	<b>13,810</b>	<b>13,297</b>	<b>12,769</b>	<b>12,217</b>	<b>11,644</b>	<b>10,255</b>	<b>9,580</b>
<b>Total Liabilities</b>	<b>21,494</b>	<b>21,021</b>	<b>20,659</b>	<b>20,238</b>	<b>19,901</b>	<b>19,442</b>	<b>19,022</b>	<b>18,553</b>	<b>18,079</b>	<b>16,784</b>
<b>NET ASSETS</b>	<b>504,373</b>	<b>506,750</b>	<b>510,031</b>	<b>557,603</b>	<b>560,501</b>	<b>564,256</b>	<b>568,838</b>	<b>575,293</b>	<b>651,550</b>	<b>658,473</b>
<b>EQUITY</b>										
Accumulated Surplus	217,877	220,254	223,047	226,069	228,967	232,722	237,304	242,767	248,822	255,745
Asset Revaluation Reserve	286,085	286,085	286,573	331,123	331,123	331,123	331,123	332,115	402,317	402,317
Other Reserves	411	411	411	411	411	411	411	411	411	411
<b>TOTAL EQUITY</b>	<b>504,373</b>	<b>506,750</b>	<b>510,031</b>	<b>557,603</b>	<b>560,501</b>	<b>564,256</b>	<b>568,838</b>	<b>575,293</b>	<b>651,550</b>	<b>658,473</b>

City of Burnside Long Term Financial Plan 2016/17 ESTIMATED CASH FLOW STATEMENT										
Year Ended 30 June:	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
<u>Receipts</u>										
Rates	36,568	38,049	39,760	41,550	43,420	45,374	47,416	49,551	51,781	54,111
Statutory Charges	1,148	1,172	1,201	1,237	1,274	1,313	1,352	1,392	1,433	1,476
User Charges	1,640	1,666	1,705	1,753	1,806	1,860	1,918	1,976	2,037	2,097
Grants, subsidies, contributions	4,129	4,088	3,836	3,950	4,071	4,191	4,318	4,447	4,581	4,717
Investment Income	27	27	26	26	26	26	26	26	26	25
Reimbursements	270	276	283	292	301	310	319	328	338	348
Other Income	396	404	414	426	438	451	464	478	493	508
Gain - Equity Accounted Council Bus.	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Employee costs	(15,687)	(16,035)	(16,407)	(16,900)	(17,398)	(18,004)	(18,628)	(19,283)	(19,957)	(20,656)
Materials, contracts & other expenses	(17,611)	(18,019)	(18,359)	(19,567)	(20,063)	(20,773)	(21,344)	(22,011)	(22,659)	(22,469)
Finance Costs	(446)	(516)	(497)	(477)	(457)	(435)	(413)	(390)	(366)	(341)
Loss - Equity Accounted Council Bus.	(8)	(12)	(13)	(15)	(17)	(19)	(21)	(23)	(25)	(27)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>10,426</b>	<b>11,100</b>	<b>11,949</b>	<b>12,275</b>	<b>13,401</b>	<b>14,294</b>	<b>15,407</b>	<b>16,491</b>	<b>17,682</b>	<b>19,789</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<u>Receipts</u>										
Amounts Specifically for New/Upgraded Assets	302	193	195	197	199	201	203	205	207	209
Sale of Renewed/Replaced Assets	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Expenditure on Renewal/Replacement of Assets	(9,839)	(9,797)	(10,287)	(10,483)	(10,034)	(10,145)	(10,399)	(11,148)	(11,008)	(11,764)
Expenditure on New/Upgraded Assets	(2,689)	-	-	-	-	-	-	-	-	-
<b>Net Cash Provided by (or used in) Investing Activities</b>	<b>(12,226)</b>	<b>(9,604)</b>	<b>(10,092)</b>	<b>(10,286)</b>	<b>(9,835)</b>	<b>(9,944)</b>	<b>(10,196)</b>	<b>(10,943)</b>	<b>(10,801)</b>	<b>(11,555)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<u>Receipts</u>										
Proceeds from Borrowings	2,176	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Repayments of Borrowings	(377)	(465)	(484)	(503)	(524)	(545)	(567)	(591)	(615)	(1,431)
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>1,799</b>	<b>(465)</b>	<b>(484)</b>	<b>(503)</b>	<b>(524)</b>	<b>(545)</b>	<b>(567)</b>	<b>(591)</b>	<b>(615)</b>	<b>(1,431)</b>
<b>Net Increase/(Decrease) in cash held</b>	<b>-</b>	<b>1,031</b>	<b>1,373</b>	<b>1,485</b>	<b>3,042</b>	<b>3,804</b>	<b>4,643</b>	<b>4,957</b>	<b>6,266</b>	<b>6,803</b>
<b>Opening cash, cash equivalents or (bank overdraft)</b>	<b>-</b>	<b>-</b>	<b>1,031</b>	<b>2,404</b>	<b>3,889</b>	<b>6,931</b>	<b>10,735</b>	<b>15,378</b>	<b>20,335</b>	<b>26,601</b>
<b>Closing cash, cash equivalents or (bank overdraft)</b>	<b>-</b>	<b>1,031</b>	<b>2,404</b>	<b>3,889</b>	<b>6,931</b>	<b>10,735</b>	<b>15,378</b>	<b>20,335</b>	<b>26,601</b>	<b>33,404</b>



City of Burnside Long Term Financial Plan 2016/17 ESTIMATED STATEMENT OF CHANGES IN EQUITY										
Year Ended 30 June:	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
<b>ACCUMULATED SURPLUS</b>										
Balance at end of previous reporting period	216,211	217,877	220,254	223,047	226,069	228,967	232,722	237,304	242,767	248,822
Net Result for Year	1,666	2,377	2,793	3,022	2,898	3,755	4,582	5,463	6,055	6,923
<b>Balance at end of period</b>	<b>217,877</b>	<b>220,254</b>	<b>223,047</b>	<b>226,069</b>	<b>228,967</b>	<b>232,722</b>	<b>237,304</b>	<b>242,767</b>	<b>248,822</b>	<b>255,745</b>
<b>ASSET REVALUATION RESERVE</b>										
Land	116,028	116,028	116,028	138,058	138,058	138,058	138,058	138,058	172,767	172,767
Land Improvements	568	568	568	579	579	579	579	579	588	588
Buildings	32,900	32,900	32,900	37,495	37,495	37,495	37,495	37,495	44,551	44,551
Infrastructure	128,419	128,419	128,419	146,140	146,140	146,140	146,140	146,140	174,346	174,346
Plant & Equipment	4,799	4,799	5,287	5,287	5,287	5,287	5,287	6,279	6,279	6,279
Furniture & Fittings	3,371	3,371	3,371	3,564	3,564	3,564	3,564	3,564	3,786	3,786
<b>Balance at end of period</b>	<b>286,085</b>	<b>286,085</b>	<b>286,573</b>	<b>331,123</b>	<b>331,123</b>	<b>331,123</b>	<b>331,123</b>	<b>332,115</b>	<b>402,317</b>	<b>402,317</b>
<b>OTHER RESERVES</b>										
Balance at end of previous reporting period	411	411	411	411	411	411	411	411	411	411
<b>Balance at end of period</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>504,373</b>	<b>506,750</b>	<b>510,031</b>	<b>557,603</b>	<b>560,501</b>	<b>564,256</b>	<b>568,838</b>	<b>575,293</b>	<b>651,550</b>	<b>658,473</b>

City of Burnside Long Term Financial Plan 2016/17 SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS										
Year Ended 30 June:	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
Operating Revenues	44,192	45,723	47,272	49,286	51,388	53,581	55,870	58,258	60,750	63,349
less Operating Expenses	42,858	43,745	44,789	46,765	48,790	50,234	51,697	53,186	55,017	56,939
<b>Operating Surplus/(Deficit) before Capital Amou</b>	<b>1,334</b>	<b>1,978</b>	<b>2,483</b>	<b>2,521</b>	<b>2,598</b>	<b>3,347</b>	<b>4,173</b>	<b>5,072</b>	<b>5,733</b>	<b>6,410</b>
<b>Less: Net Outlays on Existing Assets</b>										
Capital Expenditure on Renewal/Replacement of E	9,839	9,797	10,287	10,483	10,034	10,145	10,399	11,148	11,008	11,764
less Depreciation, Amortisation & Impairment	9,021	9,176	9,399	9,732	10,681	10,929	11,159	11,374	11,889	13,331
less Proceeds from Sale of Replaced Assets	30	-	-	-	-	-	-	-	-	-
	<b>788</b>	<b>621</b>	<b>888</b>	<b>751</b>	<b>(647)</b>	<b>(784)</b>	<b>(760)</b>	<b>(226)</b>	<b>(881)</b>	<b>(1,567)</b>
<b>Less: Net Outlays on New and Upgraded Assets</b>										
Capital Expenditure on New/Upgraded Assets	2,689	-	-	-	-	-	-	-	-	-
less Amounts Specifically for New/Upgraded Ass	302	193	195	197	199	201	203	205	207	209
less Proceeds from Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-
	<b>2,387</b>	<b>(193)</b>	<b>(195)</b>	<b>(197)</b>	<b>(199)</b>	<b>(201)</b>	<b>(203)</b>	<b>(205)</b>	<b>(207)</b>	<b>(209)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(1,841)</b>	<b>1,550</b>	<b>1,790</b>	<b>1,967</b>	<b>3,444</b>	<b>4,332</b>	<b>5,136</b>	<b>5,503</b>	<b>6,821</b>	<b>8,186</b>
In any one year, the above financing transactions are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.										
Year Ended 30 June: Financing Transactions	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
New Borrowings	2,177	-	-	-	-	-	-	-	-	-
Repayment of Principal on Borrowings	377	465	484	503	524	545	567	591	615	1,431
(Increase)/Decrease in Cash and Cash Equivalents	-	(1,031)	(1,373)	(1,485)	(3,042)	(3,804)	(4,643)	(4,957)	(6,266)	(6,803)
(Increase)/Decrease in Receivables	(14)	(40)	(48)	(52)	(54)	(56)	(58)	(60)	(62)	(67)
Increase/(Decrease) in Payables & Provisions	84	(8)	122	82	187	86	147	122	141	136
Other – Including the Movement in Inventories	(783)	(936)	(975)	(1,015)	(1,059)	(1,103)	(1,149)	(1,199)	(1,249)	(2,883)
<b>Financing Transactions</b>	<b>1,841</b>	<b>(1,550)</b>	<b>(1,790)</b>	<b>(1,967)</b>	<b>(3,444)</b>	<b>(4,332)</b>	<b>(5,136)</b>	<b>(5,503)</b>	<b>(6,821)</b>	<b>(8,186)</b>

City of Burnside Long Term Financial Plan 2016/17 KEY FINANCIAL INDICATORS										
Year Ended 30 June: Key Financial Indictors	2017 Plan Year 1 \$(000)	2018 Plan Year 2 \$(000)	2019 Plan Year 3 \$(000)	2020 Plan Year 4 \$(000)	2021 Plan Year 5 \$(000)	2022 Plan Year 6 \$(000)	2023 Plan Year 7 \$(000)	2024 Plan Year 8 \$(000)	2025 Plan Year 9 \$(000)	2026 Plan Year 10 \$(000)
Operating Surplus Ratio - %	3.04%	4.34%	5.27%	5.13%	5.07%	6.26%	7.48%	8.72%	9.45%	10.13%
Net Financial Liabilities - \$'000	17,856	16,312	14,529	12,571	9,138	4,819	(302)	(5,788)	(12,590)	(20,755)
Net Financial Liabilities Ratio - %	40%	36%	31%	26%	18%	9%	-1%	-10%	-21%	-33%
Debt to Income Ratio - %	30%	26%	21%	16%	8%	0%	-9%	-19%	-29%	-41%
Interest Cover Ratio - %	1.02%	1.13%	1.05%	0.97%	0.89%	0.81%	0.74%	0.67%	0.60%	0.54%
Asset Sustainability Ratio - %	110%	107%	109%	106%	91%	90%	90%	95%	90%	90%

**Item No:** 5.4  
**To:** Audit Committee  
**Date:** 17 October 2016  
**Author:** Karishma Dutta – Manager, Finance and Procurement  
**General Manager and Division:** Martin Cooper – General Manager, Corporate Services  
**Contact:** 8366 4202  
**Subject:** EASTERN REGIONAL ALLIANCE WATER – 2016/17 DRAFT ANNUAL BUSINESS PLAN AND BUDGET (OPERATIONAL)  
**Attachments:** A. 2016/17 Draft Annual Business Plan and Budget  
B. Draft Annual Budget 2016-17  
**Prev. Resolution:** Nil

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### Officer's Recommendation

1. That the Report be received.
  2. That the Audit Committee recommends the 2016/17 draft Eastern Region Alliance Water Annual Business Plan and Budget to Council for adoption.
- 

### Purpose

1. To provide the Audit Committee with the 2016/17 draft Eastern Region Alliance Water Annual Business Plan and Budget for consideration, prior to it being re-presented to Council for adoption.

### Strategic Plan

2. The following Strategic Plan provision is relevant:

*"Sustainable use of natural resources, and minimisation of waste to address climate change"*

*"Cost-effective, leading edge technologies that deliver efficient council services to benefit the community"*

*"A financially sound Council that is accountable, responsible and sustainable"*

*"An empowered Council and Administration that is visionary and innovative in meeting community needs"*

### Communications/Consultation

3. Communication between the ERA Water Board; the Acting General Manager, ERA Water; the Manager Finance, Town of Walkerville; the Principal, Wallbridge and Gilbert; and Council Administration (CEO, General Manager Corporate Services and Manager Finance and Procurement).

**Statutory**

4. The following legislation is relevant in this instance:

*Local Government Act 1999*

**24—Business plans**

- (1) A regional subsidiary must, in consultation with the constituent councils, prepare and adopt a business plan.*
- (2) A subsidiary and the constituent councils must ensure that the first business plan of the subsidiary is prepared within six months after the subsidiary is established.*
- (3) A business plan of a subsidiary continues in force for the period specified in the plan or until the earlier adoption by the subsidiary of a new business plan.*
- (4) A subsidiary must, in consultation with the constituent councils, review its business plan on an annual basis.*
- (5) A subsidiary may, after consultation with the constituent councils, amend its business plan at any time.*
- (6) A business plan must set out or include—*
- (a) the performance targets that the subsidiary is to pursue; and*
  - (b) a statement of the financial and other resources, and internal processes, that will be required to achieve the subsidiary's performance targets; and*
  - (c) the performance measures that are to be used to monitor and assess performance against targets. Pursuant to Section 243 of the Local Government Act 1999 Councils and Subsidiaries are required to have an Annual Business Plan and Annual Budget for each financial year.*

**25—Budget**

- (1) A regional subsidiary must have a budget for each financial year.*
- (2) Each budget of a subsidiary—*
- (a) must deal with each principal activity of the subsidiary on a separate basis;*
  - (b) must be consistent with its business plan; and*
  - (c) must comply with standards and principles prescribed by the regulations; and*
  - (d) must be adopted after 31 May for the ensuing financial year, and before a date fixed by the constituent councils; and*
  - (e) must be provided to the constituent councils in accordance with the regulations.*
- (3) A subsidiary may, with the approval of the constituent councils, amend its budget for a financial year at any time before the year ends.*
- (4) A subsidiary may incur, for a purpose of genuine emergency or hardship, spending*

*that is not authorised by its budget.*

*(5) A subsidiary may, in a financial year, after consultation with the constituent councils, incur spending before adoption of its budget for the year, but the spending must be provided for in the appropriate budget for the year.*

## **Policy**

5. The following Council Policies is relevant in this instance:

*Water Sensitive Urban Design*

*Watercourse Management Policy*

## **Risk Assessment**

6. The ERA Water Charter requires the draft Annual Business Plan be approved by constituent Councils. Failure to approve the Annual Business Plan will result in the organisation spending funds without reference to an approved budget.
7. The prudential report provided a fulsome summary of the range of risks associated with this venture, however the principal risks are:
- 7.1 ensuring all permits, licences and approvals (including DAs) are in place and received in a timely manner, so as not to hold up the project;
  - 7.2 third party customer contracts are negotiated and in place;
  - 7.3 hitting rock whilst directional boring. The project also assumes that 10 per cent of ground tunnelled through will be rock. Tunnelling through rock is slow and three times the cost of other materials and the degree of rock encountered is a latent condition. To date the percentage of rock encountered is 8 per cent. There is a risk that if rock encountered is more than 10 per cent, the costs might increase; and
  - 7.4 once in the operational phase, ensuring a minimum of the budgeted volume of water is sold to parties outside the participating Councils.

## **Finance**

8. City of Burnside will use equity accounting in line with AASB 128, *Investments in Associates and Joint Ventures*. Under the equity method, the investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

## **Discussion**

### **Background**

9. ERA Water is a regional subsidiary established pursuant to the *Local Government Act 1999* and came into operation in July 2015. The constituent Councils are:
- 9.1 Corporation of the Town of Walkerville;



- 9.2 City of Burnside; and
- 9.3 City of Norwood Payneham & St Peters.
10. ERA Water has been established to capture stormwater, clean it in wetlands and bio filter beds, disinfect and store in aquifers for subsequent delivery to customers. The water is non potable and must meet EPA and SA Health standards. The storage of water in aquifers must comply with the Water Allocation Plan for the area and the *Environmental Health Act*.
11. The area covered by ERA Water encompasses the three constituent Councils and parts of Port Adelaide Enfield, Prospect and Campbelltown Councils, as well as including schools and other identified customers.
12. ERA Water has acquired an approved licence to supply water from ESCOSA, which is the independent technical and financial regulator.
13. The ERA Water project budget has been estimated at being \$21.6 million and comprises of:
- \$7.6 m from the Commonwealth Government
  - \$2.0 m from the Adelaide and Mount Lofty Ranges Natural Resources Management Board ; and
  - \$12.0 m from ERA Councils (through a loan from the Local Government Finance Authority).
14. The draft 2016/17 Annual Business Plan and Budget has been adopted by the other two constituent Councils with the Town of Walkerville adopting on 18 July 2016, and the City of Norwood, Payneham & St Peters adopting on 1 August 2016.
15. The draft 2016/17 Annual Business Plan and Budget was first presented to Council at its 12 July 2016 meeting where it resolved in part (C10737):
3. *That Council does not approve the 2015/2016 and 2016/2017 Draft Annual Business Plan and Budget and seeks further work to include as performance measures in the plan document to reflect:*
- 3.1. *Practical completion of the Stage 2 capital project within the budget of \$21.6 million.*
- 3.2. *Quarterly reports to Member Councils specifically addressing the operational and financial progress of the capital project, progress on securing sales to third parties and managing other major risks identified in the BRM Holdich reports provided to Council.*
- 3.3. *Adherence to the delivery of all financial reports and budgets in accordance with the Charter.*
16. ERA Water thereafter incorporated the performance measures and provided an amended 2016/17 Draft Annual Business Plan and Budget (refer Attachment A and B) which was presented at the 23 August 2016 Council meeting where Council resolved in part (C10791):

4. *That the 2016/17 ERA Annual Business Plan and Budget be referred to the Audit Committee for consideration and any recommendation back to Council.*
17. The draft 2016/17 ERA Water Annual Business Plan and Budget have been included as Attachments A and B respectively and it is important to note that the reference to 'Table 1' within the Plan is referring to the draft Annual Budget 2016-17 (Attachment B).
18. The attached draft 2016/17 ERA Water Annual Business Plan and Budget:
  - 18.1 describes the project;
  - 18.2 defines the entity which will administer its design, construction and operation;
  - 18.3 defines the objectives of ERA Water;
  - 18.4 provides an overview of the detail of the project;
  - 18.5 outlines the funding of the project construction and budget;
  - 18.6 gives a timeline of the project; and
  - 18.7 outlines the communications strategy.
19. The attached draft 2016/17 ERA Water Annual Business Plan and Budget also includes the following key performance measures:
  - 19.1 to complete the construction of the pipe network, which includes the connection to a water main purchased by ERA Water from SA Water along North East Road and Lyons Road;
  - 19.2 to complete the construction of the electrical mechanical electronic network;
  - 19.3 to complete the construction of the civil works and the landscaping program;
  - 19.4 to have the pricing policy approved to enable contract negotiations to commence with customers and ensure the forward financial position of ERA water remains viable;
  - 19.5 to have the sales agreements with constituent Councils and DECS signed off;
  - 19.6 to have 50 per cent of the sales agreements with Port Adelaide Enfield, Campbell town and Prospect Councils signed off;
  - 19.7 to have the operating procedures for electronic management system be approved by the Constituent Councils technical staff;
  - 19.8 that the practical completion of the capital project is to be achieved within the budget of \$21.6m;
  - 19.9 that ERA Water will provide to the Constituent Councils reports on the operational and financial progress of the capital project progress on securing sales to third parties and managing other major risks identified in the BRM Holdich report;

- 19.10 that ERA Water will deliver to the constituent Councils all financial reports and budgets in accordance with the Charter;
20. The ERA Water Long Term Financial Plan is currently being reviewed. City of Burnside have engaged BRM Holdich to perform a comparison of ERA Water's Long Term Financial Plan against the initial BRM Holdich Prudential report. Once completed, it will be presented to Council for endorsement.

*Conclusion*

21. The Administration recommends that Audit Committee consider the draft 2016/17 Annual Business Plan and Budget and provide its recommendation to Council.

### 2016/17 DRAFT ANNUAL BUSINESS PLAN & BUDGET



# ERA WATER

## Introduction

In 2011, the Eastern Regional Alliance (ERA) was successful in obtaining Commonwealth funding to proceed with the ERA Storm water harvesting and Reuse Feasibility Study. This study further developed the ERA Storm water Harvesting Scheme which was undertaken by the participating ERA Councils as a submission for funding under the National Urban Water and Desalination Plan. The feasibility study involved:

- Undertaking hydrogeological drilling and testing of proposed ASR (Aquifer Storage & Recovery) sites to understand if the underlying hydrological conditions suit ASR.
- Site investigations included reviewing the available space to construct the treatment facilities and drilling some test bores to prove aquifer presence and capacity.
- Consideration of the impact on public open space and adjacent residents.
- Detailed financial analysis and costing.
- Analysis of three viable scheme options.

The resulting project budget has been estimated to cost \$21.6.million, with a cost share of:

- Commonwealth Government: \$7.6 million ( Stage 2 Contribution )
- ERA Councils: \$12.0 million
- Adelaide and Mount Lofty Ranges Natural Resources Management Board: \$2 million

## Overview

Waterproofing Eastern Adelaide is being delivered by ERA Water on behalf the Town of Walkerville (ToW), City of Norwood, Payneham & St Peters (NPSP) and the City of Burnside (CoB). These Councils have been directly involved in the planning and delivery of the project.

**The Waterproofing Eastern Adelaide project is supported through funding from the Australian Government's National Urban Water and Desalination Plan, and the Adelaide and Mount Lofty Ranges Natural Resources Management Board, which assisted the Councils in the initial stages and continues to be an integral contributor of the three councils.**

These Councils have been working together since 2009 to plan and now implement the Waterproofing Eastern Adelaide, with a leading team of hydrogeologists, civil engineers, urban designers and other experts who have identified opportunity to harvest, store, filter and reuse stormwater in the eastern suburbs.

# ERA WATER

The Waterproofing Eastern Adelaide project involves the establishment of wetlands, aquifer recharge and recovery pipeline installations and water storage facilities. The Councils will work with the community to ensure that the Project also provides amenity improvements and educational opportunities, whilst at the same time providing irrigation to schools and reserves.

## Purpose

The purpose of this draft business plan is to:

- describe the project
- define the entity which will administer its design and construction and operation
- define the objectives of ERA Water
- provide an overview of the detail of the project
- outline the funding of the project construction and budget
- give a timeline of the project
- Outline the communications strategy.

## Preamble

Pursuant to Section 1243 of the *Local Government Act 1999* Councils and Subsidiaries Are required to have an Annual Business Plan and Annual Budget for each financial year.

The annual Budget must be considered in conjunction with a subsidiaries Annual Business Plan (and be consistent with that plan) and must be adopted before the 31st of August of each financial year. In the case of subsidiaries the business plan of the subsidiary must be received by the respective councils and endorsed.

ERA water has prepared a draft Annual Business Plan & Budget to ensure best practise is observed and the financial sustainability of the subsidiary is reflected in the plan.

The draft Annual Business Plan & Budget Plan was presented ERA board of management for adoption in March of 2016.and the board members gave consideration to the detail of the draft



# ERA WATER

## About ERA water

ERA Water is a Regional Subsidiary established pursuant to the *Local Government Act 1999*. Section 43 provides for two or more councils (known as Constituent Councils) to establish a regional subsidiary to perform a function of the councils in a joint service delivery arrangement. The function performed is as described in the ERA Water Regional Subsidiary Charter as approved by the Minister of Local Government.

The ERA Water constituent councils are;

- Corporation of the Town of Walkerville ( Walkerville )
- City of Norwood Payneham and St Peters ( NPSP )
- City of Burnside ( Burnside )

The area covered by ERA Water encompasses the three Constituent Councils and parts of Port Adelaide Enfield, Prospect, and Campbelltown and Tea Tree Gully Councils, and may include other areas determined by the board.

ERA Water has been established to capture stormwater, clean it in wetlands and bio filter beds and disinfect the water before its delivery to customers or stored in aquifers for subsequent delivery to customers in a fit for purpose quality.

The type of water delivered is non potable water but must meet EPA and Health authority standards. The storage of water in aquifers must comply with the Water Allocation Plan for the area and the Environmental Health Act.

ERA Water has an approved licence to supply water which has been approved by Essential Services Commission of South Australia (ESCOSA) the independent technical and financial regulator.

## Objectives of the ERA Water project

The objectives of the project are articulated in the feasibility analysis and the contract with the Commonwealth Government and the Adelaide and Mount Lofty Natural Resources Board ( AMLNR )

They are as follows:

# ERA WATER

1. Offsetting the participating Council's potable water demands and supplying this water through a linking distribution main for potentially both industrial and domestic demands.
2. Harvesting, treating, storage and distribution of treated non potable stormwater within the constituent Councils.
3. Deliver a technically sound waterproofing solution with a high delivery certainty to meet the project outcomes.
4. To be environmentally friendly and to minimise the amount of harm to the environment during construction.
5. To deliver an energy efficient system.
6. To use Green Energy (the project must be delivered in a way which implements a carbon omissions offset strategy for the life of the assets created as part of the Project).
7. To demonstrate value for money.
8. To deliver the project on time in accordance with the Project Milestones and agreed Contract Program.

The Project includes the following key technical aspects:

- construction of a Water Catchment facility at Felixtow Reserve at the outlet to 4<sup>th</sup> creek to the River Torrens
- construction of a Water Catchment facility in Drage Reserve at the outlet of 3<sup>rd</sup> creek at the River Torrens
- construction of a water treatment facilities on Felixtow Reserve in the form of open surface wetlands and biofilters with a pump station
- construction of Biofilters and Pump stations at Hamilton Park Reserve
- construction of pump stations at Drage Reserve
- construction of two injection bores at Marden Reserve, with primary treatment systems delivery storage tanks and delivery pump systems
- construction of approximately 42 km of heat welded directionally bored pipe network as the trunk main in accordance with the attached plan
- connect to schools in the area
- connect to Council reserves of the Constituent Councils identified in the network
- connect to schools and reserves and private customers in accordance with negotiated contracts by delivery from a pipe purchased from SA Water which extends from Hope Valley to Park Tce, Medindie.

# ERA WATER

The Town of Walkerville on behalf of the Constituent Councils has called tenders for the construction of the Pipe Network, and Electrical Mechanical and Electronic system as an ECI contract. The Project Steering Group has approved the appointment of a Pipe Network and Electrical Mechanical contractors to construct the pipe network as a Design and Construct schedule of rates contract and a lump sum contract for the Electrical Mechanical construction. These contracts have been novated to ERA Water Regional Subsidiary and the contract has been let by ERA Water in accordance with the approved ERA Water / Walkerville /commonwealth budget.

The civil engineering and landscaping contract to construct the Wetlands and Bio Filters is anticipated to be tendered and let in September 2016.

## Performance measures

The priorities for the 2015/ 2016 and 2016/2017 financial years is as follows:

- to complete the construction of the pipe network, which includes the connection to a water main purchased by ERA water from SA Water along North East Road and Lyons Road
- To complete the construction of the electrical mechanical electronic network.
- to complete the construction of the civil works and the landscaping program
- To have the pricing policy approved to enable contract negotiations to commence with customers and ensure the forward financial position of era water remains viable.
- to have the sales agreements with Constituent Councils and DECS signed off
- to have 50% of the sales agreements with Port Adelaide Enfield, Campbell town and Prospect Councils signed off
- To have the operating procedures for electronic management system be approved by the Constituent Councils technical staff.
- That the practical completion of the capital project is to be achieved within the budget of \$21.6mill
- That ERA Water will provide to the constituent councils reports on the operational and financial progress of the capital project progress on securing sales to third parties and managing other major risks identified in the BRM Holdich report
- Deliver to the constituent councils all financial reports and budgets in accordance with the charter

# ERA WATER

## Funding the business plan and budget

The Business Plan is to be funded from three sources:

- grant of \$ 7.6 million from the Commonwealth Government for stage 2
- grant of \$2.00 million from the Adelaide and Mount Lofty Ranges Natural Resource Management authority
- borrowings of \$12.0 mill from the Local Government Finance Authority

Repayment of the operating costs will result from income received from the sale of water. The principle customers are Constituent Councils, four adjoining councils and schools.

## Budget

The budget of the project is attached in table 1.

The income for the capital components of the project is as detailed in the budget is summarized below.

- Commonwealth contribution of \$7.6 million under the National Urban Water and Desalination Plan contracted to Walkerville Council for the ERA Water project. Stage 2
- The catchment board funding from AMLNR of \$.5 million plus \$1.5million and interest carried forward from 2014//2015. and 2015/2016
- A contract between Walkerville Council and ERA Water for the transfer of the funds has been signed between ERA Water and the Town of Walkerville
- Borrowings by ERA Water of \$ 12.00 Million from the LGFA

## Communication

The process of communication is described in the “Communication Plan” (as amended) and provides for communication and consultation at various levels, and with a range of stakeholders as described below.

- communication with the whole of the community through the press and by direct letter delivery
- communication with the stakeholders through the Project Steering Group
- communication with the Constituent Councils and the Mayors
- communication with the residents effected by the construction process
- communication with customers

# ERA WATER



- Communication with funding partners.

The communication plan describes the philosophical underpinning of the communication strategy and the techniques to be adopted.

## Project Protocols

The Project Protocols approved by the Board describes the relative responsibilities of each of the parties to the project and the governance principals of the parties.

The contractual relationship between the Town of Walkerville and ERA Water describes the communication and reporting relationship between the two principals.

ERA Water DRAFT Annual Budget 2016-17 ESTIMATED COMPREHENSIVE INCOME STATEMENT		
Year Ended 30 June:	2015-16 Forecast Actuals \$(000)	2016-17 Draft Budget \$(000)
Total Revenues	0	0
Total Expenses	0	0
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	0	0
Interest Income	50	32
Amounts specifically for new assets	7,000	2,600
<b>NET SURPLUS/(DEFICIT)</b>	<b>7,050</b>	<b>2,632</b>
Total Other Comprehensive Income	0	0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>7,050</b>	<b>2,632</b>



**ERA Water**  
**DRAFT Annual Budget 2016-17**  
**ESTIMATED BALANCE SHEET**

Year Ended 30 June:		2016 Forecast \$(000)	2017 Plan Year 1 \$(000)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Equivalent Assets		5,897	100
<b>Total Current Assets</b>		5,897	100
<b>Non-Current Assets</b>			
Infrastructure, Property, Plant & Equipment **		4,600	23,492
<b>Total Non-Current Assets</b>		4,600	23,492
<b>Total Assets</b>		<b>10,497</b>	<b>23,592</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables		1,530	0
Provisions		17	10
	Sub-total	1,547	10
Liabilities Relating to Non-Current Assets held for sale		0	0
<b>Total Current Liabilities</b>		<b>1,547</b>	<b>10</b>
<b>Non-Current Liabilities</b>			
Borrowings		0	12,000
<b>Total Non-Current Liabilities</b>		<b>0</b>	<b>12,000</b>
<b>Total Liabilities</b>		<b>1,547</b>	<b>12,010</b>
<b>NET ASSETS</b>		<b>8,950</b>	<b>11,582</b>
<b>EQUITY</b>			
Accumulated Surplus		8,950	11,582
<b>TOTAL EQUITY</b>		<b>8,950</b>	<b>11,582</b>

**\*\* Please note that the total expenditure of \$23.492m shown above includes \$1.9m for Stage 1 and \$21.592m for Stage 2**

**ERA Water**  
**DRAFT Annual Budget 2016-17**  
**ESTIMATED CASH FLOW STATEMENT**

Year Ended 30 June:	2016 Forecast \$(000)	2017 Plan Year 1 \$(000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<u>Receipts</u>		
Amounts Specifically for New/Upgraded Assets	7,000	2,600
Interest Income	50	32
<u>Payments</u>		
Movement in Provision	17	(7)
Expenditure on New/Upgraded Assets	(1,170)	(20,422)
<b>Net Cash Provided by (or used in) Investing Activities</b>	<b>5,897</b>	<b>(17,797)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<u>Receipts</u>		
Proceeds from Borrowings	0	12,000
<u>Payments</u>		
Repayments of Borrowings	0	0
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>0</b>	<b>12,000</b>
<b>Net Increase/(Decrease) in cash held</b>	<b>5,897</b>	<b>(5,797)</b>
<b>Opening cash, cash equivalents or (bank overdraft)</b>	<b>0</b>	<b>5,897</b>
<b>Closing cash, cash equivalents or (bank overdraft)</b>	<b>5,897</b>	<b>100</b>

ERA Water DRAFT Annual Budget 2016-17 ESTIMATED STATEMENT OF CHANGES IN EQUITY		
Year Ended 30 June:	2016 Forecast \$(000)	2017 Plan Year 1 \$(000)
<b>ACCUMULATED SURPLUS</b>		
Balance at end of previous reporting period	1,900	8,950
Net Result for Year	7,050	2,632
<b>Balance at end of period</b>	<b>8,950</b>	<b>11,582</b>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>8,950</b>	<b>11,582</b>

## AUDIT COMMITTEE FORWARD AGENDA OCTOBER 2016

	Special						Special						2016-17						
	Jun-14	Sep-14	Nov-14	Feb-15	Apr-15	Apr-15	Jul-15	Sep-15	Nov-15	Nov-15	Feb-16	Apr-16	Jun-16	Aug-16	Oct-16	Nov-16	Feb-17	Apr-17	Jun-17
ANNUAL BUSINESS PLAN AND LONG TERM FINANCIAL PLAN																			
Annual Business Plan and Budget					✓						✓	✓					✓	✓	
LTFP					✓					✓	✓	✓			✓				
LTFP Parameters													✓						
ANNUAL REPORT AND EXTERNAL AUDIT																			
Annual Report (Strategic)				✓					✓						✓				
External Auditor's Interim Report	✓	✓	✓	✓				✓											
External Auditor's Report to the Council for Year End							✓	✓		✓					✓				
HLB Mann Judd presentation						✓				✓					✓				
Independence of Council Auditor			✓					✓							✓				
Regional Subsidiary Periodical Financial Results			✓				✓	✓			✓		✓		✓		✓		✓
ERA Water ABP															✓				
INTERNAL REVIEWS AND INTERNAL AUDIT																			
Business Service Review – Finance	✓																		
Business Service Review – Finance Structure	✓																		
Business Service Review – Procurement													✓						
Internal Audit – Status Report	✓	✓																	
Internal Audit Update / Review		✓	✓					✓	✓					✓			✓		
Follow-Up on Finance – Rates		✓																	
Internal Financial Controls Self-Assessment								✓						✓		✓			
Internal Revenue Review – Verbal Update		✓																	
Investment Performance Review		✓						✓						✓					
Good Governance Assessment Program – Progress Report	✓																		
Governance Critical Dates Report	✓	✓																	
Key Actions and Outstanding Key Dates Table	✓	✓	✓	✓			✓	✓	✓		✓	✓	✓		✓	✓			
Land & Buildings Valuation Project – Progress Report							✓												
Report on Business Continuity and Information Technology																			
Disaster Recovery Exercise							✓												
Effectiveness and Efficiency program																			
WHS Management System KPI Audit				✓				✓			✓								
AUDIT COMMITTEE RELATED																			
Audit Committee Terms of Reference	✓								✓	✓									
Review Of Audit Committee Activities (Operational)				✓							✓						✓		
Forward Agenda	✓	✓											✓	✓	✓	✓			
POLICIES:																			
Policy Protocol Tracking Table	✓	✓		✓			✓	✓	✓								✓		
Council Policies and Codes Management Protocols											✓								
Independent Commissioner Against Corruption – Awareness And Application Policy (Strategic)											✓								
Financial Delegations Policy														✓					
Internal Financial Controls – Policy Review (Strategic)		✓					✓	✓											
Review Draft Treasury Management Policy	✓																		
Procurement Policy Review (Strategic)	✓												✓						
Prudential Policy																			
Financial Indicators Policy																✓			
Motor Vehicle Policy														✓					
Policy Review - Fees and Charges Policy (Strategic)				✓															

The Committee shall meet at 6.00pm on the third Tuesday of February, April, June, August, October and November or as otherwise determined by Council (whether as the result of a motion upon notice in or an Officer's Report to Council).