

Subsidiary Reports

Eastern Health Authority

East Waste

Highbury Landfill Authority

ERA Water



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.

Contents



About Eastern Health Authority 4

Chief Executive Officer's Report 6

Governance 8

Board of Management 2016	9
Freedom of Information	9
Structure and Staffing	12
Annual Business Plan	13
Charter Review	13
Finance Audit Committee	13
Financial Statements	13

Immunisation 14

Public Immunisation Clinics	15
School Based Immunisation Program	18
Worksite Immunisation Program	20

Public and Environmental Health 22

Complaints and Referrals	23
Monitoring and Surveillance	25
Cooling Towers and Warm Water Systems	25
Public Swimming Pools and Spas	26
Personal Grooming, Body Art and Health Care	27
Waste Control Systems	27

Food Safety 28

Inspections	29
Enforcement	30
Audits	33
Complaints	33

Health Care & Community Services 36

Supported Residential Facilities (SRF)	37
Licensing & Monitoring	37
Approval of Manager and Acting Manager	38
Complaints and Queries / Legal Action	38

Financial Statements 39

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 1989. 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



Cr Anne Monceaux
(Deputy Chair)



Cr Peter Cornish

Prospect City Council



Cr Kristina Barnett



Cr Talis Evans



Cr Marylou Bishop



Cr David Shetliffe

Corporation of the Town of Walkerville

Campbelltown City Council



Cr Marijka Ryan

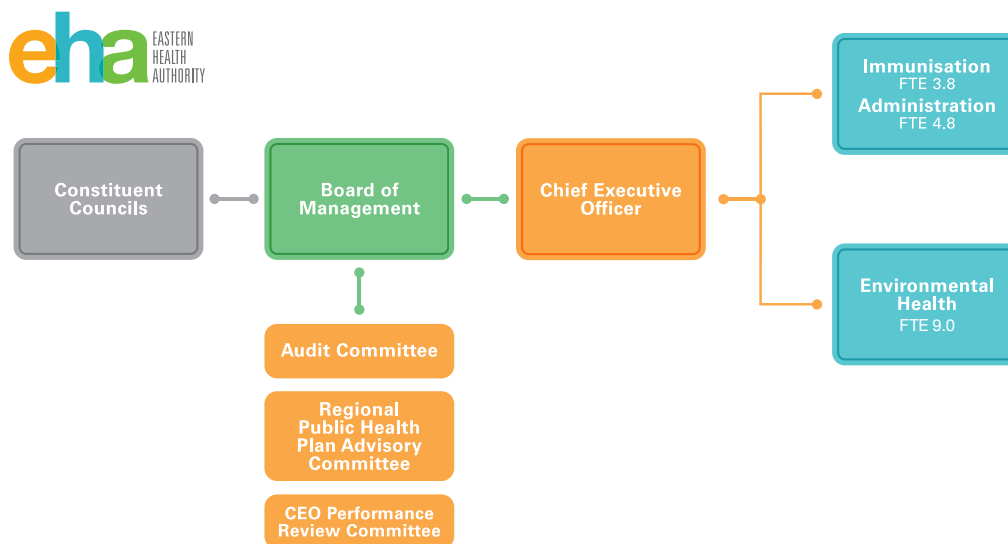


Cr John Kennedy



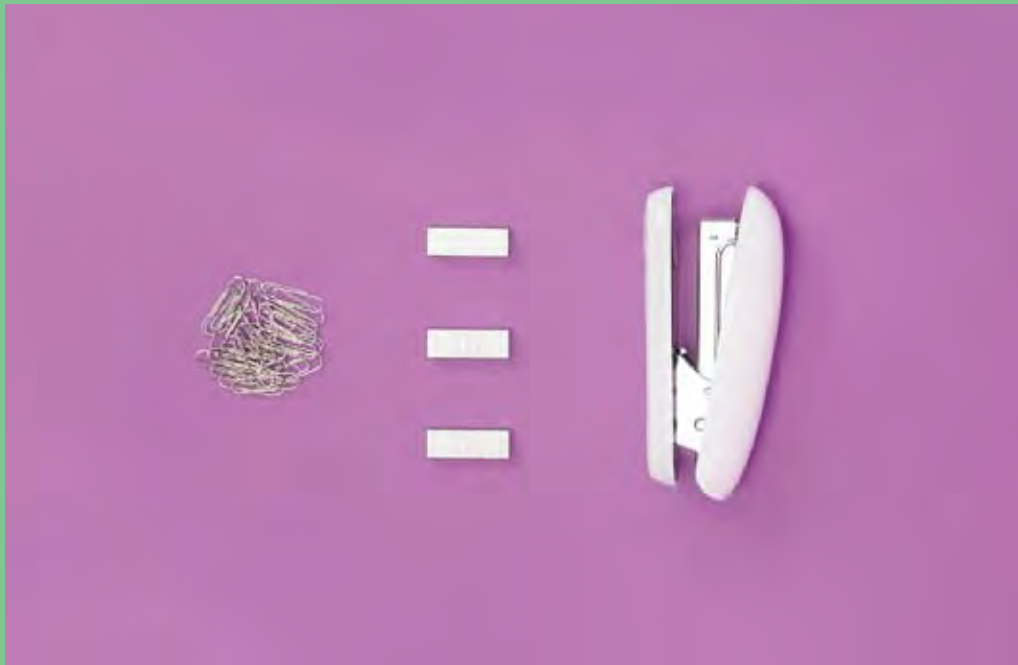
EHA comprises three functional areas – environmental health, immunisation and administration. The administration team, led by the Chief Executive Officer, supports the activities of the environmental health and immunisation teams. The Team Leader Environmental Health and Team Leader Administration and 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.

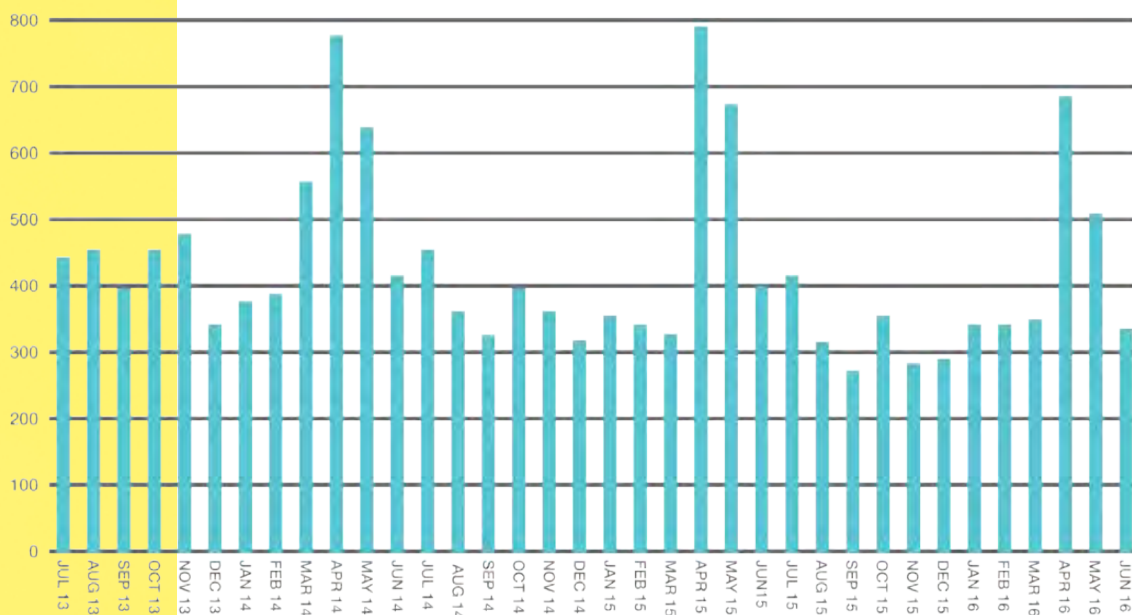
A total of 4,599 clients were provided with 8,567 vaccinations. This was a decrease of 11% in the number of clients and 13% in the number of vaccinations in comparison to 2014-15 (Graphs 1 and 2). These decreases are likely to be due to Measles, Mumps and Rubella (MMR) vaccine now administered as a combined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

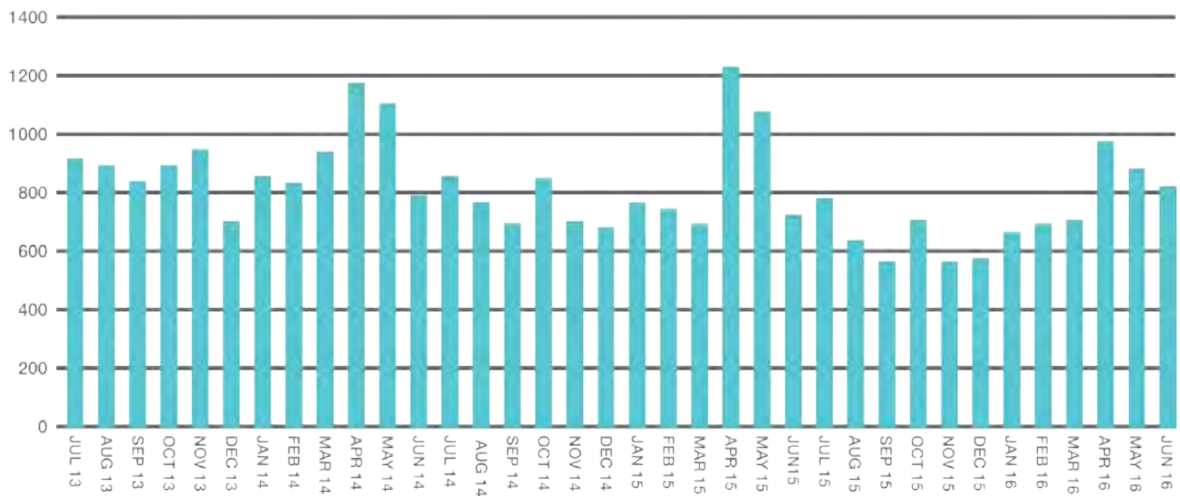




Table 5 shows where our residents chose to be vaccinated. It demonstrates that many of our residents chose the clinic that best suited their needs and was not necessarily in their council area.

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:

three doses of HPV vaccine

one dose of Varicella (chicken pox) vaccine

one dose of dTpa vaccine

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

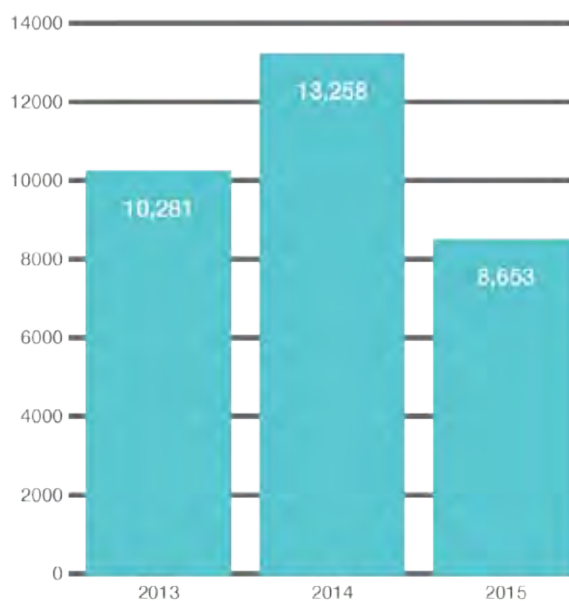




Table 6 - Three year comparison of total vaccine types delivered for the SIP for each Constituent Council area

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
Total	10,281	13,258	8,653

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.

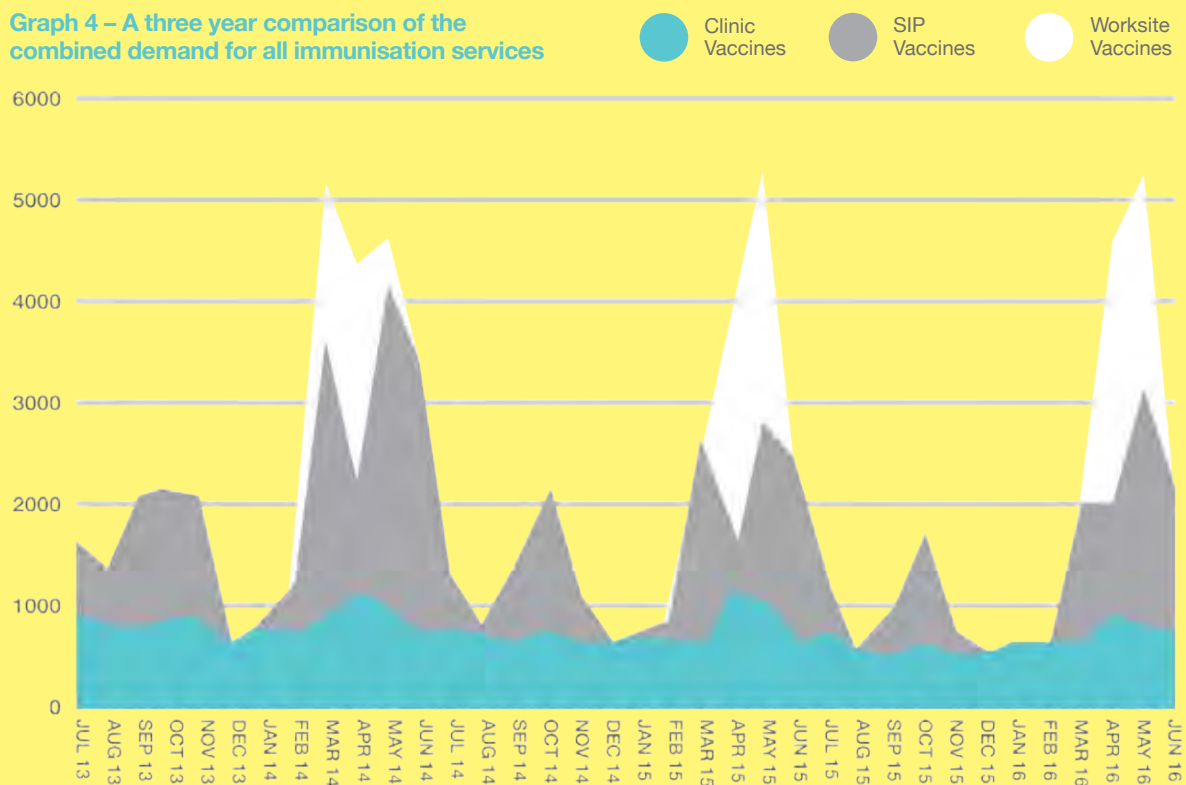
A worksite program enables schools, childcare centres, government departments and private businesses to have their staff vaccinated on site by immunisation nurses at a convenient time.

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 Diphtheria, 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
Total	4,138	4,900	4,689

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
Total	292	269	268

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
Rotovirus	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
Number of Sites	31	25	22
Total number HRMWS registered	61	51	46
Number of system inspections	57	64	58
Number of follow-ups	1	8	1
High count test results	24	13	16
Compliance Notices	2	3	0
<i>Legionella</i> disease notifications from CDCB	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
Number of Sites	29	30	27
Number of Pools/Spas	42	43	39
Number of New Sites	0	1	0
Inspections of Pools/Spas	58 (29 sites)	71 (32 sites)	52 (27 sites)
Follow-ups of Pools/Spas	16 (8 sites)	20 (10 sites)	18 (10 sites)
Complaints	1	6	1
<i>Cryptosporidiosis</i> Complaints	0	3	5

Personal Grooming, Body Art and Health Care

A Risk Classification review of all Personal Care and Body Art (PCBA) premises was undertaken during the year. The review identified the practice of utilising single use needles during acupuncture decreased the risk of infection. It also recognised new skin penetration practices conducted at beauty premises, such as permanent make-up, microdermabrasion, dermarolling and piercing with reusable needles as 'high risk'. Subsequently, a risk re-classification was applied to these businesses and inspection frequencies were adjusted as shown in Table 13.

Seven tattoo studios and seven beauty premises were assessed against the standards prescribed in the *Public Health (General) Regulations, 2013*. These inspections identified the risk of infection at these premises was minimised due to satisfactory procedural knowledge and hygiene practices, an acceptable standard of cleanliness and the use of single-use skin penetration equipment.

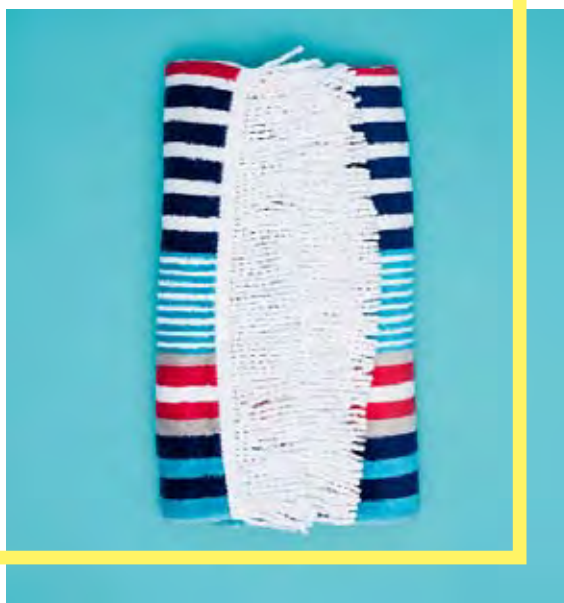
One follow-up inspection was required at a tattoo studio to address the use of expired ink, re-usable towels and damaged furniture that prevented effective cleaning and sanitising of these surfaces.

A total of four complaints were received regarding inappropriate hygiene practices and a poor standard of cleanliness at four separate beauty premises. All of these premises required further follow-up inspections. Education and information on best practice and reference to the Guidelines of the Safe and Hygienic Practice of Skin Penetration were also provided.



	Beauty	Acupuncture	Tattooist	Hairdressing
Risk Rating previous to risk review	Medium	High	High	Low
Current Risk Rating after review	High	Medium	High	Low

Table 13 – A comparison of the risk rating of PCBA premises prior and after the review



Waste Control Systems

EHA assessed and approved three new waste control system applications against the *SA Public Health (Wastewater) Regulations 2013*. The type of onsite wastewater systems assessed included aerobic, septic tank with a soakage trench and permanent greywater systems.

No complaints were received during the year.

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
Total	1,532	1,549	1,497

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

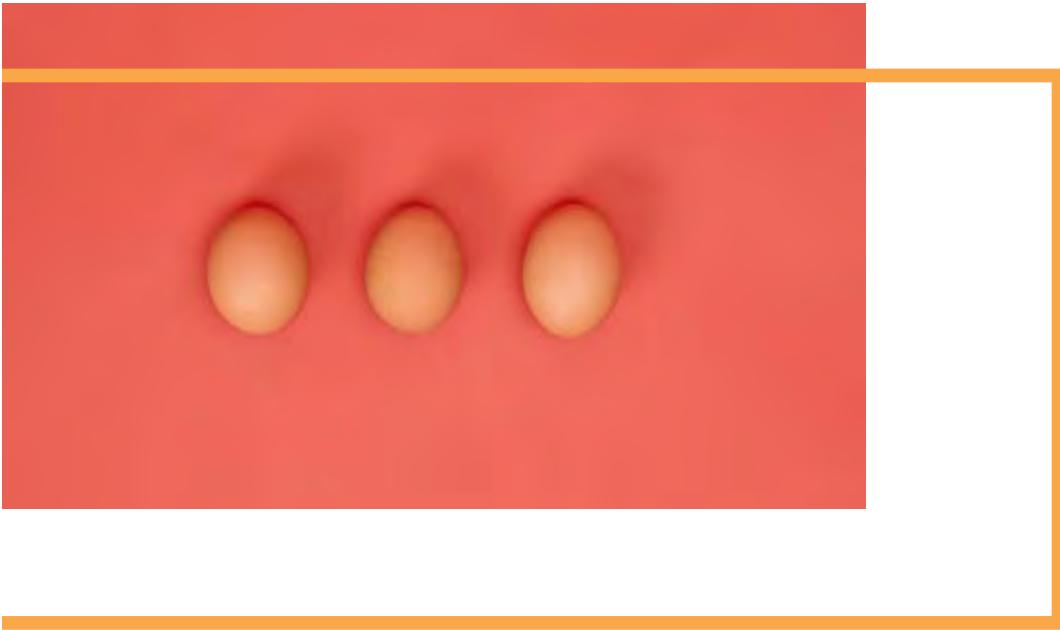


Table 19 - A three year comparison of the percentage of Expiation Notices issued per routine inspection

	2013-14	2014-15	2015-16
Routine inspections	780	840	690
Number of businesses issued with Expiation Notices	27	18	14
Expiation Notices as % of inspections	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
Routine inspections	780	840	690
Number of businesses issued with Prohibition Orders	8	3	3
Prohibition Notices as % of inspections	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
No. of Audits	52	42	53	30	31	37
No. of Follow-up Audits	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

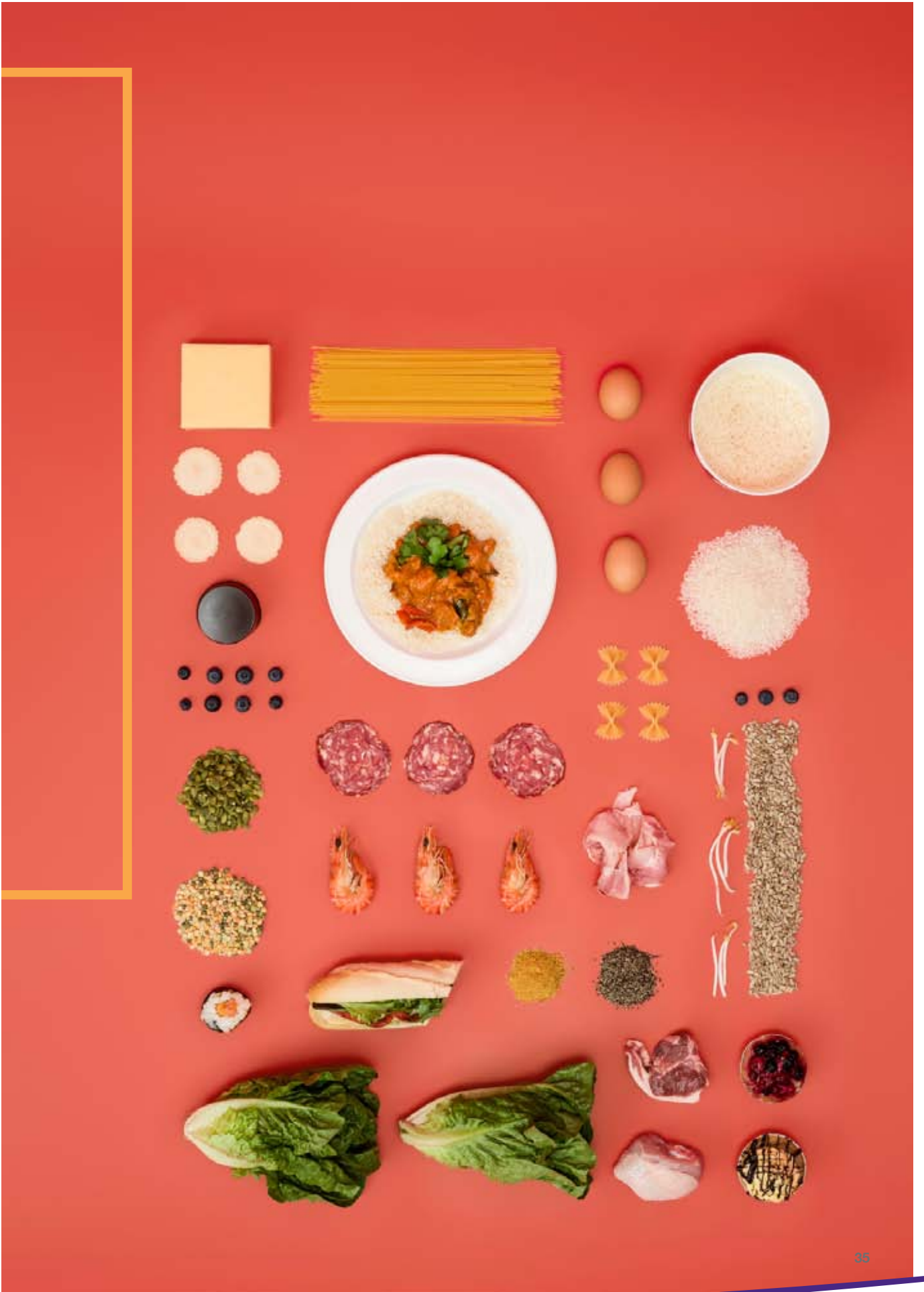
	2013-14	2014-15	2015-16
Number of food complaints	111	108	98
Number of food complaints justified	29	29	40
% of justified complaints	26%	27%	41%

“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

Type of Complaints Received	Total no. of complaints received 2013-14	Total no. of complaints received 2014-15	Total no. of complaints received 2015-16	No. of complaints justified / confirmed 2015-16
Food unsuitable/unsafe due to foreign matter	13	15	12	3
Food unsuitable/unsafe due to microbial contamination/growth	21	13	7	3
Food unsuitable/unsafe due to presence of unapproved or excessive chemical residues	0	6	2	2
Alleged food poisoning	34	27	24	6
Unclean premises	7	6	10	7
Poor personal hygiene or poor food handling practices	13	10	20	7
Vermin/insects/pests observed in premises	3	5	5	3
Refuse storage	13	19	11	7
Labeling issues	1	1	5	1
Other	6	6	2	1
Total	111	108	98	40

“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).

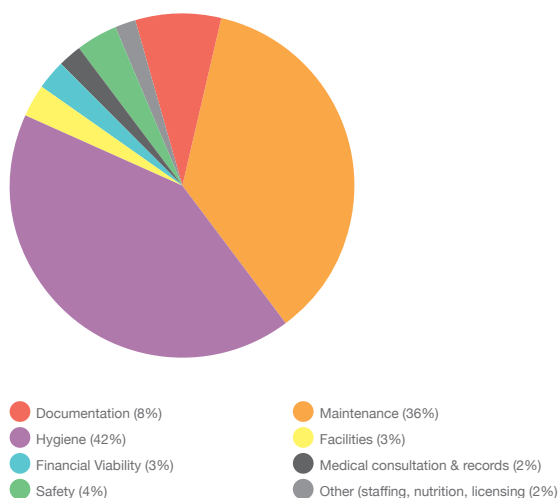
Facility hygiene and structural maintenance attributed to 78% of non-conformances identified during the audits (Graph 6). Hygiene non-conformances were predominately observed in residents' bedrooms (Graph 7). This may be partly attributed to residents' personal lifestyle choices. Most proprietors and 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.

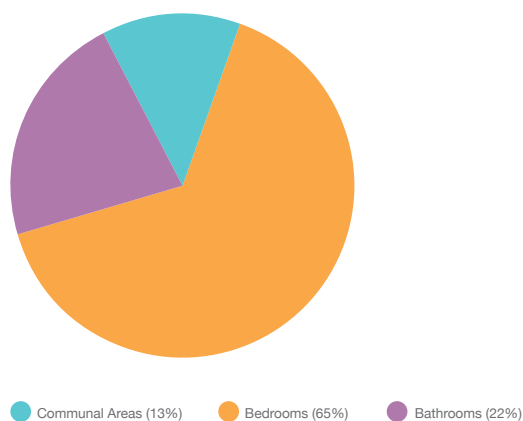
Two facilities were issued licences for one year with no conditions. Ten facilities were issued licences for one year with conditions. Conditions relating to maintenance and hygiene were imposed on five facilities; conditions relating to evidence of financial viability were imposed on six facilities; 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 \$
INCOME			
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
Total Income		<u>2,214,776</u>	<u>2,182,897</u>
EXPENSES			
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
Total Expenses		<u>2,192,809</u>	<u>2,070,222</u>
OPERATING SURPLUS / (DEFICIT)		21,967	112,675
NET SURPLUS / (DEFICIT)		21,967	112,675
transferred to Equity Statement			
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		<u>21,967</u>	<u>112,675</u>

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

Eastern Health Authority
STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	581,155	789,971
Trade & other receivables	4	<u>158,026</u>	<u>162,272</u>
Total Current Assets		<u>739,181</u>	<u>952,243</u>
Non-current Assets			
Infrastructure, property, plant & equipment	5	<u>421,720</u>	441,095
Total Non-current Assets		<u>421,720</u>	<u>441,095</u>
Total Assets		<u>1,160,901</u>	<u>1,393,338</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	6	95,855	108,658
Borrowings	6	58,623	55,934
Provisions	6	<u>259,008</u>	<u>236,220</u>
Total Current Liabilities	6	<u>413,486</u>	<u>400,812</u>
Non-current Liabilities			
Borrowings	6	376,575	435,198
Provisions	6	<u>33,207</u>	<u>41,662</u>
Total Non-current Liabilities		<u>409,782</u>	<u>476,860</u>
Total Liabilities		<u>823,268</u>	<u>877,672</u>
NET ASSETS		<u>337,633</u>	<u>515,666</u>
EQUITY			
Accumulated Surplus		<u>337,633</u>	515,666
TOTAL EQUITY		<u>337,633</u>	<u>515,666</u>

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

	Notes	Accumulated Surplus	TOTAL EQUITY
2016		\$	\$
Balance at end of previous reporting period		515,666	515,666
Net Surplus / (Deficit) for Year		21,967	21,967
Other Comprehensive Income			
Distribution to Constituent Councils		<u>(200,000)</u>	<u>(200,000)</u>
Balance at end of period		<u>337,633</u>	<u>337,633</u>
2015			
Balance at end of previous reporting period		402,991	402,991
Net Surplus / (Deficit) for Year		<u>112,675</u>	<u>112,675</u>
Balance at end of period		<u>515,666</u>	<u>515,666</u>

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 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<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)
Net Cash provided by (or used in) Operating Activities		72,841	123,525
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(25,723)	-
Capital contributed to Constituent Councils		(200,000)	-
Net Cash provided by (or used in) Investing Activities		(225,723)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Payments</u>			
Repayments of borrowings		(55,934)	(53,369)
Net Cash provided by (or used in) Financing Activities		(55,934)	(53,369)
Net Increase (Decrease) in cash held		(208,816)	70,156
Cash & cash equivalents at beginning of period	7	789,971	719,815
Cash & cash equivalents at end of period	7	581,155	789,971

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 entities 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 \$
COUNCIL CONTRIBUTIONS			
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>
STATUTORY CHARGES			
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>
USER CHARGES			
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>
INVESTMENT INCOME			
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 \$
REIMBURSEMENTS			
Motor vehicle reimbursements		3,975	2,667
Sundry		<u>7,464</u>	<u>3,993</u>
		<u>11,439</u>	<u>6,660</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Other grants, subsidies and contributions			
Immunisation fees - schools		84,291	75,881
Immunisation fees - ACIR		<u>37,524</u>	<u>42,102</u>
		<u>121,815</u>	<u>117,983</u>
<i>The functions to which these grants relate are shown in Note 12.</i>			
Sources of grants			
State government		<u>121,815</u>	<u>117,983</u>
		<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 \$
EMPLOYEE COSTS			
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
Total Operating Employee Costs		1,483,167	1,353,987
 Total Number of Employees		17.6	18.4
<i>(Number of full time equivalent employees at end of reporting period)</i>			
 MATERIALS, CONTRACTS & OTHER EXPENSES			
<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
Subtotal - Prescribed Expenses		74,950	81,249
 <u>Other Materials, Contracts & 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
Subtotal - Other Materials, Contracts & Expenses		568,131	527,266
		643,081	608,515

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 \$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		23,642	23,642
Office Equipment, Furniture & Fittings		21,456	60,062
		<u>45,098</u>	<u>83,704</u>
FINANCE COSTS			
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

	Notes	2016 \$	2015 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		112,228	51,153
Short Term Deposits & Bills, etc		<u>468,927</u>	<u>738,818</u>
		<u>581,155</u>	<u>789,971</u>
TRADE & OTHER RECEIVABLES			
Debtors - general		<u>239,871</u>	<u>358,767</u>
Total		<u>239,871</u>	<u>358,767</u>
Less: Allowance for Doubtful Debts		<u>81,845</u>	<u>196,495</u>
		<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
3 Buildings & Other Structures Office Equipment, Furniture & Fittings	-	472,846	(93,760)	379,086	-	472,846	(117,402)	355,444
	-	289,776	(227,767)	62,009	-	315,499	(249,223)	66,276
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	-	762,622	(321,527)	441,095	-	788,345	(366,625)	421,720
Comparatives	-	762,622	(237,822)	524,800	-	762,622	(321,527)	441,095

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

	2015	CARRYING AMOUNT MOVEMENTS DURING YEAR						2016
	\$	\$						\$
	CARRYING AMOUNT	New/Upgrade	Additions Renewals	Disposals	Depreciation	Impairment	Net Revaluation	CARRYING AMOUNT
Buildings & Other Structures	379,086	-	-	-	(23,642)	-	-	355,444
Office Equipment, Furniture & Fittings	62,009	-	25,723	-	(21,456)	-	-	66,276
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	441,095	-	25,723	-	(45,098)	-	-	421,720
Comparatives	524,800	-	-	-	(83,705)	-	-	441,095

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

	Notes	2016		2015		
		Current	Non-current	Current	Non-current	
		\$		\$		
TRADE & OTHER PAYABLES						
Goods & Services		65,453		87,631		
Accrued expenses - employee entitlements		20,972		10,388		
Accrued expenses - other		9,430		10,639		
		<u>95,855</u>	<u>-</u>	<u>108,658</u>	<u>-</u>	
 BORROWINGS						
Loans		58,623	376,575	55,934	435,198	
		<u>58,623</u>	<u>376,575</u>	<u>55,934</u>	<u>435,198</u>	
 <i>All interest bearing liabilities are secured over the future revenues of the Council.</i>						
 PROVISIONS						
Employee entitlements (including oncosts)		259,008	33,207	236,220	41,662	
		<u>259,008</u>	<u>33,207</u>	<u>236,220</u>	<u>41,662</u>	

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	581,155	789,971
Balances per Cash Flow Statement		<u>581,155</u>	<u>789,971</u>

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

Net Surplus (Deficit)		21,967	112,675
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		45,098	83,704
Net increase (decrease) in unpaid employee benefits		24,917	(16,430)
Change in allowances for under-recovery		<u>(114,650)</u>	-
		<u>(22,668)</u>	179,949
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		118,896	16,240
Net increase (decrease) in trade & other payables		<u>(23,387)</u>	<u>(72,664)</u>
Net Cash provided by (or used in) operations		<u>72,841</u>	<u>123,525</u>

(c) Financing Arrangements

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

Corporate Credit Cards		5,000	5,000
------------------------	--	-------	-------

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

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 1.5% and 2% (2015: 2% and 3%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although the Authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable (describe basis); interest is charged at a fixed rate of 4.75% (2015: 4.75%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: 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
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	581,155			581,155	581,155
Receivables	158,026			158,026	158,026
Total	739,181	-	-	739,181	739,181
Financial Liabilities					
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
Total	174,461	471,638	39,303	685,402	531,053
2015	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	789,971			789,971	789,971
Receivables	162,272			162,272	162,272
Total	952,243	-	-	952,243	952,243
Financial Liabilities					
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
Total	187,264	471,638	117,909	776,811	599,790

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
<i>less</i> Expenses	<u>2,192,809</u>	<u>2,070,222</u>
Operating Surplus / (Deficit)	21,967	112,675
 <i>less</i> Net Outlays on Existing Assets		
Depreciation, Amortisation and Impairment	(45,098)	(83,704)
	<u>(19,375)</u>	<u>(83,704)</u>
 Net Lending / (Borrowing) for Financial Year	 <u>41,342</u>	 <u>196,379</u>

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.



local councils working together to protect the health of the community

Annual Report 2015-2016



EastWaste

EAST WASTE PROVIDES AN ENVIRONMENTALLY RESPONSIBLE, EFFECTIVE COLLECTION AND DISPOSAL WASTE AND RECYCLING SERVICE FOR ITS CONSTITUENT COUNCILS.



A TARGET OF

90%

OF ALL BINS ARE RETURNED UPRIGHT AND LIDS CLOSED. AN INDUSTRY FIRST.

EastWaste

ANNUAL REPORT 2015-2016

CONTENTS



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



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



LESS THAN

48

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

EastWaste

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 \$113M.

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.**

EastWaste

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.**

EastWaste

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.

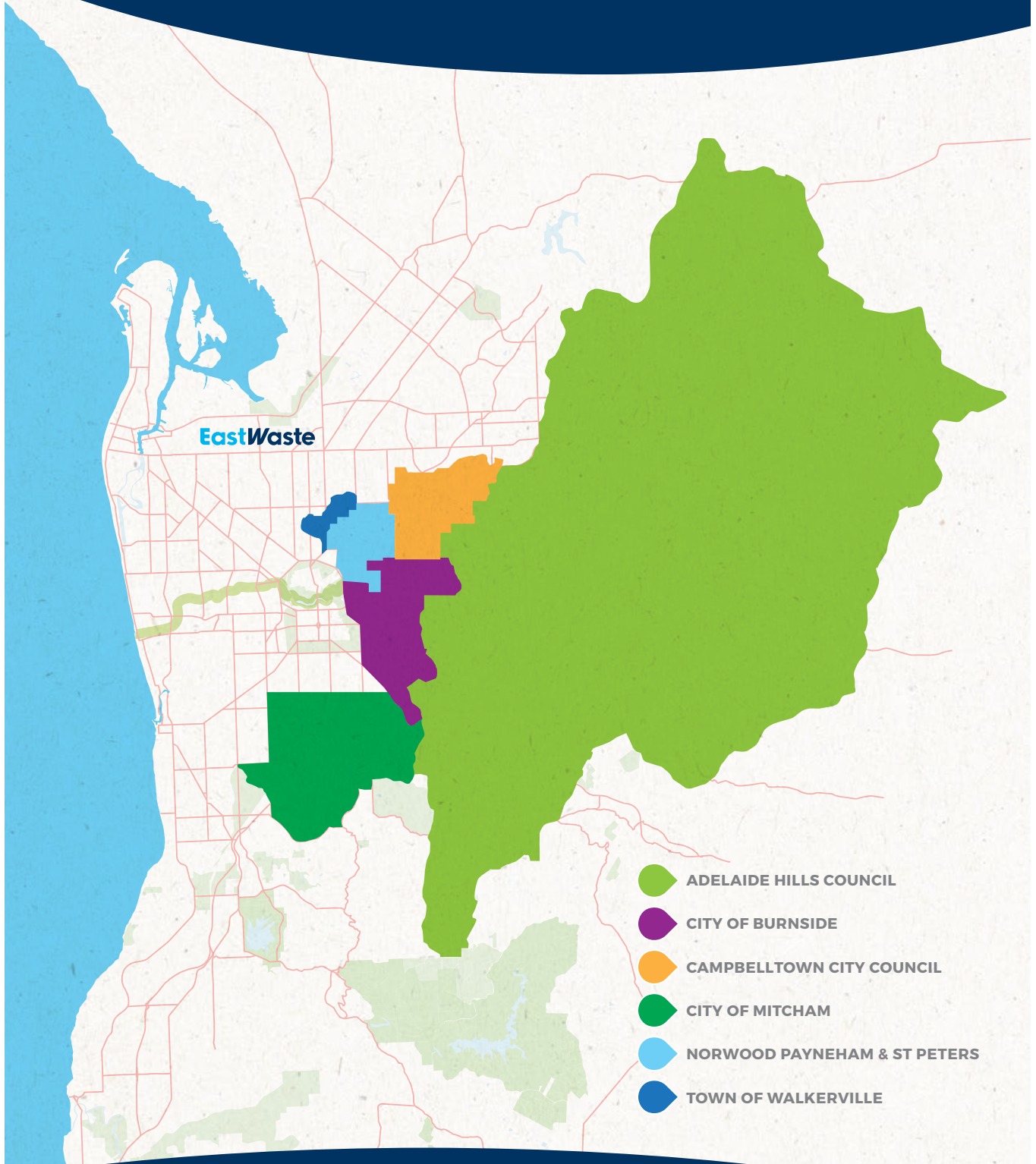
- Enhanced quality of service by measuring and valuing quality capacities as well as financial indicators.
- Flexibility in service delivery allowing responsiveness to emerging community and market demands.
- Aligned values and strategic direction with Member Councils, to protect and promote reputation 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.**

EastWaste

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

*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 Ottoway. 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.

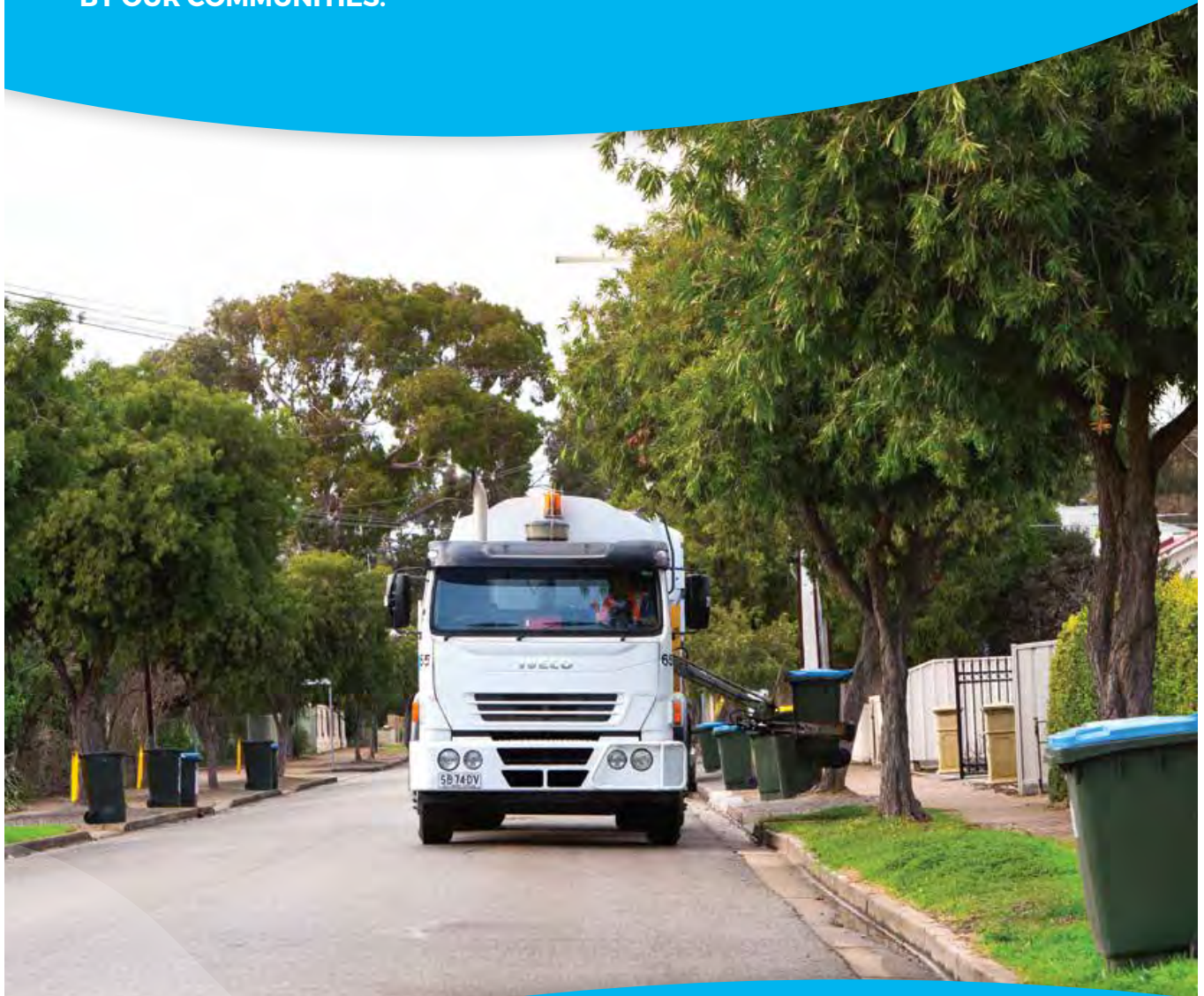
Recent independent benchmarking undertaken during the 2015/16 financial year relating to the waste collection and disposal services has identified East Waste as being competitive in every metric utilised to attain the results. It was pleasing to note that East Waste was identified as competitive without 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.**

EastWaste

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.

EastWaste

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.

EastWaste

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

EastWaste

FINANCIAL STATEMENT CONTENTS



Certification of Financial Statements	28
Principal Financial Statements	
Statement of Comprehensive Income	29
Statement of Financial Position	30
Statement of Changes in Equity	31
Statement of Cash Flows	32
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	33
Note 2 - Income	38
Note 3 - Expenses	39
Note 4 - Asset Disposal & Fair Value Adjustments	41
Note 5 - Current Assets	42
Note 6 - Infrastructure, Property, Plant & Equipment	43
Note 7 - Liabilities	45
Note 8 - Reconciliation of Cash Flow Statement	46
Note 9 - Financial Instruments	47
Note 10 - Expenditure Commitments	49
Note 11 - Uniform Presentation of Finances	50
Note 12 - Related Party Information	51
Note 13 - Key Management Personnel	52
Note 14 - Highbury Landfill Authority Inc	53
Note 15 - Events Occurring After Reporting Date	54
Certification of Auditor Independence	55
Statement by Auditor	56

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 \$
INCOME			
User charges	2	12,573,410	13,086,802
Investment income	2	36,129	42,728
Other income	2	381,540	878,601
Total Income		12,991,079	14,008,131
EXPENSES			
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
Total Expenses		13,000,978	13,877,133
OPERATING SURPLUS / (DEFICIT)		(9,899)	130,998
Asset disposal & fair value adjustments	4	37,882	7,002
Income tax equivalent charge	2	-	(4,574)
NET SURPLUS / (DEFICIT)			
transferred to Equity Statement		27,984	133,426
TOTAL COMPREHENSIVE INCOME		27,984	133,426

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

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

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

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 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<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)	-
Net Cash provided by (or used in) Operating Activities		2,365,717	2,067,227
CASH FLOWS FROM INVESTING ACTIVITIES			
<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)
Net Cash provided by (or used in) Investing Activities		(251,743)	(1,803,255)
CASH FLOWS FROM FINANCING ACTIVITIES			
<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)
Net Cash provided by (or used in) Financing Activities		(1,412,598)	66,195
Net Increase (Decrease) in cash held		701,376	330,167
Cash & cash equivalents at beginning of period	8	2,096,194	1,766,027
Cash & cash equivalents at end of period	8	2,797,570	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.

EAST WASTE MANAGEMENT AUTHORITY INC. FINANCIAL STATEMENT 2015-2016

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

NOTE 2 - INCOME

	Notes	2016 \$	2015 \$
USER CHARGES			
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
		12,573,410	13,086,802
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		34,986	40,561
Banks & other		1,143	2,167
		36,129	42,728
OTHER INCOME			
Bin supply		100,537	485,995
Replacement bins		107,305	128,471
Sundry		173,698	264,135
		381,540	878,601
INCOME TAX EQUIVALENT CHARGE			
Income tax equivalent charge		-	(4,574)
TOTAL INCOME TAX EQUIVALENT CHARGE		-	(4,574)



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

NOTE 3 - EXPENSES

Notes	2016 \$	2015 \$
EMPLOYEE COSTS		
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
Total Operating Employee Costs	4,803,231	4,837,731
Total Number of Employees	49	50
<i>(Full time equivalent at end of reporting period)</i>		
MATERIALS, CONTRACTS & OTHER EXPENSES		
<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	110,308	60,083
<i>Other Materials, Contracts & 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	6,157,151	6,819,176
	6,267,459	6,879,259

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

NOTE 3 - EXPENSES (CONT)

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



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

NOTE 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

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

EAST WASTE MANAGEMENT AUTHORITY INC. FINANCIAL STATEMENT 2015-2016

**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
		2,797,570	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		-	-
		358,583	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
Total Infrastructure, Property, Plant & Equipment	-	12,948,630	(6,155,625)	6,793,005
Comparatives	-	19,463,465	(12,843,869)	6,619,596

2016

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

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)
Total Infrastructure, Property, Plant & Equipment	6,793,005	2,418	200,070	(67,609)	(1,595,423)
Comparatives	6,619,596	1,992,154	-	(64,453)	(1,754,292)

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

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

NOTE 7 - LIABILITIES

	Notes	2016		2015	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
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	-
		1,869,862	-	908,090	-
BORROWINGS					
Loans		94,797	325,893	61,009	448,303
Finance Leases	10	1,321,796	4,047,959	1,038,885	5,654,846
		1,416,593	4,373,852	1,099,894	6,103,149

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
		608,909	69,398	694,002	55,891

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		2,797,570	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)
		1,513,939	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)
Net Cash provided by (or used in) operations		2,365,717	2,062,653

(d) Financing Arrangements

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

GFA Cash Advance Debenture facility	1,000,000	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	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	2,797,570	-	-	2,797,570	2,797,570
Receivables	358,583	-	-	358,583	358,583
Total	3,156,153	-	-	3,156,153	3,156,153
Financial Liabilities					
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
Total	2,204,533	4,545,647	290,556	7,040,736	5,885,785
2015					
Financial Assets					
Cash & Equivalents	2,096,194	-	-	2,096,194	2,096,194
Receivables	248,589	-	-	248,589	248,589
Total	2,344,783	-	-	2,344,783	2,344,783
Financial Liabilities					
Payables	745,638	-	-	745,638	745,638
Current Borrowings	1,700,074	-	-	1,700,074	1,038,885
Non-Current Borrowings	-	4,974,068	1,510,869	6,484,937	5,654,846
Total	2,445,712	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 \$
Finance Lease Commitments		
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	5,369,755	6,693,731
Representing lease liabilities:		
Current	1,321,796	1,038,885
Non-Current	4,047,959	5,654,846
	5,369,755	6,693,731

EAST WASTE MANAGEMENT AUTHORITY INC. FINANCIAL STATEMENT 2015-2016

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
Operating Surplus / (Deficit)	(9,899)	130,998
 <i>less</i> Net Outlays on Existing Assets		
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)
	(1,431,985)	166,407
 <i>less</i> Net Outlays on New and Upgraded Assets		
Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	(66,441)	-
	(66,441)	-
Net Lending / (Borrowing) for Financial Year	1,488,528	(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 \$
2016	144,852	14,287	-	12,000	-	171,139
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

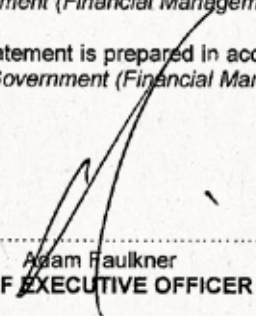
EASTERN WASTE MANAGEMENT AUTHORITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2016

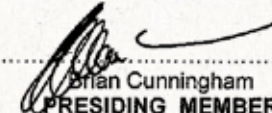
CERTIFICATION OF AUDITOR INDEPENDENCE

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

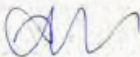
STATEMENT BY AUDITOR

 **Dean Newbery & Partners**
CHARTERED ACCOUNTANTS ABN 30 164 612 890

Certification of Auditor's Independence

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

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


SAMANTHA ALLARD
Partner

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS

Dated this 16th day of September 2016

Office:
214 Melbourne Street
North Adelaide SA 5006

All Correspondence:
PO Box 755
North Adelaide SA 5006

T: (08) 8267 4777
F: (08) 8239 0895
E: admin@deannewbery.com.au

Liability limited by a scheme approved under Professional Standards Legislation



Why waste it?
HARD RUBBISH
MADE EASY

BOOK A FREE COUNCIL COLLECTION
 PHONE 8347 5170

EastWaste


NEW HARD RUBBISH COLLECTION CAMPAIGN

WHO IS EAST WASTE?

- A REGIONAL SUBSIDIARY ESTABLISHED UNDER THE LOCAL GOVERNMENT ACT 1999 SIX MEMBER COUNCILS.
- PURPOSE IS TO COLLECT AND DISPOSE/RECYCLE MEMBER COUNCILS WASTES AND RECYCLABLES.
- PROVIDE APPROXIMATELY 180,000 SERVICES PER WEEK.
- SERVICES APPROXIMATELY 30% OF METRO ADELAIDE.
- BOARD OF DIRECTORS & INDEPENDENT CHAIRMAN.
- EAST WASTE HAS A GENERAL MANGER AND 51 PERMANENT STAFF MEMBERS.
- PURPOSE BUILT DEPOT, FUEL SUPPLY; SELF-SUFFICIENT WORKSHOP AND ADMINISTRATION CENTRE.

EastWaste EASTERN WASTE MANAGEMENT AUTHORITY - ANNUAL REPORT 2015-2016

57

APPROXIMATELY
 **180,000**
BINS COLLECTED PER WEEK,
EVERY WEEK, EACH DAY
OF THE WEEK (BAR TWO).

EastWaste

1 Temple Court
Ottoway SA 5013

PO Box 26
Mansfield Park SA 5012

Phone 08 8347 5111

Fax 08 8240 3244

Email east@eastwaste.com

eastwaste.com.au



EastWaste

Highbury Landfill Authority
General Purpose Financial Reports
for the year ended 30 June 2016

TABLE OF CONTENTS

	<u>Page</u>
Certification Of Financial Statements	1
Principal Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	N6
Note 2 - Income	N9
Note 3 - Expenses	N9
Note 4 - Current Assets	N9
Note 5 - Infrastructure, Property, Plant & Equipment	N10
Note 6 - Liabilities	N11
Note 7 - Reconciliation of Cash Flow Statement	N12
Note 8 - Contingencies & Assets & Liabilities Not Recognised in the Statement of Financial Position	N13
Note 9 - Financial Instruments	N14
Note 10 - Uniform Presentation of Finances	N15
Note 11 - Events Occurring After Reporting Date	N16
Note 12 - Contingencies & Assets & Liabilities Not Recognised	N17
Note 13 - Expenditure Commitments	N17
Certification of Auditors Independence	18
Audit Certificate of Audit Independence	19
Audit Report	20

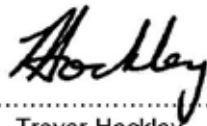
HIGHBURY LANDFILL AUTHORITY

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 \$
INCOME			
Interest Received	2	316	636
Sundry Income	2	1,303	6,822
Total Income		<u>1,619</u>	<u>7,458</u>
EXPENSES			
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
Total Expenses		<u>264,970</u>	<u>500,505</u>
OPERATING SURPLUS / (DEFICIT)		(263,351)	(493,047)
Other Comprehensive Income		-	-
Total Other Comprehensive Income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<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

ASSETS	Notes	2016	2015
		\$	\$
Current Assets			
Cash and cash equivalents	4	19,478	92,079
Trade & other receivables	4	8,526	4,234
Total Current Assets		<u>28,004</u>	<u>96,313</u>
Non-current Assets			
Infrastructure, property, plant & equipment	5	9,195	16,590
Total Non-current Assets		<u>9,195</u>	<u>16,590</u>
Total Assets		<u>37,199</u>	<u>112,903</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	6	33,246	7,169
Provisions	6	225,430	171,000
Total Current Liabilities		<u>258,676</u>	<u>178,169</u>
Non-current Liabilities			
Provisions	6	4,339,140	4,372,000
Total Non-current Liabilities		<u>4,339,140</u>	<u>4,372,000</u>
Total Liabilities		<u>4,597,816</u>	<u>4,550,169</u>
NET ASSETS		<u>(4,560,617)</u>	<u>(4,437,266)</u>
EQUITY			
Accumulated Surplus		(4,560,617)	(4,437,266)
TOTAL EQUITY		<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

2016	Notes	Accumulated Surplus \$	TOTAL EQUITY \$
Balance at end of previous reporting period		(4,437,266)	(4,437,266)
Net Surplus / (Deficit) for Year		(263,351)	(263,351)
Other Comprehensive Income			
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
Balance at end of period		(4,560,617)	(4,560,617)
2015			
Balance at end of previous reporting period		(4,154,219)	(4,154,219)
Net Surplus / (Deficit) for Year		(493,047)	(493,047)
Other Comprehensive Income			
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
Balance at end of period		(4,437,266)	(4,437,266)

Highbury Landfill Authority

STATEMENT OF CASH FLOWS for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<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)
Net Cash provided by (or used in) Operating Activities	7	(212,602)	(176,903)
CASH FLOWS FROM INVESTING ACTIVITIES			
		-	-
Net Cash provided by (or used in) Investing Activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Member Council Contributions		140,000	210,000
Net Cash provided by (or used in) Financing Activities		140,000	210,000
Net Increase (Decrease) in cash held	7	(72,602)	33,097
Cash & cash equivalents at beginning of period	7(a)	92,079	58,982
Cash & cash equivalents at end of period	7(a)	19,477	92,079

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 1989. The Member Councils and their respective percentages of equity are as follows:

<i>Constituent Council</i>	<i>Equity Share %</i>
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 8 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:

Class of Fixed Asset	Depreciation Rate
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 \$
NOTE 2: INCOME			
Operating Activities			
Interest Income		316	636
Sundry Income		1303	6,822
		<u>1,619</u>	<u>7,458</u>
NOTE 3: EXPENSES			
Prescribed Expenses			
Auditor's Remuneration		2,400	2,250
Depreciation			
Plant & Equipment		7,395	7,395
Highbury Closure Provision			
Movement in Provision	6	<u>255,175</u>	<u>490,860</u>
		<u>264,970</u>	<u>500,505</u>
NOTE 4: CURRENT ASSETS			
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 DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	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
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	-	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	
		\$	\$	\$	\$
TRADE & OTHER PAYABLES		Current	Non-current	Current	Non-current
Goods & Services		33,246	-	7,169	-
		33,246	-	7,169	-
PROVISIONS					
Provision for Highbury Post Closure		225,430	4,339,140	171,000	4,372,000
		225,430	4,339,140	171,000	4,372,000

*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		4,564,570

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		19,478	92,079

**(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		(212,601)	(176,903)

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
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	19,478	-	-	19,478	19,478
Receivables	8,526	-	-	8,526	8,526
Total	28,004	-	-	28,004	28,004
Financial Liabilities					
Payables	33,246	-	-	33,246	33,246
Total	33,246	-	-	33,246	33,246
Net Inflow (Outflow)	(5,242)	-	-	(5,242)	(5,242)

2015	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	92,079	-	-	92,079	92,079
Receivables	4,234	-	-	4,234	4,234
Total	96,313	-	-	96,313	96,313
Financial Liabilities					
Payables	7,169	-	-	7,169	7,169
Total	7,169	-	-	7,169	7,169
Net Inflow (Outflow)	89,144	-	-	89,144	89,144

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 STATEMENTS for 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
<i>less</i> Expenses	<u>264,970</u>	<u>500,505</u>
Operating Surplus / (Deficit)	(263,351)	(493,047)
<i>less</i> Net Outlays on Existing Assets		
Depreciation, Amortisation and Impairment	7,395	7,395
Net Lending / (Borrowing) for Financial Year	<u>(270,746)</u>	<u>(500,442)</u>

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 29th 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 29th day of September 2016,
at 214 Melbourne Street, North Adelaide, South Australia 5006.

Page 20

Office:
214 Melbourne Street
North Adelaide SA 5006

All Correspondence:
PO Box 755
North Adelaide SA 5006

**T: (08) 8267 4777
F: (08) 8239 0895
E: admin@deannewbery.com.au**

Liability limited by a scheme approved under Professional Standards Legislation



ANNUAL REPORT 15-16

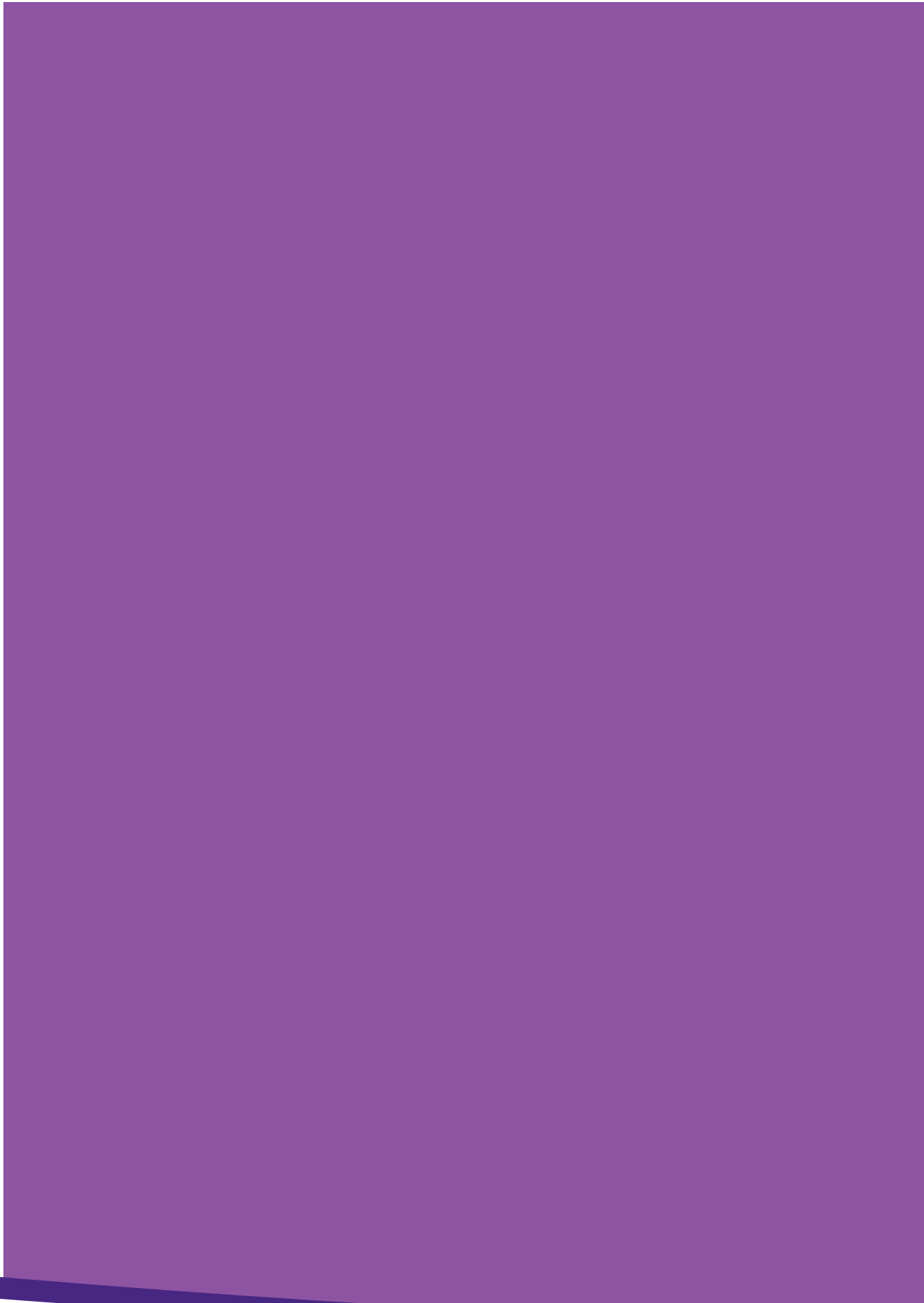
ERA WATER



City of
Norwood
Payneham
& St Peters



TOWN OF
WALKERVILLE



ERA WATER ANNUAL REPORT 2015-16

MESSAGE FROM THE CHAIRPERSON	4
ACTING GENERAL MANAGER'S REPORT	5
ABOUT ERA WATER	6
GOVERNANCE	7
Board of Management	7
Freedom of Information	7
Annual Business Plan	8
Charter	8
Finance Audit Committee	8
Financial Statements	8
CONSTRUCTION PROGRAM	9
Pipe Construction	9
Electrical and Mechanical Construction	9
Civil Works Construction	9
Marketing	9
SUMMARY FINANCIAL STATEMENT	14



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

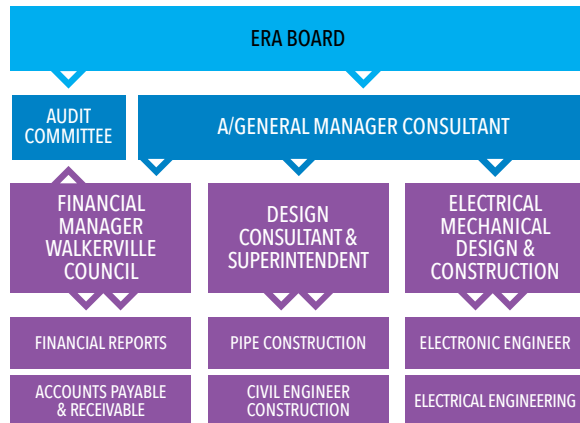
ERA Water has not appointed permanent staff but has chosen to contract suitably qualified consultants during the period of construction of the facility.

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:

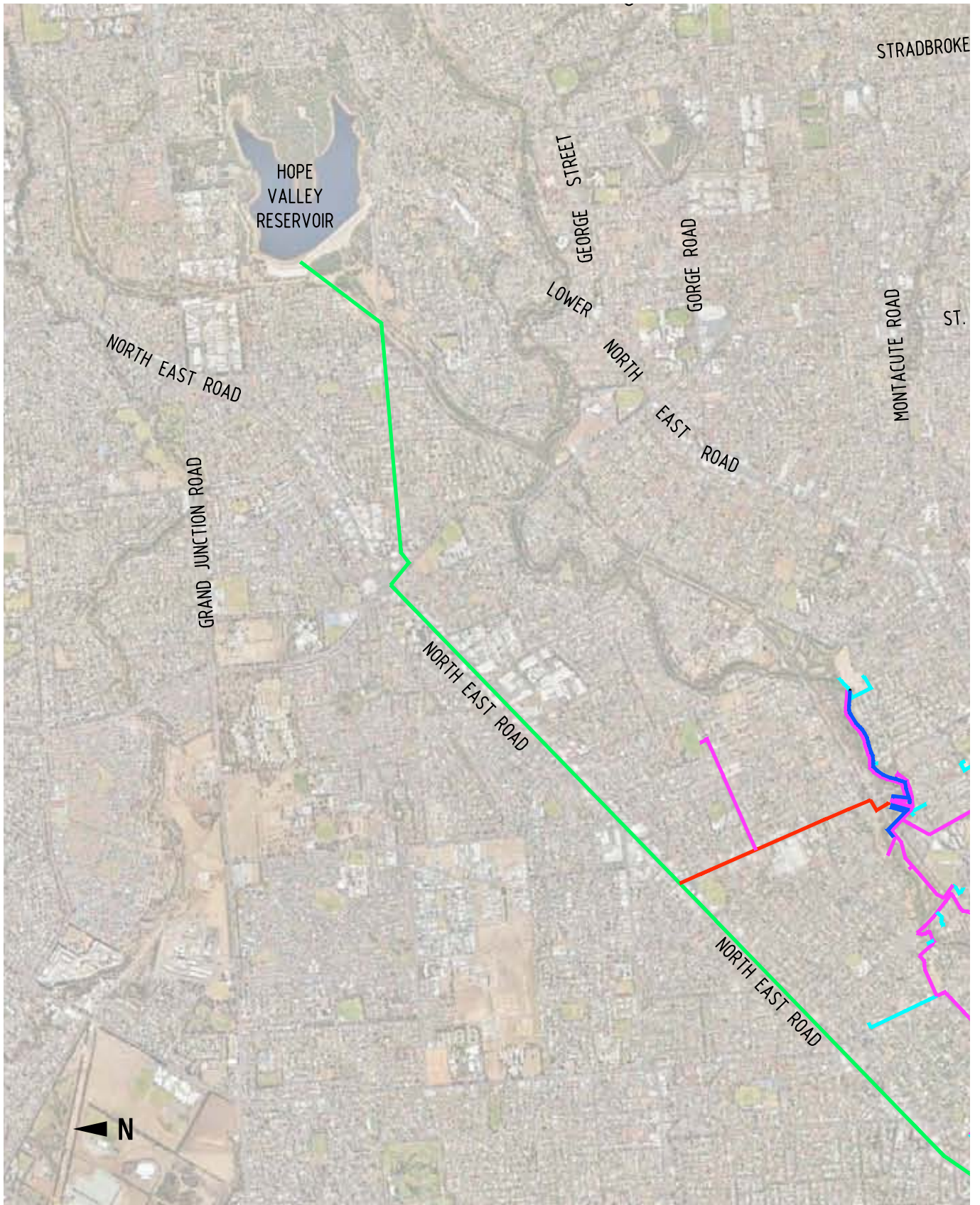
- 1 The consumption by the Constituent Councils
- 2 Consumption by State Schools
- 3 Consumption by Private Schools
- 4 Consumption by customers in Port Adelaide Enfield, Prospect, Campbelltown and Tea Tree Gully councils
- 5 Private Businesses.

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.

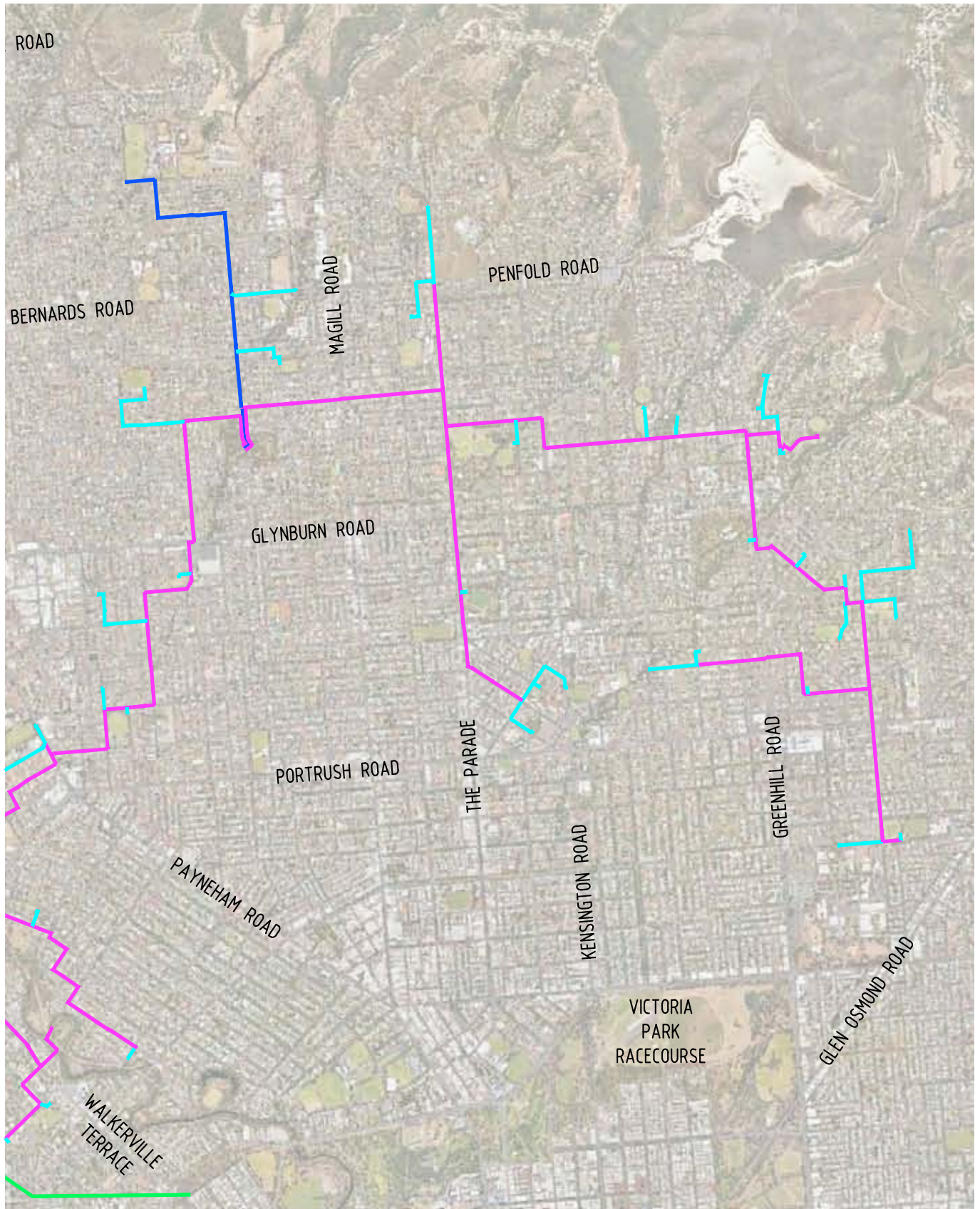
The business plan currently relies on sales of in excess of 454 ML which is currently made up of the following:

- 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.

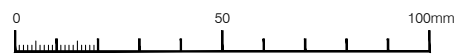
Securing contracts is a high priority.



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

Contents

1. Certification of Financial Statements	15
2. Primary Financial Statements:	
• Statement of Comprehensive Income	16
• Statement of Financial Position	17
• Statement of Changes in Equity	18
• Statement of Cash Flows	19
3. Notes to the Financial Statements	20
4. Independent Auditor's Report – Financial Statements	
5. Certificates of Audit Independence	
• ERA Water Certificate of Audit Independence	36
• Audit Certificate of Audit Independence	37

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 Pittman
Acting General Manager



John O'Brien
Chairman

Date:

Statement of Comprehensive Income
for the year ended 30 June 2016

\$	Notes	2016	2015
Income			
Investment Income	2a	173,370	
Grants, Subsidies and Contributions	2b	16,442	-
Total Income		189,812	-
Expenses			
Materials, Contracts & Other Expenses	3a	20,043	-
Total Expenses		20,043	-
Operating Surplus / (Deficit)		169,769	-
Amounts Received Specifically for New or Upgraded Assets	2b	2,099,361	-
Net Surplus / (Deficit) ¹		2,269,130	-
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Nil			
Total Other Comprehensive Income		-	-
Total Comprehensive Income		2,269,130	-

¹ 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
ASSETS			
Current Assets			
Cash and Cash Equivalents	4a	26,072	-
Trade & Other Receivables	4b	1,317,599	-
Total Current Assets		1,343,671	-
Non-Current Assets			
Other Non-Current Assets	5	2,099,360	-
Total Non-Current Assets		2,099,360	-
TOTAL ASSETS		3,443,031	-
LIABILITIES			
Current Liabilities			
Trade & Other Payables	6	1,173,901	-
Total Current Liabilities		1,173,901	-
Non-Current Liabilities			
Nil		-	-
Total Non-Current Liabilities		-	-
TOTAL LIABILITIES		1,173,901	-
Net Assets		2,269,130	-
EQUITY			
Accumulated Surplus		2,269,130	-
Total Council Equity		2,269,130	-

Statement of Changes in Equity

for the year ended 30 June 2016

\$	Notes	Asset			Total Equity
		Accumulated Surplus	Revaluation Reserve	Other Reserves	
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
Cash Flows from Operating Activities			
<u>Receipts</u>			
Grants, Subsidies and Contributions (operating purpose)		44,159	-
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(18,087)	-
Net Cash provided by (or used in) Operating Activities		26,072	-
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		1,408,474	-
<u>Payments</u>			
Expenditure on New/Upgraded Assets		(1,408,474)	-
Net Cash provided by (or used in) Investing Activities	7	-	-
Cash Flows from Financing Activities			
<u>Receipts</u>			
Nil			
<u>Payments</u>			
Nil			
Net Cash provided by (or used in) Financing Activities		-	-
Net Increase (Decrease) in Cash Held		26,072	-
plus: Cash & Cash Equivalents at beginning of period	7	-	-
Cash & Cash Equivalents at end of period	7	26,072	-
Total Cash, Cash Equivalents & Investments		26,072	-

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

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Significant Accounting Policies	21
2	Income	26
3	Expenses	27
	Current Assets	
4a	Cash & Cash Equivalents	28
4b	Trade & Other Receivables	28
	Non-Current Assets	
5	Other Non-Current Assets	29
	Liabilities	
6	Trade & Other Payables	30
	Reserves	
7	Reconciliation to Statement of Cashflows	30
8	Financial Instruments	31
9	Uniform Presentation of Finances	34
10	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	35
11	Events After the Balance Sheet Date	35

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)

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
(a). Investment Income			
Interest on Investments		-	-
- Local Government Finance Authority		173,367	-
- Banks & Other		3	-
Total Investment Income		173,370	-
(b). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		2,099,361	-
Other Grants, Subsidies and Contributions		16,442	-
Total Grants, Subsidies, Contributions		2,115,803	-
(i) Sources of grants			
Other		2,115,803	-
Total		2,115,803	-
(ii) Individually Significant Items			
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	-
Subtotal - Prescribed Expenses		3,600	-
(ii) Other Materials, Contracts and Expenses			
Contractors		13,163	-
Legal Expenses		3,280	-
Subtotal - Other Material, Contracts & Expenses		16,443	-
Total Materials, Contracts and Other Expenses		20,043	-

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	-
Total Other		2,099,360	-
 Total Other Non-Current Assets		 2,099,360	 -

Note 6. Liabilities

\$	Notes	2016		2015	
		Current	Non Current	Current	Non Current
(a). Trade and Other Payables					
Goods & Services		1,170,301	-	-	-
Accrued Expenses - Other		3,600	-	-	-
Total Trade and Other Payables		1,173,901	-	-	-

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	-
Balances per Statement of Cash Flows		26,072	-

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

Net Surplus/(Deficit)	2,269,130	-
Non-Cash Items in Income Statements		
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)	(2,099,360)	
	169,770	-
Add (Less): Changes in Net Current Assets		
Net (Increase)/Decrease in Receivables	(1,317,599)	
Net Increase/(Decrease) in Trade & Other Payables	1,173,901	
Net Cash provided by (or used in) operations	26,072	-

Note 8. Financial Instruments

\$

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
2016					
<u>Financial Assets</u>					
Cash & Equivalents	26,072	-	-	26,072	26,072
Receivables	1,317,599	-	-	1,317,599	1,317,599
Other Financial Assets	-	-	-	-	-
Total Financial Assets	1,343,671	-	-	1,343,671	1,343,671
<u>Financial Liabilities</u>					
Payables	1,173,901	-	-	1,173,901	1,173,901
Current Borrowings	-	-	-	-	-
Non-Current Borrowings	-	-	-	-	-
Total Financial Liabilities	1,173,901	-	-	1,173,901	1,173,901

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)

\$

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)	169,769	-
<i>less</i> Net Outlays on Existing Assets		
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	-	-
Subtotal	-	-
<i>less</i> Net Outlays on New and Upgraded Assets		
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)	-	-
Subtotal	-	-
Net Lending / (Borrowing) for Financial Year	169,769	-

Note 10. 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. 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.


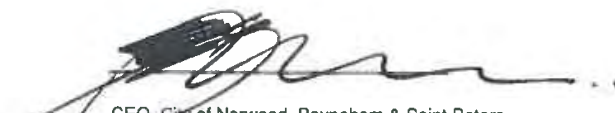
Accordingly, the "authorised for issue" date is 13/09/16.

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 30th day of September 2016,
at 214 Melbourne Street, North Adelaide, South Australia 5006.

Office:
214 Melbourne Street
North Adelaide SA 5006

All Correspondence:
PO Box 755
North Adelaide SA 5006

T: (08) 8267 4777
F: (08) 8239 0895
E: admin@deannewbery.com.au

Liability limited by a scheme approved under Professional Standards Legislation

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 30th day of September 2016,
at 214 Melbourne Street, North Adelaide, South Australia 5006.

Office:
214 Melbourne Street
North Adelaide SA 5006

All Correspondence:
PO Box 755
North Adelaide SA 5006

T: (08) 8267 4777
F: (08) 8239 0895
E: admin@deannewbery.com.au

Liability limited by a scheme approved under Professional Standards Legislation







