



Audited Financial Statements

For the year ended 30 June 2019

City of Adelaide

General Purpose Financial Statements for the year ended 30 June 2019

Contents	Page
1. Council Certificate	2
2. Primary Financial Statements:	
- Statement of Comprehensive Income	3
- Statement of Financial Position	4
- Statement of Changes in Equity	5
- Statement of Cash Flows	6
3. Notes to the Financial Statements	7
4. Independent Auditor's Report - Financial Statements	45
5. Independent Auditor's Report - Internal Controls	47
6. Certificates of Audit Independence	
- Council Certificate of Audit Independence	49
- Audit Certificate of Audit Independence	50

City of Adelaide

General Purpose Financial Statements for the year ended 30 June 2019

Certification of Financial Statements

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

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2019 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Mark Goldstone
CHIEF EXECUTIVE OFFICER



Sandy Verschoor
LORD MAYOR

Date: 25 November 2019

Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Income			
Rates Revenues	2a	108,846	104,369
Statutory Charges	2b	13,313	15,205
User Charges	2c	67,320	64,689
Grants, Subsidies and Contributions	2g	3,751	7,320
Investment Income	2d	298	784
Reimbursements	2e	1,502	1,227
Other Income	2f	631	536
Net Gain - Equity Accounted Council Businesses	18a	79	-
Total Income		195,740	194,130
Expenses			
Employee Costs	3a	76,916	70,811
Materials, Contracts & Other Expenses	3b	94,261	92,137
Depreciation, Amortisation & Impairment	3c	44,292	48,358
Finance Costs	3d	1,448	193
Net loss - Equity Accounted Council Businesses	18a	-	12
Total Expenses		216,917	211,511
Operating Surplus / (Deficit)		(21,177)	(17,381)
Asset Disposal & Fair Value Adjustments	4	(4,838)	(2,404)
Amounts Received Specifically for New or Upgraded Assets	2g	5,625	9,792
Net Surplus / (Deficit) ¹		(20,390)	(9,993)
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	181,546	244,838
Net Actuarial Gains on Defined Benefit Plan		90	123
Total Other Comprehensive Income		181,636	244,961
Total Comprehensive Income		161,246	234,968

¹ Transferred to Statement of Changes in Equity

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

page 3

Statement of Financial Position

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	6,069	6,738
Trade & Other Receivables	5b	10,548	14,145
Other Financial Assets	5c	159	177
Inventories	5d	641	527
Total Current Assets		17,417	21,587
Non-Current Assets			
Financial Assets	6a	278	478
Equity Accounted Investments in Council Businesses	6b	629	76
Infrastructure, Property, Plant & Equipment	7a	1,817,364	1,637,285
Investment Property	7a	2,865	2,865
Other Non-Current Assets	6c	1,659	1,569
Total Non-Current Assets		1,822,795	1,642,273
TOTAL ASSETS		1,840,212	1,663,860
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	28,529	28,029
Provisions	8c	13,879	12,744
Total Current Liabilities		42,408	40,773
Non-Current Liabilities			
Trade & Other Payables	8a	293	293
Borrowings	8b	41,450	28,000
Provisions	8c	2,007	1,986
Total Non-Current Liabilities		43,750	30,279
TOTAL LIABILITIES		86,158	71,052
Net Assets		1,754,054	1,592,808
EQUITY			
Accumulated Surplus		834,607	854,997
Asset Revaluation Reserves	9a	917,788	736,242
Other Reserves	9b	1,659	1,569
Total Council Equity		1,754,054	1,592,808

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

page 4

Statement of Changes in Equity

for the year ended 30 June 2019

\$ '000	Notes	Asset			Total Equity
		Accumulated Surplus	Revaluation Reserve	Other Reserves	
2019					
Balance at the end of previous reporting period		854,997	736,242	1,569	1,592,808
a. Net Surplus / (Deficit) for Year		(20,390)	-	-	(20,390)
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	181,546	-	181,546
- Defined Benefit Actuarial Gain	9b	-	-	90	90
Other Comprehensive Income		-	181,546	90	181,636
Total Comprehensive Income		(20,390)	181,546	90	161,246
Balance at the end of period		834,607	917,788	1,659	1,754,054
2018					
Balance at the end of previous reporting period		864,319	491,404	2,117	1,357,840
a. Net Surplus / (Deficit) for Year		(9,993)	-	-	(9,993)
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	244,838	-	244,838
- Defined Benefit Actuarial Gain	9b	-	-	123	123
Other Comprehensive Income		-	244,838	123	244,961
Total Comprehensive Income		(9,993)	244,838	123	234,968
c. Transfers between Reserves		671	-	(671)	-
Balance at the end of period		854,997	736,242	1,569	1,592,808

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

page 5

Statement of Cash Flows

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts		199,474	196,384
Investment Receipts		285	784
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(169,956)	(158,038)
Finance Payments		(1,448)	(193)
Net Cash provided by (or used in) Operating Activities	10b	28,355	38,937
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		5,625	9,792
Sale of Replaced Assets		561	307
Sale of Surplus Assets		1,025	14
Receipt of Shared Equity Contribution		218	189
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(21,819)	(35,693)
Expenditure on New/Upgraded Assets		(27,430)	(66,337)
Capital Contributed to Equity Accounted Businesses		(474)	-
Net Cash provided by (or used in) Investing Activities		(42,294)	(91,729)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings		13,450	28,000
Proceeds from Bonds & Deposits		-	389
<u>Payments</u>			
Repayment of Bonds & Deposits		(180)	-
Net Cash provided by (or used in) Financing Activities		13,270	28,389
Net Increase (Decrease) in Cash Held		(669)	(24,403)
plus: Cash & Cash Equivalents at beginning of period	10a	6,738	31,141
Cash & Cash Equivalents at end of period	10a	6,069	6,738

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

page 6

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Significant Accounting Policies	8
2	Income	15
3	Expenses	18
4	Asset Disposal & Fair Value Adjustments	20
	Current Assets	
5a	Cash & Cash Equivalents	21
5b	Trade & Other Receivables	21
5c	Other Financial Assets (Investments)	21
5d	Inventories	21
	Non-Current Assets	
6a	Financial Assets	22
6b	Equity Accounted Investments in Council's Businesses	22
6c	Other Non-Current Assets	22
	Fixed Assets	
7a (i)	Infrastructure, Property, Plant & Equipment	23
7a (ii)	Investment Property	23
7b	Valuation of Infrastructure, Property, Plant & Equipment	24
	Liabilities	
8a	Trade & Other Payables	27
8b	Borrowings	27
8c	Provisions	27
	Reserves	
9a	Asset Revaluation Reserve	28
9b	Other Reserves	28
10	Reconciliation to Statement of Cashflows	28
11a	Functions	30
11b	Components of Functions	31
12	Financial Instruments	31
13	Commitments for Expenditure	35
14	Financial Indicators	36
15	Uniform Presentation of Finances	37
16	Operating Leases	38
17	Superannuation	39
18a	Interests in Other Entities	40
18b	Controlled Entities	41
19	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	43
20	Events After the Balance Sheet Date	44
21	Related Party Transactions	44
22	Capital City Development and Economic Development	44

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

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

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 1 May 2011.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

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

1.4 Rounding

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

2 The Local Government Reporting Entity

City of Adelaide is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 25 Pirie Street, Adelaide. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

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

1. Adelaide Central Market Authority
2. Adelaide Park Lands Authority
3. Rundle Mall Management Authority

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

3 Income Recognition

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

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

Expiation fees are recognised as income when control over the expiation fee is obtained. Accordingly, uncollected expiation fees are not recognised as income until payment is received. This is in recognition that Council does not have control over the assets comprising the expiation fees until payment is received or awarded to Council by the judicial system.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 12.

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

Capital works still in progress at balance date are recognised as Infrastructure, Property, Plant and Equipment.

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council. Items of property, plant and equipment with a total value less than \$5,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

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

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

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

Plant, Furniture & Equipment

Office Furniture & Equipment	3 to 20 years
Vehicles and Road-making Equipment	2 to 20 years
Other Plant & Equipment	3 to 25 years
Benches, seats, etc.	10 to 20 years
Playground Equipment	5 to 15 years

Buildings

Structural	80-300 years
Other Building Components	15-100 years

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

Infrastructure

Sealed Roads – Surface	15 to 50 years
Sealed Roads – Structure	50 to 85 years
Bridges – Concrete	20 to 100 years
Bridges – Timber	30 to 40 years
Paving & Footpaths	20 to 70 years
Kerb & Water Table	60 to 120 years
Drains	50 to 125 years
Culverts	40 to 80 years
Flood Control Structures	80 to 100 years
Reticulation Pipes – PVC	15 to 25 years
Reticulation Pipes – other	15 to 25 years
Pumps & Telemetry	5 to 10 years
Traffic Signals	10 to 30 years
Lighting and Electricals	25 to 30 years
Electrical Switch Boards	30 years
CCTV	5 to 10 years
Sports Fields	5 to 45 years
Statues & Monuments	Indefinite
Green Assets	30 years
Urban Elements	5 to 80 years

Other Assets

Library Books	1 to 7 years
Artworks	Indefinite

6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing.

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

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

6.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 "Borrowing Costs". The amounts of borrowing costs recognised

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

7 Investment property

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

Investment property is carried at fair value, representing an in-house valuation based on a capitalisation method.

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

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

The last full revaluation for Council's Investment Properties was dated 30/06/2018.

Properties held for strategic purposes or where property is held to provide a social service, including those which generate cash inflows where the rental revenue is incidental to the purpose for holding the property, are not classified as investment properties.

8 Payables

8.1 Goods & Services

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

8.2 Payments Received in Advance & Deposits

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

9 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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

10 Employee Benefits

10.1 Salaries, Wages & Compensated Absences

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

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

Weighted avg. discount rate 1.38% (2018, 2.41%)
Weighted avg. settlement period 10 years (2018, 10 years)

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

10.2 Superannuation

Council in respect of its employees supports two schemes, Local Government Superannuation Scheme and Corporation of the City of Adelaide Superannuation Plan. Both Schemes are managed by Statewide Super.

Local Government Superannuation Scheme

This Scheme has two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector have the option to contribute to Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

The Scheme's Marketlink category receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9.5% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Scheme.

The Scheme's Salary Link (Defined Benefit) Plan is a multi-employer sponsored plan. As the Scheme's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

Corporation of the City of Adelaide Superannuation Plan

The Scheme, closed to new members, supports Defined Benefit membership only. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains are recognised through Other Comprehensive Income and losses are recognised in the income statement. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit asset or liability recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 17.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

11 Provisions for Reinstatement, Restoration and Rehabilitation

11.1 Provisions for Reinstatement, Restoration and Rehabilitation

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

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

12 Leases

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

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

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

13 Construction Contracts

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

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

14 Equity Accounted Council Businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 18.

15 GST Implications

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

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

16 New accounting standards and UIG interpretations

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

City of Adelaide has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments. Although the disclosures made in Note 12 Financial Instruments have changed, there are no changes to the amounts disclosed.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future only be recognised as these obligations are fulfilled. The adoption of AASB 15 and AASB 1058 is not expected to have a material impact on the financial statements.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective.

The standards that are expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 July 2019

- AASB 16 Leases – The Council has assessed the impacts of the new standard that initial application of AASB 16 will have on its consolidated financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until the Council presents its first financial statements that include the date of initial application.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Leases in which the Council is a lessee Previously, the Council has recognised an operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. No significant impact is expected for the Council's finance leases.

Although it is anticipated that the adoption of AASB 16 Leases will have a material impact on the financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Leases in which the Group is a lessor

No significant impact is expected for other leases in which the Council is a lessor (see Note 16).

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements.

The standards are expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 16 Leases
- AASB 16 Leases (Appendix D)

The standards are not expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 15 Revenue from Contracts with Customers
- AASB 1058 Income of Not-for-Profit Entities
- AASB 1058 Income of Not-for-Profit Entities Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle

17 Comparative Figures

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

18 Disclaimer

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 2. Income

\$ '000	Notes	2019	2018
(a). Rates Revenues			
General Rates			
General Rates		108,714	103,941
Less: Mandatory Rebates		(5,042)	(4,943)
Less: Discretionary Rebates, Remissions & Write Offs		(581)	(459)
Total General Rates		103,091	98,539
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,676	1,678
Rundle Mall Separate Rate		3,702	3,719
Building Upgrade Finance		41	25
Solar Savers		-	130
Total Other Rates		5,419	5,552
Other Charges			
Penalties for Late Payment		336	278
Total Other Charges		336	278
Total Rates Revenues		108,846	104,369
(b). Statutory Charges			
Development Act Fees		1,605	1,490
Animal Registration Fees & Fines		22	30
Parking Fines / Expiation Fees		10,457	12,424
Other Fees, Fines, Penalties and Expiations		46	34
Encroachments Fees		241	297
Food Inspections Fees/Fines		39	95
Outdoor Dining Fees		405	400
Residential Parking Permits		45	41
Section 7 Searches		97	85
Temporary Parking Control Permits		299	254
Water Systems Fees		57	55
Total Statutory Charges		13,313	15,205

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 2. Income (continued)

\$ '000	Notes	2019	2018
(c). User Charges			
Parking Fees		10,854	10,682
Property Lease		11,201	9,045
Sundry		394	107
Adelaide Aquatic Centre Charges		6,228	6,312
Adelaide Golf Links Charges		2,056	1,977
Adelaide Town Hall Charges		1,302	1,258
Bus Ticket Sales		5	5
Compost Sales		608	652
Event Fees		73	239
Library Centre		30	14
Off-Street Parking		30,016	30,351
Park Lands Events Fees		650	777
Property Recovery		3,480	2,881
Rundle Mall		423	389
Total User Charges		67,320	64,689
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		45	45
- Banks & Other		44	513
Investment Property Rental Income		196	196
Financial Instrument - Fair Value Increase / (Decrease)		13	30
Total Investment Income		298	784
(e). Reimbursements			
Private Works		1,096	1,044
Land Settlement		107	-
Other		299	183
Total Reimbursements		1,502	1,227

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 2. Income (continued)

\$ '000	Notes	2019	2018
(f). Other Income			
Insurance & Other Recoupments		497	530
Sundry		134	6
Total Other Income		631	536

(g). Grants, Subsidies, Contributions

Amounts Received Specifically for New or Upgraded Assets	5,625	9,792
Total Amounts Received Specifically for New or Upgraded Assets	5,625	9,792
Other Grants, Subsidies and Contributions	1,963	5,473
Untied - Financial Assistance Grant	474	897
Roads to Recovery	233	117
Home and Community Care Grant	504	222
Library and Communications	565	611
Sundry	12	
Total Other Grants, Subsidies and Contributions	3,751	7,320
Total Grants, Subsidies, Contributions	9,376	17,112

The functions to which these grants relate are shown in Note 11.

(i) Sources of grants

Commonwealth Government	744	1,236
State Government	8,577	15,142
Other	55	734
Total	9,376	17,112

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 2. Income (continued)

\$ '000	Notes	2019	2018
(h). Conditions over Grants & Contributions			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
Unexpended at the close of the previous reporting period		13	58
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Infrastructure		-	(48)
Subtotal		-	(48)
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Infrastructure		1	3
Subtotal		1	3
Unexpended at the close of this reporting period		14	13
Net increase (decrease) in assets subject to conditions in the current reporting period		1	(45)

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 3. Expenses

\$ '000	Notes	2019	2018
(a). Employee Costs			
Salaries and Wages		65,898	64,821
Employee Leave Expense		9,034	8,296
Superannuation - Defined Contribution Plan Contributions	17	6,609	6,414
Workers' Compensation Insurance		1,715	1,918
Income Protection Insurance		342	240
Less: Capitalised and Distributed Costs		(6,682)	(10,878)
Total Operating Employee Costs		76,916	70,811
Total Number of Employees (full time equivalent at end of reporting period)		673	657
Number of Employees (temporary full time equivalent at end of reporting period)		121	121
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration		68	68
Bad and Doubtful Debts		(16)	151
Elected Members' Expenses		484	486
Election Expenses		227	-
Operating Lease Rentals - Non-Cancellable Leases	16		
- Minimum Lease Payments		6,585	6,486
Subtotal - Prescribed Expenses		7,348	7,191
(ii) Other Materials, Contracts and Expenses			
Contractors		23,108	21,281
Energy		5,914	5,115
Maintenance		8,729	8,037
Legal Expenses		1,525	2,121
Levies Paid to Government - including NRM levy		2,181	2,073
Levies - Other		41	20
Parts, Accessories & Consumables		5,801	6,144
Professional Services		7,245	6,899
Advertising and Promotion		3,718	3,605
Bank Charges and Cash Collection		1,118	1,059
Catering		547	662
Cleaning		2,833	2,697
Communications		375	405
(continued on next page)			

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 3. Expenses

\$ '000	Notes	2019	2018
(b). Materials, Contracts and Other Expenses (continued)			
(ii) Other Materials, Contracts and Expenses (continued)			
Contractual Expenses		394	435
Water		3,242	2,936
Entertainment - Council and Civic Events		86	90
External Plant Hire		922	1,443
Insurance		2,060	1,965
Investment Property Expenses		149	135
Minor Plant and Equipment		722	568
Printing, Freight and Postage		770	670
Rates and Taxes		342	1,600
Registrations		63	208
Searches		418	375
Security		2,123	2,043
Sponsorships, Contributions and Donations		9,082	9,669
Subscriptions		1,171	1,077
Training and Development		795	707
Waste Services		1,370	1,130
Other		314	136
Less: Capitalised and Distributed Costs		(245)	(359)
Subtotal - Other Material, Contracts & Expenses		86,913	84,946
Total Materials, Contracts and Other Expenses		94,261	92,137

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 3. Expenses (continued)

\$ '000	Notes	2019	2018
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Park Land Improvements		2,048	3,303
Buildings		8,439	8,318
Infrastructure			
- Stormwater and Drainage		2,185	2,461
- Bridges		2,332	2,334
- Footpaths		7,639	2,107
- Kerb & Water table		952	941
- Public Lighting		3,601	3,296
- Roads		5,896	5,836
- Ticket Machines		403	409
- Traffic Signals		1,454	1,268
- Urban Elements		3,511	2,269
Plant & Equipment		1,702	1,606
Furniture and Fittings		3,858	4,501
Library Books		272	212
Subtotal		44,292	38,861
(ii) Impairment			
Buildings		-	8,788
Stormwater & Drainage		-	32
Footpaths		-	595
Bridges		-	82
Subtotal		-	9,497
Total Depreciation, Amortisation and Impairment		44,292	48,358
(d). Finance Costs			
Interest on Loans		1,448	193
Total Finance Costs		1,448	193

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	Notes	2019	2018
Infrastructure, Property, Plant & Equipment			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		561	306
Less: Carrying Amount of Assets Sold		(5,938)	(2,773)
Gain (Loss) on Disposal		(5,377)	(2,467)
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		1,025	14
Less: Carrying Amount of Assets Sold		(16)	-
Gain (Loss) on Disposal		1,009	14
Fair Value Adjustments			
Investment Property - Fair Value Increase / (Decrease)		(470)	49
Total Fair Value Adjustments		(470)	49
Net Gain (Loss) on Disposal or Revaluation of Assets		(4,838)	(2,404)

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 5. Current Assets

(a). Cash & Cash Equivalents

Cash on Hand at Bank	5,668	6,305
Deposits at Call	401	433
Total Cash & Cash Equivalents	6,069	6,738

(b). Trade & Other Receivables

Rates - General & Other	3,740	2,946
Accrued Revenues	1,626	6,771
Debtors - General	2,818	2,215
GST Recoupment	1,113	956
Prepayments	1,571	1,672
Subtotal	10,868	14,560
Less: Allowance for Doubtful Debts	(320)	(415)
Total Trade & Other Receivables	10,548	14,145

\$ '000	Notes	2019	2018
---------	-------	------	------

(c). Other Financial Assets (Investments)

Ergo Apartments - Shared Equity Loans	159	177
Total Other Financial Assets (Investments)	159	177

Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13

(d). Inventories

Stores & Materials	409	333
Trading Stock	176	148
Other	56	46
Total Inventories	641	527

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 6. Non-Current Assets

(a). Financial Assets

Ergo Apartments - Shared Equity Loans	278	478
Total Financial Assets	278	478

(b). Equity Accounted Investments in Council Businesses

Council Solutions Regional Authority	18a	138	76
The Brown Hill and Keswick Creek Stormwater Board	18a	491	-
Total Equity Accounted Investments in Council Businesses		629	76

(c). Other Non-Current Assets

Employee Entitlements (unfunded superannuation asset)	1,659	1,569
Total Other Non-Current Assets	1,659	1,569

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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

\$ '000	Fair Value Level	as at 30/6/2018					Asset Movements during the Reporting Period										as at 30/6/2019						
		At Fair Value	At Cost	Accumulated Dep'n	Carrying Value	Impairment	Asset Additions		WDV of Asset Disposals (Note 4)	Depreciation Expense (Note 3c)	Impairment Loss (recognised in P/L) (Note 3c)	WIP Transfers	Adjustments & Transfers	Project Related Expenditure (Note 3)	Re-classification	Revaluation Increments/ Decrements to P&L - Investment Properties (Note 4)	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Dep'n	Carrying Value	
							New / Upgrade	Renewals															
Capital Work in Progress		-	44,830	-	44,830	-	38,586	29,894	-	-	-	(567)	(61,227)	(18,539)	-	-	-	-	-	32,977	-	-	32,977
Land		-	388,400	-	388,400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	388,400	-	-	388,400
Land - Crown	3	-	388,400	-	388,400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	388,400	-	-	388,400
Land - Other	2	207,470	-	-	207,470	-	-	-	-	-	-	-	-	-	-	-	-	-	207,470	-	-	207,470	
Land - Other	3	12,640	-	-	12,640	-	-	-	-	-	-	-	-	-	-	-	-	-	12,640	-	-	12,640	
Buildings		-	533,874	-	533,874	-	194,784	-	-	(3,979)	-	3,027	3,027	-	-	-	-	161	536,901	536,901	342,909	-	193,992
Buildings	3	170,866	-	71,594	99,272	-	-	(303)	(4,460)	-	-	2,469	2,469	-	-	-	-	-	172,046	172,046	75,068	-	96,978
Park Land Improvements		-	73,384	-	73,384	-	31,099	-	(27)	(2,048)	-	5,521	5,521	-	-	-	-	-	78,861	78,861	44,316	-	34,545
Infrastructure		-	111,609	-	111,609	-	45,638	-	(24)	(2,185)	-	4,121	4,121	-	(706)	-	-	86,593	322,706	322,706	189,269	-	133,437
- Stormwater and Drainage	3	156,350	-	88,301	68,049	-	88,049	-	(155)	(2,332)	-	475	475	-	-	-	-	-	156,630	156,630	90,594	-	66,036
- Bridges	3	319,406	-	108,843	210,563	-	210,563	-	(2,506)	(7,493)	-	9,786	9,786	-	(6,420)	-	1,994	-	315,712	315,712	109,789	-	205,923
- Footpaths	3	4,475	-	-	4,475	-	4,475	-	-	(146)	-	2,695	2,695	-	-	-	-	-	7,170	7,170	146	-	7,024
- Footpath Landscaping	3	68,546	-	20,541	48,005	-	48,005	-	(1,233)	(952)	-	3,702	3,702	-	-	-	22,743	134,733	134,733	62,468	-	72,265	
- Kerb & Water table	3	84,082	-	34,740	49,342	-	49,342	-	(136)	(3,601)	-	7,376	7,376	-	-	-	-	91,286	91,286	38,305	-	52,981	
- Public Lighting	3	239,137	-	116,254	122,883	-	122,883	-	(749)	(5,896)	-	6,450	6,450	-	6,420	-	70,055	382,818	382,818	183,654	-	199,164	
- Roads	3	3,655	-	1,719	1,936	-	1,936	-	(30)	(403)	-	69	69	-	-	-	-	3,682	3,682	2,110	-	1,572	
- Ticket Machines	3	26,594	-	12,657	13,937	-	13,937	-	-	(1,454)	-	2,229	2,229	-	-	-	-	28,813	28,813	14,101	-	14,712	
- Traffic Signals	3	70,817	-	7,286	63,531	-	63,531	-	(157)	(3,511)	-	2,692	2,692	-	706	-	-	74,074	74,074	10,813	-	63,261	
- Urban Elements	3																						
Other		-	19,220	9,228	9,992	-	179	-	(634)	(1,702)	-	2,593	2,593	-	-	-	-	-	-	20,557	10,128	-	10,429
Plant & Equipment		-	7,803	5,815	1,988	-	-	-	-	(272)	-	316	316	-	-	-	-	-	-	8,118	6,087	-	2,031
Library Books		-	11,311	-	11,311	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,311	-	-	11,311
Civic Collection		-	42,519	35,379	7,140	-	-	-	-	(3,858)	-	6,935	6,935	-	-	-	-	-	-	49,455	39,239	-	10,216
Equipment, Furniture and Fittings																							
Total Infrastructure, Property, Plant & Equipment		2,082,905	514,083	959,703	-	1,637,285	38,765	29,894	(5,954)	(44,292)	-	(567)	(771)	(18,539)	-	-	-	-	2,525,542	510,818	1,218,996	-	1,817,364
Comparatives		1,541,575	494,995	695,007	-	1,341,563	70,016	38,624	(2,773)	(38,861)	(9,497)	-	121	(6,755)	-	-	(2,827)	247,665	2,082,905	514,083	959,703	-	1,837,285

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

Buildings and Structures		2,865	-	-	-	-	-	-	-	-	-	-	470	-	-	(470)	-	-	2,865	-	-	-	-	2,865	2,865
Total Investment Property		2,865	-	-	-	-	-	-	-	-	-	-	470	-	-	(470)	-	-	2,865	-	-	-	-	2,865	2,865
Comparatives		2,186	-	-	-	-	-	-	-	-	-	-	-	-	-	49	-	-	2,865	-	-	-	-	2,865	2,865

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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

\$ '000

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

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

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

There is no known market for buildings and some building assets. These assets are valued at depreciated current replacement cost which involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.

- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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

\$ '000

Valuation of Assets (continued)

Other Information

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

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

Highest and best use

Much of the land under Council's care and control has been declared as community land under the provisions of the Local Government Act 1999.

Council's principal role as a provider of services to the community, promotes alignment with strategic outcomes as opposed to outright revenue generation. The highest and best use is taken to be the highest and best use available to Council, with a rebuttable presumption that the current use is the "highest and best use" incorporating such restrictions as mentioned above.

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

Transition to AASB 13 – Fair Value Measurement

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

Park Lands Improvements

Park Lands Improvement assets were valued by Council officers at current replacement cost during the reporting period ended 30 June 2003. Green assets located in the Park Lands, such as landscaping and vegetation, are recognised at cost.

Land

Land, excluding Park Lands and Land under Roads were valued using the market approach during the reporting period ended 30 June 2018 by independent valuers.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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

\$ '000

Valuation of Assets (continued)

Buildings

Building assets were valued using either the market or current replacement cost approach during the reporting period ended 30 June 2018 by independent valuers. Acquisitions subsequent to the most recent valuation has been measured at cost.

Infrastructure

Footpaths were valued by Council officers at current replacement cost during the reporting period ended 30 June 2018. The same basis of valuation was used by Council officers for public lighting and traffic signal assets during the reporting period ended 30 June 2015. Where internal expertise was not available in that reporting period, such as the valuation of significant bridges, external valuers were utilised. Footpath landscaping is recognised at cost.

Roads

Road assets were valued internally using the current replacement cost approach. The most recent valuation was conducted for the period ending 30 June 2019 and was based on the unit rates to replace the associated road component. All acquisitions made after the date of valuation are recorded at cost.

Stormwater and Drainage

Stormwater and drainage assets are periodically valued with the most recent revaluation conducted for the period ending 30 June 2019 using the current replacement cost approach. The majority of the stormwater revaluation was conducted by an independent valuer, however the valuation of Council's gross pollutant traps and earth retaining walls was determined internally.

Kerb and Gutter

Kerb and Gutter were valued internally using the current replacement cost approach. The most recent valuation was conducted for the period ending 30 June 2019 and was based on unit rates to replace the associated kerb component. All acquisitions made after the date of valuation are recorded at cost.

Plant & Equipment

Plant and equipment is valued at historical cost less depreciation.

Furniture & Fittings

Furniture and Fittings is valued at historical cost less depreciation.

Investment Property

Investment properties are valued annually, the basis of valuation is fair value being the amounts for which the properties could be exchanged between willing but not anxious parties in an arms length transaction, based on current prices in an active market for similar parties in the same location and subject to similar leases.

All investment properties are leased to tenants under long term operating leases with rentals payable monthly. Contractual obligations relating to the properties are disclosed in Note 16.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 8. Liabilities

\$ '000	Notes	2019		2018	
		Current	Non Current	Current	Non Current
(a). Trade and Other Payables					
Goods & Services		14,680	-	15,063	-
Payments Received in Advance		2,486	293	1,963	293
Accrued Expenses - Employee Entitlements		2,136	-	2,043	-
Accrued Expenses - Other		7,087	-	6,746	-
Deposits, Retentions & Bonds		970	-	1,150	-
Other		1,170	-	1,064	-
Total Trade and Other Payables		28,529	293	28,029	293

(b). Borrowings

Loans	-	41,450	-	28,000
Total Borrowings	-	41,450	-	28,000

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

(c). Provisions

Annual Leave Employee Entitlements	6,113	-	6,080	-
Provision for Taxation - Carbon Tax	-	-	-	52
Long Service Leave Employee Entitlements	7,356	2,007	6,309	1,934
Other	410	-	355	-
Total Provisions	13,879	2,007	12,744	1,986

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 9. Reserves

\$ '000	1/7/2018	Increments (Decrements)	Transfers	Impairments	30/6/2019
(a). Asset Revaluation Reserve					
Land and Buildings	387,966	-	-	-	387,966
Park Land Improvements	13,217	-	-	-	13,217
Buildings	-	161	-	-	161
Infrastructure					
- Stormwater and Drainage	7,585	86,593	-	-	94,178
- Bridges	56,847	-	-	-	56,847
- Footpaths	144,099	1,994	-	-	146,093
- Kerb & Water table	57,978	22,743	-	-	80,721
- Roads	44,999	70,055	-	-	115,054
- Statues & Fountains	3,730	-	-	-	3,730
- Ticket Machines	1,202	-	-	-	1,202
- Urban Elements	17,616	-	-	-	17,616
Other Assets	1,003	-	-	-	1,003
Total Asset Revaluation Reserve	736,242	181,546	-	-	917,788
Comparatives	491,404	244,838	-	-	736,242

\$ '000	1/7/2018	Tfrs to Reserve	Tfrs from Reserve	Other Movement	30/6/2019
(b). Other Reserves					
Defined Benefit - Unfunded Superannuation	1,569	90	-	-	1,659
Total Other Reserves	1,569	90	-	-	1,659
Comparatives	2,117	123	(671)	-	1,569

PURPOSES OF RESERVES

Asset Revaluation Reserves

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

Defined Benefit Superannuation Reserve

This reserve is used to record the actuarial gains & losses on the Corporation of the City of Adelaide Superannuation Plan (CCASP) in line with AASB 119 requirements.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 10. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2019	2018
(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	6,069	6,738
Balances per Statement of Cash Flows		6,069	6,738
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		(20,390)	(9,993)
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		44,292	48,358
Fair Value Adjustments		560	74
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(79)	12
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(5,625)	(9,792)
Net (Gain) Loss on Disposals		4,368	2,453
		23,126	31,112
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		3,692	1,967
Change in Allowances for Under-Recovery of Receivables		95	(125)
Net (Increase)/Decrease in Inventories		(114)	28
Net (Increase)/Decrease in Other Current Assets		(280)	127
Net Increase/(Decrease) in Trade & Other Payables		680	5,887
Net Increase/(Decrease) in Unpaid Employee Benefits		33	(200)
Net Increase/(Decrease) in Other Provisions		1,123	141
Net Cash provided by (or used in) operations		28,355	38,937

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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

\$ '000	Notes	2019	2018
(c). Reconciliation of Liabilities Arising from Financing Activities			
Long-term Borrowings			
- Opening Balance		28,000	-
- Cash Flows		13,450	28,000
Closing Balance		41,450	28,000
Bonds & Deposits			
- Opening Balance		1,150	761
- Cash Flows		(180)	389
Closing Balance		970	1,150
Total Liabilities from Financing Activities		42,420	29,150

(d). Financing Arrangements

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

Bank Overdrafts	500	500
Corporate Credit Cards	600	600
LGFA Cash Advance Debenture Facility	100,000	100,000

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 2019

Note 11a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 11(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018
\$ '000										
Creative City	763	654	13,364	13,719	(12,601)	(13,065)	308	-	458,784	992,531
Liveable City	80,041	53,408	118,096	117,829	(38,055)	(64,421)	1,194	1,423	1,151,427	376,205
Smart City	4	-	2,916	3,733	(2,912)	(3,733)	-	-	200,194	264,139
Green City	1,490	1,250	17,592	18,137	(16,102)	(16,887)	178	-	437	497
Corporate	113,442	138,818	64,949	58,093	48,493	80,725	2,071	5,897	29,370	30,488
Total Functions/Activities	195,740	194,130	216,917	211,511	(21,177)	(17,381)	3,751	7,320	1,840,212	1,663,860

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

Note 11b. Components of Functions

The activities relating to Council functions are as follows:

SMART CITY

City Growth and Rundle Mall Management Authority.

GREEN CITY

Sustainability, Park Lands Strategy and Public Realm Services.

LIVEABLE CITY

Design Projects & Strategies, Community Safety & Health, Participation & Inclusion, Wellbeing & Resilience, Planning & Heritage, Customer Experience, Infrastructure Planning & Delivery, Public Realm Infrastructure, Commercial Businesses, Adelaide Central Market Authority and Adelaide Park Lands Authority.

CREATIVE CITY

Culture & Lifelong Learning, Events Management, Civic Relationships & Partnerships and Visitor Growth.

CORPORATE

CEO Office, Corporate Activities, Council Solutions, Finance, Governance, Information Management, Infrastructure Support, Marketing & Communications, On Street Parking, People, Planning Support, Program Management and Strategic Property.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 12. Financial Instruments

\$ '000

Recognised Financial Instruments

Receivables

Rates & Associated Charges

(including legals & penalties for late payment)

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

Accounting Policy:

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

Terms & Conditions:

Secured over the subject land, arrears attract interest of 6.6% (2018: 6.6%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Fees & Other Charges

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Other Levels of Government

Accounting Policy:

Carried at nominal value.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 12. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Receivables

Shared Equity Contribution

Accounting Policy:

Accounted for in accordance with AASB 13

Terms & Conditions:

In accordance with AASB 13, the fair value measurement of the financial asset has been assessed as a level 2. The valuation adopted a sale price comparison approach where the sales prices of comparable property in a similar location are adjusted for key differences in key attributes such as car parks, bathrooms and outdoor areas.

Carrying Amount:

Fair value

Liabilities

Creditors and Accruals

Accounting Policy:

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

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities

Interest Bearing Borrowings

Accounting Policy:

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

Terms & Conditions:

Secured over future revenues, current loans are on a floating facility where surplus funds are used to pay down loan balances. Loans are procured via a tender process and interest rates are secured at drawdown.

Carrying Amount:

Approximates fair value.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 12. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2019					
<u>Financial Assets</u>					
Cash & Equivalents	6,069	-	-	6,069	6,069
Receivables	4,124	-	-	4,124	4,124
Other Financial Assets	159	278	-	437	437
Total Financial Assets	10,352	278	-	10,630	10,630
<u>Financial Liabilities</u>					
Payables	26,043	-	-	26,043	26,043
Non-Current Borrowings	-	-	41,450	41,450	41,450
Total Financial Liabilities	26,043	-	41,450	67,493	67,493
2018					
<u>Financial Assets</u>					
Cash & Equivalents	6,738	-	-	6,738	6,738
Receivables	8,571	-	-	8,571	8,571
Other Financial Assets	177	478	-	655	655
Total Financial Assets	15,486	478	-	15,964	15,964
<u>Financial Liabilities</u>					
Payables	26,066	-	-	26,066	26,066
			28,000	28,000	28,000
Total Financial Liabilities	26,066	-	28,000	54,066	54,066

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

	30 June 2019		30 June 2018	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	2.73%	41,450	2.75%	28,000
		41,450		28,000

Net Fair Value

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 12. Financial Instruments (continued)

\$ '000

Risk Exposures

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

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

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. The 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. The Authority has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Note 13. Commitments for Expenditure

\$ '000

Notes

2019

2018

Capital Commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Buildings	3,300	127
Drainage & Waterways	120	364
IT Corporate System	274	76
Lighting & Electrical	93	30
Park Lands & Squares	237	167
Plant & Equipment	314	-
Strategic Priorities	-	247
Streetscapes	453	4,114
Transportation	7,835	1,009
Urban Elements	787	72
Other	-	33
	13,413	6,239

These expenditures are payable:

Not later than one year	13,413	6,239
	13,413	6,239

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 14. Financial Indicators

\$ '000	Amounts 2019	Indicator 2019	Prior Periods	
			2018	2017

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

1. Operating Surplus Ratio

Operating Surplus	(21,177)	(11%)	(9%)	8%
Total Operating Revenue	195,740			

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	69,104	35%	26%	(5%)
Total Operating Revenue	195,740			

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

3. Asset Sustainability Ratio

Net Asset Renewals	23,335	76%	91%	123%
Infrastructure & Asset Management Plan required expenditure	30,711			

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 15. Uniform Presentation of Finances

\$ '000	2019	2018
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	195,740	194,130
less Expenses	(216,917)	(204,756)
Operating Surplus / (Deficit)	(21,177)	(10,626)
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(21,819)	(38,278)
add back Depreciation, Amortisation and Impairment	44,292	48,360
add back Proceeds from Sale of Replaced Assets	561	307
Subtotal	23,034	10,389
Net Outlays on New and Upgraded Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(27,430)	(70,362)
add back Amounts Received Specifically for New and Upgraded Assets	5,625	9,792
add back Proceeds from Sale of Surplus Assets	1,025	14
Subtotal	(20,780)	(60,556)
Net Lending / (Borrowing) for Financial Year	(18,923)	(60,793)

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 16. Operating Leases

\$ '000

2019

2018

Leases Providing Revenue to the Council

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

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

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

Not later than one year	7,181	3,730
Later than one year and not later than 5 years	8,058	7,034
Later than 5 years	25,565	26,075
	40,804	36,839

(ii) Lease Payment Commitments of Council

The lease obligations are predominately for the operating lease of buildings.

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

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

Not later than one year	5,740	6,076
Later than one year and not later than 5 years	15,316	18,049
Later than 5 years	27,034	27,960
	48,090	52,085

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 17. Superannuation

\$ '000

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2018/19; 9.50% in 2017/18). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2017/18) of "superannuation" salary.

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

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of WillieTowers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 18a. Interests in Other Entities

\$ '000

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2019	2018
Council Solutions Regional Authority	Promotion of procurement and service delivery	138	76
The Brown Hill and Keswick Creeks Stormwater Board	Implementation & oversight of stormwater infrastructure	491	-
Total Carrying Amounts - Joint Ventures & Associates		629	76

Council Solutions Regional Authority

Council Solutions Regional Authority was established by six constituent councils comprising the Cities of Adelaide, Charles Sturt, Marion, Salisbury, Tea Tree Gully, and Onkaparinga, for the purposes of promoting procurement and service delivery

The Brown Hill and Keswick Creeks Stormwater Board

The Brown Hill and Keswick Creeks Stormwater Board was established by five constituent councils on the 27 February 2018, comprising the Cities of Adelaide, Burnside, Unley, Mitcham and West Torrens for the purposes of implementing or overseeing the construction of stormwater infrastructure for the purposes of the implementation of the Stormwater Management Plan.

Council's equity interest has not been accounted for within these statements based on insufficient reliable information provided from unaudited draft financial statements.

(b) Relevant Interests

Name of Entity	Interest In Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2019	2018	2019	2018	2019	2018
Council Solutions Regional Authority	17%	17%	17%	17%	17%	17%
The Brown Hill and Keswick Creeks Stormwater Board	8%	8%	8%	8%	20%	20%

(c) Movement in Investment in Joint Venture or Associate

	The Brown Hill and Keswick Creeks Stormwater Board		Council Solutions Regional Authority	
	2019	2018	2019	2018
Opening Balance	-	-	76	88
Share in Operating Result	17	-	62	(12)
New Capital Contributions	474	-	-	-
Council's Equity Share in the Joint Venture or Associate	491	-	138	76

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 18b. Controlled Entities

SUBSIDIARIES

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 10 and the accounting policy described in Note 1.

Name of Operation/Entity	Principal Activity and Place of Business			
Adelaide Central Market Authority (ACMA)	Adelaide Central Market Authority was enacted on 3 May 2012 as a subsidiary of Council with its primary role being to oversee the management and operation of Adelaide Central Market in accordance with the Adelaide Central Market Authority Charter, the Market Charter and Council's Strategic Plan.			
	Ownership		Voting Rights	
Interests in Subsidiary	2019	2018	2019	2018
Council's Interest in Subsidiary	100%	100%	100%	100%

The nature and extent of significant restrictions relating to the Subsidiary

A 30% dividend is payable to Council annually on surplus amounts above the Asset Renewal Provision. No dividend was payable during 2018/19. The remaining surplus is retained in either a capital renewal or capital enhancement fund for future requirements.

The nature of risks associated with Council's interests in the Subsidiary

ACMA currently hold a line of credit with council to the value of \$9,232,148, with a current draw down to the value of \$7,460,640.

Other disclosures

Council manages the operational running of the car park under ACMA's control for which a management fee is payable. This totalled \$446,111 for the year.

Council has a lease agreement with ACMA for the Central Market Complex until the 30 September 2033. The lease charge totalled \$2,834,796 for the year.

ACMA contracts staff from Council with the on-charge totalling \$1,152,526 for the year.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 18b. Controlled Entities (continued)

SUBSIDIARIES (continued)

Name of Operation/Entity	Principal Activity and Place of Business			
Adelaide Park Lands Authority (APLA)	Adelaide Park Lands Authority was enacted on 14 December 2006 as a subsidiary of Council with its primary role being the provision of policy and advice to Council and the State Government in regard to the management of the Park Lands.			
	Ownership		Voting Rights	
Interests in Subsidiary	2019	2018	2019	2018
Council's Interest in Subsidiary	100%	100%	100%	100%

The nature of risks associated with Council's interests in the Subsidiary

Council funds the operations of APLA through the provision of an annual grant which was to the value of \$187,000.

Other disclosures

APLA contracts staff from Council with the on-charge totalling \$136,860 for the year.

Name of Operation/Entity	Principal Activity and Place of Business			
Rundle Mall Management Authority (RMMA)	The Rundle Mall Subsidiary was enacted on 9 October 2008 as a subsidiary of Council with its primary role being the promotion of the Rundle Mall.			
	Ownership		Voting Rights	
Interests in Subsidiary	2019	2018	2019	2018
Council's Interest in Subsidiary	100%	100%	100%	100%

Other disclosures

RMMA contracts staff from Council with the on-charge totalling \$793,509 for the year.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 19. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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

1. LAND UNDER ROADS

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

At reporting date, Council controlled 190 km of road reserves of average width 9.3 metres.

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. LEGAL MATTERS

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 20. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2019, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 25/11/19.

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

Note 21. Related Party Transactions

\$ '000	2019	2018
---------	------	------

Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Lord Mayor, Councillors, CEO and Directors. In all, 21 persons were paid the following total compensation:

The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	2,326	1,674
Post-Employment Benefits	158	124
Long-Term Benefits	22	-
Total	2,506	1,798

Compensation paid excludes reimbursement of expenses incurred on behalf of Council.

Receipts from Key Management Personnel comprise:

Rentals for Council property	496	-
Total	496	-

Note 22. Capital City Development and Economic Development

Expenditure of \$47.4m was incurred in relation to Council's commitments under the Capital City Development Program. This represents 22% of total expenditure for the year ended 30 June 2019.

In accordance with the requirements of the City of Adelaide Act 1998, expenditure of \$13.7m was incurred for works, services and activities that directly related to Council's economic development program. This represents 6.38% of the total expenditure for the year ended 30 June 2019.

INDEPENDENT AUDITOR'S REPORT TO THE PRINCIPAL MEMBER OF CITY OF ADELAIDE

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of City of Adelaide (the Council), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

In our opinion the financial report of City of Adelaide, presents fairly, in all material respects, the Council's financial position as at 30 June 2019 and its financial performance for the year ended on that date in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

Basis for opinion

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

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

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

Information Other than the Financial Report and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the general purpose financial reports of the following regional subsidiaries of Rundle Mall Management Authority, Adelaide Park Lands Authority, Adelaide Central Market Authority and the Annual Report of Council Solutions.

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

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

BDO Audit (SA) Pty Ltd ABN 33 161 379 086 is a member of a national association of separate entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (SA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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

Council's Responsibility for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

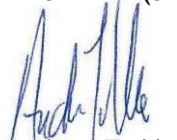
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.



BDO Audit (SA) Pty Ltd



Andrew Tickle
Director

Adelaide, 28 November 2019

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE CITY OF ADELAIDE

Opinion

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2018 to 30 June 2019 relevant to ensuring such transactions have been conducted properly and in accordance with law.

In our opinion, in all material respects:

- (a) The controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- (b) The controls operated effectively as designed throughout the period from 1 July 2018 to 30 June 2019.

Basis for opinion

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

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

The Council's responsibilities for the internal controls

The Council is responsible for:

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

Our independence and quality control

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

Assurance practitioner's responsibilities

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

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

Limitations of controls

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

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



BDO Audit (SA) Pty Ltd



Andrew Tickle
Director

Adelaide, 28 November 2019

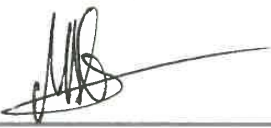
City of Adelaide

General Purpose Financial Statements for the year ended 30 June 2019

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Adelaide for the year ended 30 June 2019, the Council's Auditor, BDO has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Mark Goldstone
CHIEF EXECUTIVE OFFICER



David Powell
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 5 September 2019



Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au

Level 7, BDO Centre
420 King William St
Adelaide SA 5000
GPO Box 2018, Adelaide SA 5001
AUSTRALIA

CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the City of Adelaide for the year ended 30 June 2019, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

A handwritten signature in blue ink, appearing to read 'Andrew Tickle', is written over a light blue horizontal line.

Andrew Tickle
Director

BDO Audit (SA) Pty Ltd

Adelaide, 21 August 2019



Adelaide Central
Market Authority (ACMA)

Annual Report 2018–19



The Year in Review

The 2018/19 period was the sixth full year of operation for the Adelaide Central Market Authority (ACMA) after its formal establishment in October 2012.

Summary of financial result

	2016-17	2017-18	2018-19
Gross Revenue	9,060,264	9,301,030	9,361,766
Gross Expenditure	(6,346,351)	(6,627,160)	(6,240,811)
ACMA OPERATIONS	2,713,913	2,673,869	3,120,955
CoA Rent	(2,731,235)	(2,801,144)	(2,834,797)
CoA UPark Management Fee	(465,627)	(446,111)	(446,112)
CoA Interest on Borrowings	-	(92,927)	(152,246)
CoA Contribution	-	-	(300,000)
FINANCIAL RESULT	(482,949)	(666,313)	(612,200)



Key highlights

150 years

of retailing fresh produce to
South Australia

\$1,543,567

of positive media coverage
generated

16

newsletters to Market Lovers

9.7M

visitations

52K

Instagram followers

64

free cooking demonstrations

1,278,307

car park transactions

52K

Facebook likes

\$3M

in capital works undertaken

1M kg

of fresh produce delivered to and
sold in the Market every month

1,143,317

page views on
adelaidecentralmarket.com

1,039

maintenance tasks completed

Awards

**Certificate of Excellence
as a tourism business**

Trip Advisor



Celebrating 150 years

'On Saturday 23 January 1869 at 3.15am a group of Market gardeners, unhappy with trading conditions at the East End, paraded through city streets to the site between Gouger and Grote Street to sell their produce. Over 500 customers attended, and all stock was sold out by 6am. And the rest, as they say is history...'

On 23 January 2019 marked 150 years of the Adelaide Central Market, Australia's oldest retail market in its same location, which included a series of activities to share the stories, people and recipes including:

- 'Adelaide Central Market: Stories, People & Recipes' hardcover publication
- 'Adelaide Central Market: 150 Years of People & Produce' State Library of South Australia exhibition
- 'Market Birthday' family day celebration
- '150 Years of the Market: A Time Travellers Feast' ticketed event
- 'Memories of our Market' & 'If the Stalls Could Talk' – a guided tour of the Adelaide Central Market' History Festival free and ticked events

Adelaide Central Market Stories, People & Recipes

On Wednesday 5 December 2018, Adelaide Central Market: Stories, People & Recipes was launched in partnership with South Australian publishing house, Wakefield Press. The 496 pages hardcover book tells the tale of Adelaide's greatest treasure and captures the memories of traders of yesteryear and the familiar faces who make the Adelaide Central Market such a lively place today. Written by authors Fiona Roberts & Katie Spain, the book shares stories about the Market's past, and includes delicious seasonal-driven recipes from the Market's passionate stallholders, producers who supply the produce, as well as SA's favourite chefs, including Maggie Beer, Adam Liaw, Simon Bryant, and many more.

Adelaide Central Market: 150 Years of People & Produce Exhibition

The State Library exhibition officially opened on Friday, 25 January 2019, and was on display until Sunday, 28 April 2019, at the Treasures Wall, State Library of South Australia (SLSA). The free exhibition, in partnership with the State Library of South Australia, featured an exclusive collection of items from the archives of City of Adelaide and State Library and from the personal collections of Market traders and customers. Items included produce carts, scales, signage, uniforms and original documents dating back to the early 1900s. Given the sensory experience of the Adelaide Central Market, ACMA created a 'Smell-o-Wall', capturing the pleasant aromas from the Market ('Passing by the flower stall', 'Red frogs after school', 'Dad's famous beef brisket'). This unique concept was well received, and according to the SLSA's guest book, it even brought visitors to tears.

History Festival

'If the Stalls Could Talk: A Guided Tour of the Adelaide Central Market' tours were held Thursday 2, 9, 16 & 23 May 2019, at 10am & 2.30pm. Attendees were introduced to the various traders, listening to stories about the Market's colourful history. Tour included a goodie bag and coffee to finish. There were 211 attendees in total, with all morning sessions sold out. Customers were encouraged to visit an interactive display 'Memories of our Market', where they could read about others' stories and be inspired to share their own on our wall of market memories. The wall of memories grew throughout the entire History Festival by the end of the Festival, the wall was filled with stories and images from years gone by.

150 Years of the Market: A Time Travellers Feast

Guests travelled back in time to sample the flavours, sights and sounds from 150 years of Adelaide Central Market history; with a long table four-course luncheon. Table theming changed with every course, whilst guests time travelled between eras 1869 (canapes, Karena Armstrong from Salopian Inn), 1919 (entrée, Lachlan Colwill from Hentley Farm, Tony Hart from InterContinental), 1969 (main, Jordan Theodoros from Peel St, Matteo Carboni from Casa Carboni), 2019 (dessert, Eddie Ye from Yakitori Takumi and Brad Sappenberghs from Comida). Chefs used ingredients created by the multigenerational traders and producers whose families have been supplying the market for decades. The Market is partnered with Seppeltsfield Barossa, Coopers and Bickford's – SA's oldest and most iconic beverages, to give guests an authentic back-in-time adventure.

Market Birthday

Customers celebrated the Market birthday on Saturday 2 February 2019 with a program of family activities including an official opening and cake cutting with His Excellency Hieu Van Lei, Governor of South Australia, book signing with Market book authors Fiona Roberts and Katie Spain, book sales pop-up, Market cash grab and free workshops and music. Charity partner OzHarvest raised \$500 in donations for a slice of birthday cake.



Our Customers

To put our Customers at the centre of all that we do to provide them with an authentic, unique and memorable shopping experience

Throughout 2018/19 ACMA focused on community and customer engagement within the Market:

Community and Customer Engagement

- 64 free cooking demonstrations in the U-Install-It Community Kitchen added value to the Market experience
- 400 pieces of artwork by children were displayed during a month-long Little Picassos Exhibition, named 'The Market through our eyes' opening on 20 September 2018. Over 300 parents of the children with pieces on display attended the opening night on Friday 21 September, with positive feedback from customers throughout the month.
- Major retail campaigns Christmas 2018 and Easter 2019 comprised of above-the-line radio and print advertising, supported by direct mail, digital and in-Market advertising. The campaigns both featured free family activities, cooking demonstrations, in-Market theming and recipes.
- International Women's Day was celebrated on 8 March 2019, with St Mary's College Year 12 students collecting donations for Catherine House and handing out 500 sunflowers to Market customers. Canvases of Women in Food were also present in Gouger St dining area.
- On the 23 March 2019 the Market officially launched the apple and pear season with cooking demonstrations and apple and pear giveaways with the Pick a Local campaign. The launch coincided with the launch of PIRSA's Hailstorm Heroes campaign, encouraging customers to purchase imperfect fruit.

Events

- Over 100,000 people celebrated Bastille Day over two days on Friday 13 July and Saturday 14 July 2019. Activities included two croquembouche demonstrations with patisserie chef Jenni Key from Le Cordon Bleu, live music, crepe pop up stall by

the Market Bread Bar, champagne bar and kids' activities. Honorary French Consul Sue Crafter officially opened the Bastille Day activities with a giant Eiffel Tower cake made by Dough. Slices of the cake were offered to customers for a gold coin donation to OzHarvest, with a total of \$784 raised for SA's homeless and disadvantaged. The highlight of the event was the flash mob performance by the State Opera of South Australia with a two-song performance of Les Misérables.

- Over 97,000 people participated in Seafood + Sounds, returning for the second year to showcase South Australia's world class seafood. The two-day event on Friday 5 October and Saturday 6 October 2018 consisted of cooking demonstrations with chefs and producers, chilli crab shack, wine tastings, a sangria bar, music and children's activities. Cafes were encouraged to offer a seafood special for the two days (highlighted on a seafood hotspots map) and seafood retailers were consulted to take part in the program and offer stall activations.
- On Saturday 27 October, the Market celebrated I Choose SA Day in conjunction with Brand SA. The event included free cooking demonstrations with Sprout featuring Callum Hann and Themis Chryssidis, a free tasting table showcasing SA produce and live music. The highlight of the day was the launch of the South Australian strawberry season with a live auction, which was a collaboration between Brand SA, PIRSA, Adelaide Produce Markets and ACMA. The live auction raised \$17.5K for Variety the children's charity and included coverage on Channel 7.
- 55 guests attended the inaugural Women in Food breakfast, an associated event of Tasting Australia. The sold-out event included a hot breakfast made by Lucia's featuring a panel of women including Karena Armstrong, Michelle Farinola and Valerie Henbest.
- The school holiday program, Big Market Adventures for Little Foodies programs was held during the April, July and October school holidays. Over 2,250 children took part in the Market trail, 340 children in Little Market Chefs and thousands enjoying free activities on offer including craft workshops and face painting.

Our Traders

To build and support a market 'family' of diverse, passionate, professional and knowledgeable customer focused traders.

Existing Trader Investment in fit-out/ refurbishment

Five stalls underwent structural works during 2018/19, demonstrating confidence in the sustainable future of the Market:

- Wild Loaf (Stall 43)
- Standom Smallgoods (Stall 9)
- Bakers Tray (Stall 25)
- Central Organics (Stall 72) – opening 2019/20
- House of Health (Stall 73/74) – opening 2019/20

Lease Assignments

Six businesses within the Market were sold:

- Fred McMahons (Stall 12)
- Bakers Tray (Stall 25)
- Big Table (Stall 39/40)
- Thompsons Fruit and Veg (Stall 26/27)
- T Bar (Stall GO44)
- Latvian Lunchroom (Stall 75)

New Traders

Two new business in the market, investing in a full stall fit-out:

- The Turkish Delight (Stall 8)
- Field to Fork (Stall 75) – opening 2019/20



Trader Lease Renewals

Sixteen lease renewals were completed for existing Market traders.

Trader Engagement

- Throughout 2018/19 77 Market Talk e-newsletters and 7 FoodLab industry-based newsletters were sent to Market traders
- ACMA held 11 Trader Advisory group meetings

Pop-Up Opportunities

The Producer in Residence and temporary pop-up location saw small, local, artisan businesses to trial their products with Market customers.

- 18 businesses occupied the Producer in Residence stall over a three-week period
- Traders House of Health (Stall 73/74) and Central Organic (Stall 72) activated the vacant Stall 3- 4 and pop up location within Grote St dining area from 30 April 2019, during their stall renovations.
- The Chilli Crab Shack traded over two days for the Seafood + Sounds event on 5 and 6 October 2018.

Our Business

To build a business that is financially sustainable, well managed and well governed.

Community Partnerships

In 2018/19 ACMA actively supported The Big Issue Lunch and OzHarvest charity organisations, as key partnerships. The Big Issue long table lunch returned for its eighth year at the Market, supporting the Big Issue's work in positively changing the lives of homeless and disadvantaged South Australians. OzHarvest activities included the Tree of Goodness campaign, accepting donations from shoppers during the Christmas retail period, and rescuing Market produce on a weekly basis. The Market actively supported additional community partnerships with RSPCA and the Australian Red Cross for a drought appeal and Refugee Week.

Key highlights:

- The eighth annual Big Issue Lunch was held in the Market raising over \$27,000, supporting the vital work of The Big Issue in South Australia
- Oz Harvest rescued 11,033kg of Market produce (equivalent to 33,099 meals) for Adelaide's homeless and disadvantaged. Oz Harvest raised an additional \$6,956.94 over seven days at the Tree of Goodness, enabling 13,913 meals to be delivered.
- RSPCA Cupcake Day Launch raised \$1,200, with all funds supporting the work of the RSPCA.
- In partnership with Australian Red Cross a drought appeal was held with over \$4,300 raised, to be distributed by the Red Cross to communities in need.
- In partnership with Australian Red Cross, the Market celebrated Refugee Week on Friday 21 June 2019. The event featured traditional food by the Muslim Women's Association of SA and African Women's Federation of SA and were entertained with music and dancing from the Burundian Drummers of SA.

Operations

ACMA continues to improve the look and feel of the trading environment and safety of the Market.

- \$3M in capital works was undertaken and 1,039 maintenance tasks completed
- Grote Street Façade Restoration works were completed restoring the structural integrity and condition of the historic brick building
- Gouger Street Facade Restoration works commenced, ensuring the structural integrity and condition of the historic building
- Regular meetings between Adelaide Central Market Authority, City of Adelaide and Rundle Mall Management Authority

During the period the following key operational improvements were completed:

- Construction of the new waste management room
- Completion of Gouger Street glass lift refurbishment
- Completion of gas protection to building and services
- Installation and completion of fire compartmentation protection between adjoining building and fire warning signals to in Market and Central Market UPark
- Upgrade of fire sprinkler systems within entrances and Central Market UPark
- Installation of the charge bay station in Central Market UPark

Our Precinct

To make a valuable contribution to the economic, social and cultural wellbeing of our precinct, city and state.

- Continue to work closely with the Market District including attendance to Lord Mayor Precinct Association forums, industry association and district meetings
- Continue to work with the South Australia Tourism Commission for events and filming opportunities.



Audited Financial Statements

For the year ended 30 June 2019

Adelaide Central Market Authority

General Purpose Financial Statements for the year ended 30 June 2019

Contents	Page
1. Authority Certificate	2
2. Primary Financial Statements:	
- Statement of Comprehensive Income	3
- Statement of Financial Position	4
- Statement of Changes in Equity	5
- Statement of Cash Flows	6
3. Notes to the Financial Statements	7
4. Independent Auditor's Report - Financial Statements	24
5. Certificates of Audit Independence	
- Authority Certificate of Audit Independence	26
- Audit Certificate of Audit Independence	27

Adelaide Central Market Authority


General Purpose Financial Statements for the year ended 30 June 2019

Certification of Financial Statements

We have been authorised by the Adelaide Central Market Authority (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 2019 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Authority provide reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year, and
- the financial statements accurately reflect the Authority's accounting and other records.



Jodie Kannane
General Manager

ADELAIDE CENTRAL MARKET AUTHORITY



Nicholas Begakis AO
Chairman

ADELAIDE CENTRAL MARKET AUTHORITY

Date: 19 September 2019

Adelaide Central Market Authority

Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Income			
User Charges	2a	9,192	9,211
Investment Income	2b	12	28
Other Income	2c	117	13
Total Income		9,321	9,252
Expenses			
Materials, Contracts & Other Expenses	3a	9,259	9,694
Depreciation, Amortisation & Impairment	3b	376	224
Contribution to City of Adelaide	3c	300	-
Total Expenses		9,935	9,918
Operating Surplus / (Deficit)		(614)	(666)
Net Surplus / (Deficit)		(614)	(666)
Total Comprehensive Income		(614)	(666)

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

3

Adelaide Central Market Authority

Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	4a	567	777
Trade & Other Receivables	4b	256	394
Inventories	4c	81	37
Total Current Assets		904	1,208
Non-Current Assets			
Infrastructure, Property, Plant & Equipment	5	8,849	6,566
Total Non-Current Assets		8,849	6,566
TOTAL ASSETS		9,753	7,774
LIABILITIES			
Current Liabilities			
Trade & Other Payables	6a	1,632	2,098
Total Current Liabilities		1,632	2,098
Non-Current Liabilities			
Borrowings	6b	5,895	3,472
Total Non-Current Liabilities		5,895	3,472
TOTAL LIABILITIES		7,527	5,570
Net Assets		2,226	2,204
EQUITY			
Accumulated Surplus		415	1,029
Other Reserves	7	1,811	1,175
Total Equity		2,226	2,204

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

4

Adelaide Central Market Authority

Statement of Changes in Equity for the year ended 30 June 2019

\$ '000	Notes	Accumulated Surplus	Other Reserves	Total Equity
2019				
Balance at the end of previous reporting period		1,029	1,175	2,204
Net Surplus / (Deficit) for Year		(614)	-	(614)
Other Comprehensive Income				
- Deemed contribution	7	-	636	636
Other Comprehensive Income		-	636	636
Total Comprehensive Income		(614)	636	22
Transfers between Reserves		-	-	-
Balance at the end of period		415	1,811	2,226
2018				
Balance at the end of previous reporting period		1,024	671	1,695
Net Surplus / (Deficit) for Year		(666)	-	(666)
Other Comprehensive Income				
- Deemed contribution	7	-	1,175	1,175
Other Comprehensive Income		-	1,175	1,175
Total Comprehensive Income		(666)	1,175	509
f. Transfers between Reserves		671	(671)	-
Balance at the end of period		1,029	1,175	2,204

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

5

Adelaide Central Market Authority

Statement of Cash Flows

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts		9,447	8,870
Investment Receipts		12	28
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(9,917)	(8,647)
Net Cash provided by (or used in) Operating Activities	8b	(458)	251
Cash Flows from Investing Activities			
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(2,959)	(3,744)
Net Cash provided by (or used in) Investing Activities		(2,959)	(3,744)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings		3,207	3,154
Net Cash provided by (or used in) Financing Activities		3,207	3,154
Net Increase (Decrease) in Cash Held		(210)	(339)
plus: Cash & Cash Equivalents at beginning of period		777	1,116
Cash & Cash Equivalents at end of period	8a	567	777

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

6

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

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

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 1 May 2011.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

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

1.4 Rounding

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

2 The Local Government Reporting Entity

The Adelaide Central Market Authority (the Authority) is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 44-60 Gouger Street, Adelaide.

The Authority was enacted on 3 May 2012 as a subsidiary of the Corporation of the City of Adelaide with its primary role being to oversee the management and operation of the Adelaide Central Market.

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 the Authority's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

The majority of receivables relate to stall holder leases and are secured in part by bank or directors' guarantees. 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.

5 Inventories

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised at cost.

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

Capital works still in progress at balance date are recognised as Infrastructure, Property, Plant and Equipment.

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds the materiality threshold established by the Authority. Items of property, plant and equipment with a total value less than \$5,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

6.3 Depreciation of Non-Current Assets

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.

Major depreciation periods for each class of asset are listed below.

Plant, Furniture & Equipment

Plant & Equipment	2 to 20 years
-------------------	---------------

Building & Other Structures

Buildings – other construction	5 to 50 years
--------------------------------	---------------

6.4 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).

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Leases

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

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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

The Memorandum of Lease between City of Adelaide and Adelaide Central Market Authority commencing 1 October 2012 and expiring 30 September 2033 requires Base Rent payable on Gross Revenue at a rate notified by the lessor. The lessor notified the rate to be 30% from lease commencement. By agreement, one-off revenue for Market 150th Book sales has been excluded for 2018-19 and 2019-20.

9 Borrowings

The loan from the City of Adelaide to the Adelaide Central Market Authority has not been formalised however, per AASB 9, it has been initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost.

Any difference between the proceeds (net of transaction costs) and the fair value is recognised through the Statement of Changes in Equity.

Deemed interest is recognised in the Statement of Comprehensive Income and it is the effective unwinding of the discount applied to the fair value recognition. The City of Adelaide's Long Term Financial Plan has been referenced to determine the timing of the principal repayment.

10 GST Implications

Accounting for Goods & Services Tax is as follows:

- 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, the Authority 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 the Authority's accounting policies.

The Authority has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future only be recognised as these obligations are fulfilled. In these Statements, it has been assessed that all revenue recognition in accordance with the current Standards, would not be impacted by the adoption of future standards.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117 Leases and related Interpretations. This Standard will be applicable to annual reporting periods beginning on or after 1 January 2019. Although it is anticipated that the adoption of AASB 16 Leases will have a material impact on the financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

Effective for annual reporting periods beginning on or after 1 July 2019

AASB 15 & 1058

As noted above, the Authority have assessed there will be no material impact on the financial statements.

AASB 16 Leases

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117 Leases and related Interpretations. This Standard will be applicable to annual reporting periods beginning on or after 1 January 2019. Although it is anticipated that the adoption of AASB 16 Leases will have a material impact on the financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Transition method

The Authority intends to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the right of use asset and corresponding lease liability will be recognised at 1 July 2019, with no restatement of comparative information.

The Authority intends to apply the practical expedient for the definition of a lease on transition. This means that it will apply AASB 16 on transition only to contracts that were previously identified as leases applying AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease.

The Authority has not adopted any of the following standards early.

- AASB 15 Revenue from Contracts with Customers
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 16 Leases
- AASB 16 Leases (Appendix D)

- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*

12 Comparative Figures

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

13 Disclaimer

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

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 2. Income

\$ '000	Notes	2019	2018
(a). User Charges			
Off-Street Parking		4,801	4,889
Property Lease		3,527	3,460
Property Recovery		864	862
Total User Charges		9,192	9,211
(b). Investment Income			
Interest on Investments			
- Banks & Other		12	28
Total Investment Income		12	28
(c). Other Income			
Merchandise Sales		26	13
General Sales		91	-
Total Other Income		117	13

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 3. Expenses

\$ '000	Notes	2019	2018
(a). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		10	11
Board Fees		116	117
Operating Lease Rentals - Non-Cancellable Leases			
- Minimum Lease Payments - City of Adelaide Rent		2,835	2,801
- Minimum Lease Payments - City of Adelaide Upark Management Fee		446	446
- Minimum Lease Payments - Star Car Park Rent		812	789
- Minimum Lease Payments - Other		32	23
Subtotal - Prescribed Expenses		4,251	4,187
(ii) Other Materials, Contracts and Expenses			
Advertising and Promotion		222	372
Bank Charges and Cash Collection		118	101
Catering		8	18
Cleaning		890	914
Communications		-	3
Contractors		1,242	1,328
Energy and Water		889	758
External Plant Hire		-	3
Interest Expense - City of Adelaide Borrowings		152	93
Insurance		86	80
Legal Expenses		45	92
Levies Paid to Government - including NRM levy		34	36
Maintenance		362	512
Minor Plant and Equipment		19	22
Parts, Accessories & Consumables		41	40
Printing, Freight and Postage		10	14
Professional Services		85	314
Rates and Taxes		21	30
Security		535	512
Training and Development		15	51
Waste Services		217	192
Other		17	22
Subtotal - Other Material, Contracts & Expenses		5,008	5,507
Total Materials, Contracts and Other Expenses		9,259	9,694

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 3. Expenses (continued)

\$ '000	Notes	2019	2018
(b). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Buildings & Other Structures		291	158
Plant & Equipment		85	66
Subtotal		376	224
Total Depreciation, Amortisation and Impairment		376	224
(C). Contribution to City of Adelaide			
Contribution to City of Adelaide		300	-
Total Contribution to City of Adelaide		300	-

An agreement was made with Council in June 2016 for ACMA to reinstate the right-hand turn from Grote Street into the Adelaide Central Market car park by the provision of a capped level of funding. The project commenced in 2016-17 and was completed in 2018-19, resulting in a \$300,000 contribution expense from ACMA to Council in 2018-19, per AASB 1004 Contributions.

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 4. Current Assets

\$ '000	Notes	2019	2018
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		567	777
Total Cash & Cash Equivalents		567	777
(b). Trade & Other Receivables			
Accrued Revenues		164	140
Debtors - General		49	69
GST Recoupment		34	176
Prepayments		9	9
Subtotal		256	394
Total Trade & Other Receivables		256	394
(c). Inventories			
Trading Stock		81	37
Total Inventories		81	37

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 5 Infrastructure, Property, Plant & Equipment

	as at 1/7/2018			Asset Movements during the Reporting Period				as at 30/6/2019		
	At Cost	Accumulated Dep'n	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense (Note 3b)	Adjustments & Transfers	At Cost	Accumulated Dep'n	Carrying Value
\$ '000										
Capital Work in Progress										
Capital Work in Progress	2,352	-	2,352	2,959	-	-	(3,987)	1,324	-	1,324
Buildings										
Leasehold Improvements	4,325	(318)	4,007	-	-	(291)	3,106	7,431	(609)	6,822
Street Furniture	27	(27)	-	-	0	-	-	-	-	-
Other										
Plant & Equipment	418	(211)	207	-	-	(85)	581	999	(296)	703
Total Infrastructure, Property, Plant & Equipment	7,122	(556)	6,566	2,959	-	(376)	(300)	9,754	(905)	8,849
Comparatives	3,378	(332)	3,046	3,744		(224)	-	7,122	(556)	6,566

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 6. Liabilities

\$ '000	Notes	2019 Current	2019 Non Current	2018 Current	2018 Non Current
(a) Trade and Other Payables					
Payments Received in Advance		90	-	93	-
Accrued Expenses - Other		960	-	1,162	-
Loan from City of Adelaide		109	-	161	-
Other		473	-	682	-
Total Trade and Other Payables		1,632	-	2,098	-
(b) Borrowings					
Loan from City of Adelaide		-	5,895	-	3,472
Total Borrowings		-	5,895	-	3,472

All liabilities associated with borrowings are secured over the future revenues of the Authority

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 7. Reserves

\$ '000	1/7/2018	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2019
Other Reserves					
FV Loan Adjustment	1,175	636	-	-	1,811
Total Other Reserves	1,175	636	-	-	1,811
Comparatives	671	1,175	(671)	-	1,175

OTHER RESERVES

The loan from the City of Adelaide to the Adelaide Central Market Authority has not been formalised and as such no commercial terms exist. The requirement per AASB 9 *Financial Instruments* is to recognise the loan at fair value. The difference between the loan amount (face value) and its fair value has been determined by the differential in the interest charged by Council (2019: 2.5% to 2.75%) and the rate offered by the Local Government Finance Authority (2019: 2.25%).

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 8. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2019	2018
(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	4a	567	777
Balances per Statement of Cash Flows		567	777
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		(614)	(666)
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		376	224
Notional Interest Charged		152	93
		(86)	(349)
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		138	(320)
Net (Increase)/Decrease in Inventories		(44)	(13)
Net Increase/(Decrease) in Trade & Other Payables		(466)	933
Net Cash provided by (or used in) operations		(458)	251

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 9. Financial Instruments

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2019					
<u>Financial Assets</u>					
Cash & Equivalents	567	-	-	567	567
Receivables	213	-	-	213	213
Total Financial Assets	780	-	-	780	780
<u>Financial Liabilities</u>					
Payables	1,542	-	-	1,542	1,542
Non-Current Borrowings	-	-	5,895	5,895	5,895
Total Financial Liabilities	1,542	-	5,895	7,437	7,437
2018					
<u>Financial Assets</u>					
Cash & Equivalents	777	-	-	777	777
Receivables	209	-	-	209	209
Total Financial Assets	986	-	-	986	986
<u>Financial Liabilities</u>					
Payables	2,005	-	-	2,005	2,005
Non-Current Borrowings	-	-	3,472	3,472	3,472
Total Financial Liabilities	2,005	-	3,472	5,477	5,477

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 9. Financial Instruments (continued)

\$ '000

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the 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 Note 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.

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. The 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. The Authority has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 10. Leasing Commitments

\$ '000	2019	2018
---------	------	------

(i) Lessees commitments under all non-cancellable lease agreements, are as follows:

Leases Providing Revenue to the Authority

Rental income received and outgoings reimbursed from Central Market Stallholders (Lessees) has been disclosed as Property Lease Income in Note 2.

Not later than one year	2,899	2,938
Later than one year and not later than 5 years	4,254	3,386
Later than 5 years	17	74
	<u>7,169</u>	<u>6,398</u>

(ii) Lease Payment Commitments of the Authority

The Authority leases the Central Market Complex from the Corporation of the City of Adelaide under a lease which commenced 1 October 2012 for a period of 21 years. The annual rent payable is determined using a floating percentage of income and net surplus funds. Due to this variability, future rent payable cannot be accurately quantified and is not disclosed below.

The lease arrangement with the Corporation of the City of Adelaide includes a sub-lease for a portion of the car park.

Rent paid during 2018/19 in accordance with the abovementioned lease arrangement is disclosed as Operating Leases in Note 3.

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

Not later than one year	931	913
Later than one year and not later than 5 years	5,015	4,955
Later than 5 years	2,186	3,312
	<u>8,132</u>	<u>9,180</u>

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 11. Related Party Transactions

\$ '000	2019	2018
---------	------	------

Key Management Personnel

The Key Management Personnel of the Adelaide Central Market Authority include Board members and the General Manager. In all, 9 persons were paid the following total cumulative compensation:

Short-Term Employee Benefits	304	300
Post-Employment Benefits	18	16
	<u>322</u>	<u>316</u>

The Board of Adelaide Central Market Authority includes the Chairman of the Traders Advisory Group who is required to be a Lessee of a stall in the Adelaide Central Market and is elected by the Traders in March biennially. Adelaide Central Market Authority received the following rent amounts from Board members or Council elected members relating to 9 tenancies:

Stallholder Lease Rentals for properties managed by Adelaide Central Market	331	119
	<u>331</u>	<u>119</u>

All Key Management Personnel are required to disclose membership of the management committees or boards of any business, sporting or not-for-profit organisations. In accordance with the *Local Government Act 1999*, these persons declare a conflict of interest and leave the meeting when any matter affecting their organisation is discussed or voted upon. If the Board member representing Traders of the Adelaide Central Market declares a conflict of interest relating to matters which are to be discussed, they will leave the meeting.

Other Related Party Transactions

The Adelaide Central Market Authority (ACMA) has a lease agreement with the City of Adelaide (Council) for the Central Market Complex until 30 September 2033. The lease charge totalled \$2,834,796 for the year.

The Memorandum of Lease between Council and ACMA requires Base Rent payable on Gross Revenue at a rate notified by the lessor. The lessor notified the rate to be 30% from lease commencement. By agreement, one-off revenue for Market 150th year book sales has been excluded for 2018-19 and 2019-20.

Council have agreed to provide funding to ACMA for capital works to the value of \$9,232,148 with current draw down to the value of \$7,460,640. The loan has been recognised in the Statement of Financial Position at fair value based on the projected repayment timing of the principal. There has been no ACMA-specific long-term Financial Plan presented to and endorsed by Council. The consolidated Council Long Term Financial Plan endorsed by Council 12 June 2018 includes a forecast that sees ACMA require further draw down in 2019-20. There is no required principal repayment hence the non-current position of all ACMA's borrowings being relevant.

The ACMA loan from Council includes \$300,000 for ACMA to complete civil works to reinstate the Grote Street right-hand turn. The project commenced in 2016-17 and was finalised in 2018-19. On completion, the full value of the project, funded through the loan, was contributed to Council as an ACMA expense as the completed works were deemed a Council asset.

Council manages the operational running of the car park under ACMA's control for which a management fee is payable. This totalled \$446,112 for the year.

ACMA has entered into an agreement with Council regarding the use of the Star Carpark with Jian Yong Investments Pty Ltd, Eon Australia Pty Ltd, Tien-Sheng Lu, David Wang and Ying-Chieh Lu until 30 June 2027. The value of lease payments for this year totalled \$811,988.

ACMA contracts staff from Council with the on-charge totalling \$1,152,526 for the year.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ADELAIDE CENTRAL MARKET AUTHORITY

Opinion

We have audited the financial report of Adelaide Central Market Authority (the "Authority"), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements by the General Manager and Chairman of Adelaide Central Market Authority.

In our opinion, the financial report of Adelaide Central Market Authority, is in accordance with the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*, including:

- (i) Giving a true and fair view of the Authority's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards.

Basis for opinion

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

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

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

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the financial report and our auditor's report thereon.

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

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



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

Responsibilities of the officers for the Financial Report

The officers of the Authority are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Local Government Act 1999* and for such internal control as the officers determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_files/ar3.pdf.

This description forms part of our auditor's report.

BDO Audit (SA) Pty Ltd

Paul Gosnold
Director

Adelaide, 20 September 2019

Adelaide Central Market Authority

General Purpose Financial Statements for the year ended 30 June 2019

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Authority for the year ended 30 June 2019, the Authority's Auditor, BDO has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act

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



Jodie Kannane
General Manager

ADELAIDE CENTRAL MARKET AUTHORITY



Karen Rodda
Finance Manager

ADELAIDE CENTRAL MARKET AUTHORITY

Date: 19 September 2019



Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au

Level 7, BDO Centre
420 King William St
Adelaide SA 5000
GPO Box 2018, Adelaide SA 5001
AUSTRALIA

CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the Adelaide Central Market Authority for the year ended 30 June 2019, 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 and 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.

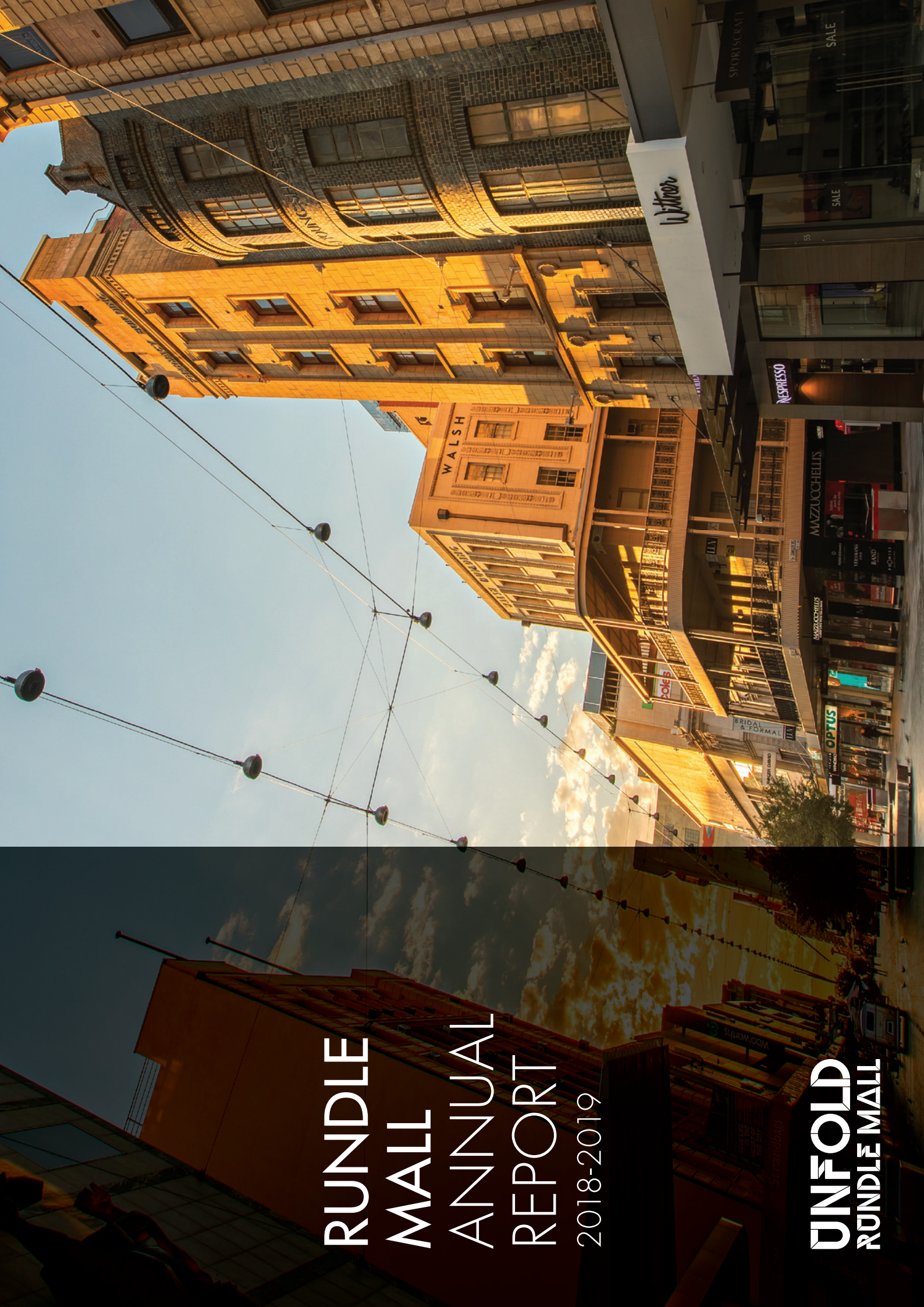
Paul Gosnold
Director

BDO Audit (SA) Pty Ltd

Adelaide, 19 September 2019

RUNDLE MALL ANNUAL REPORT 2018-2019

UNFOLD
RUNDLE MALL







CONTENTS

ANNUAL REPORT SUMMARY	5
LETTER FROM THE CHAIRMAN	6
LETTER FROM THE GENERAL MANAGER	7
THE RMMA	8
OUR BUSINESS	
OUR VISION	
OUR PURPOSE	
OUR AREAS OF FOCUS	
ABOUT THE RMMA	9
RMMA BOARD OF DIRECTORS	10
RMMA ORGANISATIONAL CHART	11
RMMA TEAM	12
GOVERNANCE	14
RMMA BOARD	
STATUTORY REQUIREMENTS	
DELEGATIONS	
OPERATING AGREEMENT	
PERFORMANCE AGAINST STRATEGIC PLAN AND BUSINESS PLAN	16
INFORMATION	
VISITOR EXPERIENCE	
ADVOCACY	
BRAND	
FINANCES	20
FUNDING	
DIFFERENTIAL SEPARATE RATE	
SELF-GENERATED FUNDS	
UNSPENT & CARRIED FORWARD FUNDS	
INCOME & EXPENDITURE	
AUDITED FINANCIAL STATEMENTS – APPENDIX A	23



ANNUAL REPORT SUMMARY

This Annual Report has been prepared by the Rundle Mall Management Authority (RMMA).

The Rundle Mall Management Authority Charter 2017 makes specific reference to the preparation of an Annual Report in Section 35:

The Authority must submit to the Council by 30 September in each year in respect of the immediately preceding Financial Year, the Annual Report on the work and operations of the Authority detailing achievement of the aims and objectives of its Business Plan and incorporating the audited Financial Statements of the Authority and any other information or reports as required by the Council.

As such, this Annual Report reflects the RMMA's Financial Year 2018/19 Business Plan objectives and Audited Financial Statements.

The Rundle Mall Precinct is bound by North Terrace, King William Street, Grenfell Street and Pulleney Street and is home to four leading department stores, 16 arcades and centres, more than 700 retailers and over 300 non-retail services and offices. The Rundle Mall Precinct is the heart of South Australian retail.

The Rundle Mall Differential Separate Rate is the primary income stream for the activities of the RMMA. In FY 18/19, it was levied at \$0.03582 per dollar of property value and raised \$3,701,931 for the RMMA. These funds are levied by Council and provided to the Authority to expend in accordance with the Annual Business Plan and Budget and on projects specifically designated and approved by Council (section 8.3 of the Charter).





LETTER FROM THE CHAIRMAN

Amidst an ever-changing industry, consumer and regulatory landscape, RMMA has represented the interests of the Precinct amongst all its stakeholders to reinforce Rundle Mall's position as South Australia's premier shopping destination in line with the Strategic Plan. RMMA's focus throughout the 2018/19 financial year, has been on advocacy to support ongoing economic outcomes for the traders, businesses and property owners in the Rundle Mall Precinct.

Significant capital works have served to strengthen Rundle Mall's accessibility, with the opening of the North Terrace tram line providing an added mode of transport to deliver shoppers and visitors to the Precinct. This accessibility will be further enhanced following the transformation of Gawler Place into a vibrant, green and people-focused street. Upgrade works began in early 2019 to execute the final element of the Rundle Mall Master Plan and ensure the Rundle Mall Precinct remains a destination where people want to shop, visit and spend time. RMMA has worked with Gawler Place traders and businesses to minimise disruption and we look forward to the project's completion.

Over this year we have also realised the benefits of significant private investment with the opening of Rundle Mall Plaza, the new Foodland in Rundle Square (formerly the CitiCentre building), and the addition of global movie company Technicolour's first post-production studio in the Southern Hemisphere. With our advocacy and assistance, many property owners have also invested in store fit-outs to attract new brands into the Precinct.

Over the past year we were among those to oppose the proposed deregulation of trading hours and were pleased to see the Bill defeated in State Parliament. The subsequent decision to grant a Ministerial exemption to allow the suburbs to trade on Boxing Day and Easter Monday saw RMMA conduct a concerted and successful campaign to attract shoppers into the city.

Late last year we welcomed the appointment of Johanna Williams as General Manager of RMMA. With a career in retail marketing spanning close to two decades in Adelaide and Sydney, Johanna has worked with drive and enthusiasm to balance the diverse interests of stakeholders and fulfil RMMA's strategic purpose.

We also welcomed the newly elected Councillor Franz Knoll to the Board following the 2018 local government elections. Cr Knoll replaces former Councillors Natasha Malani and David Slama who we thank for their contribution during their two-year term.

Thanks also to Kate Fuss, who did a great job leading the team as Acting General Manager prior to Johanna's appointment. To my fellow Board members, your wise counsel and strategic thinking always leads to robust discussion and stands the RMMA in strong stead to continue shaping the long-term future of Rundle Mall.

However, my greatest thanks goes to the traders, businesses and property owners of Rundle Mall for their preparedness to work with and alongside the RMMA, the City of Adelaide and contractors.

With your ongoing support, we will continue to preserve and further build upon Rundle Mall's place as South Australia's premier retail and lifestyle destination.

PETER JOY | Chairman
Rundle Mall Management Authority





LETTER FROM THE GENERAL MANAGER

With technology fueling a desire for new and different, ever-evolving consumer expectations are blurring the lines between shopping and lifestyle making experiential retail more important than ever. RMMA's strategic purpose is to reinforce Rundle Mall's position as the premier retail destination in South Australia through advocacy with stakeholders and creating innovative, on-brand experiences that drive ongoing visitation. RMMA has delivered on the Strategic Plan, delivering over 470 events and activations in the Precinct, supported by a range of partnerships.

Following its success in 2017, our partnership with Vogue Australia, SATC and City of Adelaide continued into 2018 with Vogue Festival drawing significant crowds through numerous retailer activations in-store and in the Mall. Over two days, Vogue Festival generated an increase in foot traffic and in retail sales compared to 2017 across the Precinct.

Its success was closely followed with Black Friday, a global sales event championed by the RMMA in 2018 with a multi-channel promotional campaign differentiating the city's unique retail offer. The outcome was Rundle Mall's largest Black Friday event, with more than 100 participating retailers offering discounts of up to 50% which saw an increase in foot traffic over the sales period.

In line with our goal to connect visitors to new, enjoyable experiences and encourage longer stays, RMMA reimagined Christmas in Rundle Mall with the widely-acclaimed Christmas Windows. Our most ambitious installation yet, involved RMMA collaborating with a range of South Australian icons to create 12 unique Christmas-inspired displays that enticed visitors to explore the 528m length of the Mall and reinforced Rundle Mall as the vibrant heart of Adelaide. The festive season concluded on a high with the continuation of the Boxing Day sales tradition driven by RMMA's strong advocacy and key marketing initiatives.

RMMA's sustained efforts with retailers, property owners, the leasing sector and the City of Adelaide delivered benefits in 2018/19 in accordance with Rundle Mall's premier position.

Greater demand from fashion and food tenancies, including the arrival of international fashion brand H&M and the new dining precinct in Rundle Mall Plaza, followed by Mecca and Foodland have underpinned a strong Mall offering and helped drive vacancy rates down to their lowest level since 2013.

City of Adelaide initiatives such as 10Gigabit Adelaide and brand platform "Designed for Life" attract businesses, investment and visitors to the city, with Rundle Mall playing an integral role in connecting them to our retail and lifestyle offering. Wider events such as the Adelaide Fringe and Adelaide Festival continue to come alive in the Mall and RMMA's Urban Pantry activation and Taste Rundle Mall tour as part of Tasting Australia provided a platform to showcase brands from the Mall and further afield and connect with new visitor groups.

The passion, dedication and creativity of the RMMA team has been a vital ingredient in the achievements of 2018/19 and I would like to recognise their efforts and thank Kate Fuss for her leadership as Acting General Manager to maintain Rundle Mall's position as the premier shopping and lifestyle destination in South Australia. The thirst for new and dynamic experiences continues for the benefit of traders, property owners and businesses and RMMA will continue to focus on staying at the forefront of engaging and creative experiences that ensures Rundle Mall's place as the heart of retail and lifestyle in South Australia.

JOHANNA WILLIAMS | General Manager
Rundle Mall Management Authority



THE RMMMA

OUR BUSINESS

BUSINESS NAME:	Rundle Mall Management Authority
BUSINESS STRUCTURE:	A body corporate under the Local Government Act 1999
ABN:	20 903 762 572
ADDRESS OF MAIN OFFICE:	Level 2, 7 James Place, Adelaide
ADDRESS OF REGISTERED OFFICE:	Level 2, 7 James Place, Adelaide
TELEPHONE:	08 8203 7200
E-MAIL:	info@rundlemall.com
WEBSITE:	www.rundlemall.com

OUR VISION

To be renowned as Adelaide's premier, smart and authentic heart, that connects people to new retail, property and place experiences.

OUR PURPOSE

ATTRACT

To attract people to the Rundle Mall Precinct

STAY

To encourage people to dwell longer

ENJOY

To facilitate enjoyment of the Rundle Mall experience.

OUR AREAS OF FOCUS

INFORMATION

To be the hub of Precinct information.

VISITOR EXPERIENCE

To support an easy and enjoyable visitor experience.

ADVOCACY

To influence projects for Precinct growth and minimise negative impacts.

BRAND

To position Rundle Mall as the premier retail destination in South Australia.

ABOUT THE RMMA

The Rundle Mall Management Authority (RMMA) is constituted under the provisions of the Local Government Act 1999 as a Subsidiary of the City of Adelaide pursuant to Section 42. The RMMA was established in October 2008 to meet the challenges facing Rundle Mall in a competitive retail and commercial market place. The RMMA is governed by a Board of Directors representing business, retail, property and Council interests.

The Authority is managed by a General Manager, with ten staff responsible for marketing, events and administration.

The RMMA's overarching aim is to improve the Rundle Mall Precinct's competitive stance and ensure a sustainable future for the diverse range of stakeholders. The Rundle Mall Precinct remains South Australia's most visited public and retail space and plays a key role in defining Adelaide on the local, national and international stage. The RMMA Board of Directors and staff remain ever cognisant of the need to enhance and support positive commercial outcomes within the Precinct at every opportunity. A highly successful Mall is a catalyst for similar outcomes within neighbouring precincts and for added relevance and vibrancy within the wider City of Adelaide.

The Rundle Mall Precinct is bound by the southern side of North Terrace, the eastern side of King William Street, the northern side of Grenfell Street and the western side of Pulteney Street, and includes all of the land in between. It is comprised of approximately 700 retail stores and a myriad of laneways which interconnect with the Mall and the neighbouring cultural, dining, entertainment, business and transport orientated precincts.

This is referred to as the Rundle Mall Levy Area, with funds being raised through a separate rate declared by Council on rateable land in the Rundle Mall Precinct. These funds are provided to the Authority and must be expended by the Authority in accordance with the Annual Business Plan and Budget on projects specifically designated and approved (section 8.3 of the Charter).

With annual sales collectively of approximately \$800M, approximately 24 million visitations per annum and employing in the vicinity of 5,000 people, Rundle Mall remains the retailing heart of South Australia.



MEET THE BOARD



CHAIRMAN
PETER JOY



DEPUTY CHAIRMAN
ROB MCKAY



COUNCILLOR
FRANZ KNOLL



DIRECTOR
DAVID COOKE



DIRECTOR
KATE GOULD

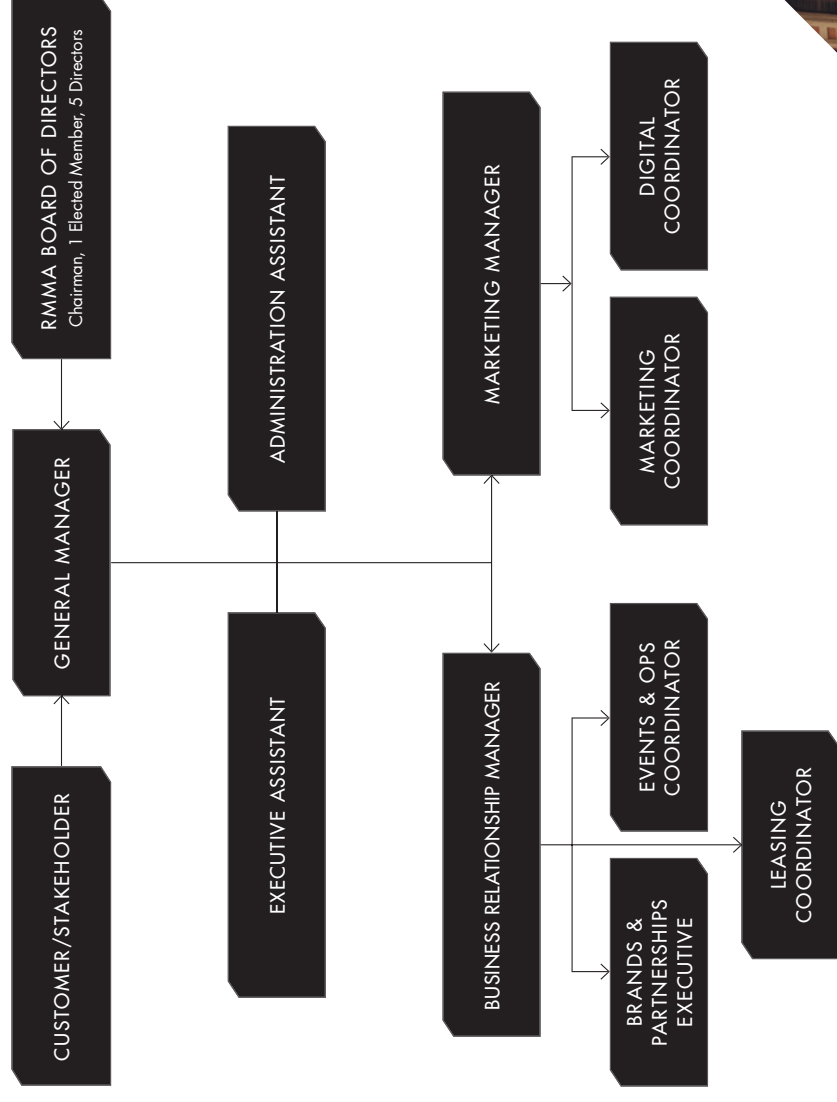


DIRECTOR
DEBORAH MILLER



DIRECTOR
LAUREN FRIED

RMMA ORGANISATIONAL CHART



GOVERNANCE

RMMA BOARD

The Rundle Mall Management Authority is a body corporate under the Local Government Act 1999 and in all things acts through the Board which has the responsibility to manage the business and other affairs of the Authority, ensuring that the Authority acts in accordance with the act and the Rundle Mall Management Authority Charter. The Directors collectively have a range of knowledge, skills and experience across the following areas:

- Retail business
- Marketing, events and advertising
- Financial management
- Local Government
- Planning, design or place-making

During its 2012 Governance Review, the RMMA Board expressed a view that the most productive way to operate the RMMA is to minimise duplication with the City of Adelaide, with each party focussing on their strategic skill set in a spirit of co-creation. The RMMA, therefore continued its close working relationship with the City of Adelaide throughout the 2018/19 Financial Year.

STATUTORY REQUIREMENTS

The RMMA must, in accordance with its Charter, submit to Council an Annual Business Plan including a financial budget for the year ahead and subsequently an Annual Report on its work and operations during the preceding financial year. The Business Plan and financial budget details the Authority's strategic objectives for the year and includes appropriate costings. The Annual Report details the Authority's achievements against the aims and objectives of its Business Plan and incorporates the audited Financial Statements of the Authority and any other reports required by Council.

DELEGATIONS

The Board of the RMMA has been granted a number of sub-delegations from the CEO of the City of Adelaide. These were last reviewed in June 2019 as part of CoA's Annual Delegations Review.

OPERATING AGREEMENT

In October 2013, the Rundle Mall Management Authority and the City of Adelaide negotiated an Operating Agreement. The Agreement outlines the formal working relationship between the City of Adelaide and the RMMA. The Agreement is to be read in conjunction with the Charter of the Rundle Mall Management Authority. In the event of any discrepancy between the Operating Agreement and the Charter, the Charter takes precedence.





PERFORMANCE AGAINST STRATEGIC PLAN AND BUSINESS PLAN

AREA OF FOCUS: INFORMATION			
OBJECTIVE: BE THE HUB OF PRECINCT INFORMATION			
STRATEGIC PLAN	BUSINESS PLAN	OUTCOME	STATUS
Collect and analyse key performance data to: <ul style="list-style-type: none"> • Inform marketing strategy • Measure success • Inform advocacy; and • Educate stakeholders 	Continue to capture and analyse information including: <ul style="list-style-type: none"> • Precinct foot traffic • Dwell time • Shopping behaviour; and • Customer experience 	Precinct foot traffic captured and analysed each month Shopping behaviour and customer research updated and further research undertaken	●
	Define growth objectives based on information gathered in Year 1	Objectives set and measured for 2018/19	●
	Engage a data analyst to review and analyse information including but not limited to: <ul style="list-style-type: none"> • Foot traffic counting • Mastercard data • Research findings • Open source data (Inc State Gov & CoA) • Online sentiment • Digital Analytics 	Data Analyst engaged and analysis of information conducted monthly and reported to the RMMA Board of Directors	●
	Create and implement reports based on the data captured	Project incomplete at financial year end	●
Develop and implement a B2B Comms Plan	Scope, resource and implement a Customer Relationship Management tool to support communication	CRM tool has been successfully implemented and used by RMMA	●
	Send monthly stakeholder communications via electronic direct mail	Monthly EDM communications sent to all subscribed stakeholders	●
	Create and distribute quarterly printed stakeholder communications	Printed communications delivered to all stakeholders for Q1 & Q2. Moved to electronic communications for Q3 & Q4	●
	Host bi-annual stakeholder events (Business Plan launch and AGM)	Hosted 2 stakeholder events - Vogue retailer briefing, and AGM	●

AREA OF FOCUS: VISITOR EXPERIENCE			
OBJECTIVE: SUPPORT AN EASY AND ENJOYABLE VISITOR EXPERIENCE			
STRATEGIC PLAN	BUSINESS PLAN	OUTCOME	STATUS
Stage and support engaging activities	Create an event plan specifying key and off-peak campaign periods and commercial opportunities linked to both	Event Plan and calendar created and in use by RMMA team	●
	Drive income from sponsorship in line with FY 18/19 Budget	Income below 18/19 budget targets	●
	Drive brand partnerships aligned with the RM brand values and event plan objectives	Brand partnerships secured for major events and Mall activity including Vogue Festival and Christmas	●
Inform and educate about visitor experience in the Precinct	Create and implement integrated communication strategy via RM channels and PR contractor, focused on access and experience in the Precinct	Communication strategy created and delivered through PR, media, digital and social channels	●
	Take a leadership role in highlighting unique shopping entertainment experiences to drive visitation	Over 470 events and activations and experiences delivered on Rundle Mall	●
	Implement a digital wayfinding solution, supported by an integrated CRM	Project is incomplete at financial year end	●
Advocate for innovative solutions to support visitor experience	Engage car park operators to provide an exceptional visitor experience, especially at key retail and public holiday trading periods	All car park operators engaged at key trading periods including Vogue Festival, Christmas, Black Friday and public holidays	●
	Use research to inform advocacy position	Insights utilised to support RMMA's advocacy with Gawler Place upgrade and Trading Hours discussions	●
	Negotiate and implement an Operating Agreement with CoA to define service levels to the RMMA and Precinct	Engaged with CoA and project is ongoing. Incomplete at financial year end	●
Support a safe and attractive public space	Support CoA and SAPOL to define, agree and install CCTV and public lighting requirements for the Precinct	Engaged with CoA and SAPOL regarding CCTV audit and review	●
	Work with CoA to define agreed cleansing standards for the Precinct and the resources required to achieve it	Bi-monthly cleansing audits and precinct walk-throughs conducted with CoA	●
	Review RM Security requirements and contract relationship to define service levels including reporting	Security requirements and contract reviewed and renewed	●
	Engage with CoA to define busking standards and permitted locations within the Precinct	Worked with CoA to monitor busking permits and locations and had a dedicated Busking Manager during Fringe/Festival season	●

PERFORMANCE AGAINST STRATEGIC PLAN AND BUSINESS PLAN

AREA OF FOCUS: ADVOCACY				
OBJECTIVE: INFLUENCE PROJECTS FOR PRECINCT GROWTH AND MINIMISE NEGATIVE IMPACTS				
STRATEGIC PLAN	BUSINESS PLAN	OUTCOME	STATUS	
Advocate for future Council investment in the delivery of the Rundle Mall Masterplan to ensure high-quality amenity and public realm	Create a Masterplan priority approach, including design elements and precinct look & feel that will improve customer experience. Engage with CoA Administration to inform this approach	Worked with CoA to identify priority approach for next stage of Rundle Mall masterplan. Project is ongoing	●	
	Advocate for the proposed approach with CoA to secure commitment and funding	Additional funding secured for delivery of Gawler Place redevelopment/project	●	
Advocate for State & Local Government policy that provides positive outcomes for the Rundle Mall Precinct	Engage with State and Local Government representatives to educate on the impacts of policy of the Rundle Mall Precinct, its stakeholders and end users in particular, in relation to Trading Hours, Development, and Capital Projects	Worked with DPC, DPTI and CoA to advocate for trading hours policy. Worked with CoA to review Planning & Development policy	●	
	Encourage property owners to utilise available State and Local Government grants to improve the presentation and customer experience of the Precinct	Met with key property owners and building managers to discuss funding and enhance precinct presentation	●	
Advocate for State Government, Local Government and Private investment in the Rundle Mall Precinct	Work with Private Owners planning development / retail attraction / investment to advocate for positive outcomes based on data / information	Worked with owners for positive outcomes including the opening of H&M, Romeo's Foodland and Mecca	●	
	Advocate for CoA 10Gigabit Adelaide Project priority in the Rundle Mall Precinct	Worked with 10Gigabit Adelaide project team to connect key buildings in the Rundle Mall precinct	●	
Represent stakeholder interest to minimise disruption and actively promote 'Business Operating' throughout the Gawler Place Redevelopment Project	Advocate for the interests of Gawler Place stakeholders in the Gawler Place Redevelopment Project via CoA Project Control Group	RMMA represented at the Gawler Place monthly meetings and worked with the Project team to deliver stakeholder engagement	●	
	Work with CoA to create and implement a marketing & events campaign for Gawler Place to promote business and minimise disruption	Strong digital, social and on-mall activity delivered to support traders in Gawler Place	●	

AREA OF FOCUS: BRAND			
OBJECTIVE: POSITION RUNDLE MALL AS THE PREMIER RETAIL DESTINATION IN SOUTH AUSTRALIA			
STRATEGIC PLAN	BUSINESS PLAN	OUTCOME	STATUS
Create, implement and deliver an Annual Marketing Plan	Deliver four major marketing campaigns including Spring Fashion, Christmas, Festival Season and Food	Executed major campaigns including successful Vogue Festival, new Christmas campaign, revised Fringe/Festival partnership and Tasting Australia activation	●
	Support key retail and public holiday trading periods	All key retail and public holidays supported with media, digital and PR campaigns	●
	Increase social media engagement including Facebook and Instagram	Facebook Likes: +2.7% Instagram Followers: +31.7%	●
	Update website and grow consumer EDM database	EDM Subscribers: +1% Website Page Views: over 2 million page visits	●
	Engage with State Government and CoA to support tourism initiatives	Worked with SATC on Cruise Ship launch, Tasting Australia and Vogue Festival (AFF) Worked with CoA on international conference delegations and China ready strategies	●
Develop the Rundle Mall Brand	Proactively drive \$5 million in positive PR stories based on campaign implementation	\$5.4M worth of PR coverage achieved	●
	Engage agency in marketing campaign planning and business operations	Conducted workshops and planning with all agencies. Completed creative/digital agency tender, and new agency appointed	●
Position the RMMA as an industry leader	In consultation with the RMMA's PR Agency, create and implement a proactive public relations strategy in relation to industry positioning	Industry PR plan created and opportunities and articles placed in key publications	●

FINANCES

FUNDING

The RMMA is funded via a differential rate levy appropriated by Council to the custodianship of the RMMA for the delivery of programs designated and approved by the RMMA Board and laid out in the annual Business Plan.

Having considered the general rating principles outlined in Section 150 of the Local Government Act 1999, the City of Adelaide maintained a differential separate rate of \$0.03582 in the dollar of the AAV (annually assessed value) in FY18/19.

RUNDLE MALL DIFFERENTIAL SEPARATE RATE

The Local Government Act 1999 (SA) provides that a Council may 'declare a separate rate on rateable land within a part of the area of the Council for the purpose of planning, carrying out, making available, supporting, maintaining or improving an activity that is, or is intended to be, of particular benefit to the land, or the occupiers of the land, within that part of the area, or to visitors to that part of the area'.

In the FY18/19, the differential rate provided \$3,702 million for the purposes of delivering marketing, events, management and advocacy programs to influence retail sales, improve the business and customer environment and increase visitation numbers. Additional benefits received by Precinct stakeholders include:

- **Marketing & Communications:** promoting the Precinct as a destination, as a place to work, meet and shop, promoting all businesses within the Precinct online, and attracting international and domestic visitors.
- **Public Relations:** re-enforcing the Precinct as the heart of the city and a great place to visit, leveraging and supporting media and PR opportunities for Precinct activity and businesses.
- **Advocacy Services:** regular consultation, information sessions and communications to support ideal outcomes for the Precinct.
- **Events & Activation:** encouraging visitations, dwell time and positive sentiment for the Precinct through entertainment, engagement and providing a new experience of a known space for employees in the Precinct.
- **Improved Precinct Economy:** attracting greater footfall, dwell time and heightened customer experience to attract the attention of investors, property developers, brands and the industry at large.
- **Amenity Services:** the coordination of high-standard amenity in the Precinct including additional cleansing and security within the public realm.

SELF-GENERATED FUNDS

Section 8.9 of the Rundle Mall Management Authority Charter states that the RMMA has 'The power to raise funds over and above those raised through the separate rate declared by the Council to further the Authority's objectives and purposes through fees and charges.' In line with this power, this document confirms that \$471,000 of self-generated funds were created via the provision of casual mall leasing, concession permits and partnerships within the FY18/19.

UNSPENT AND CARRIED FORWARD FUNDS

Section 8.10 of the Rundle Mall Management Authority Charter states that the RMMA has 'The power to accumulate surplus funds.' In line with this power, this document confirms that \$283,000 is an accumulated surplus. Of this, \$262,000 has been taken up as capital expenditure. A funding surplus of \$21,000 will be carried forward into FY 19/20.

TOTAL INCOME: (\$'000)

DESCRIPTION	2018-19 (\$'000)	2017-18 (\$'000)	VARIANCE (\$'000)	COMMENT:
Differential Rate	3702	3719	(17)	Decrease driven by property valuation and rate in the dollar
Self-Generated Income	471	525	(54)	Decrease in income from strategic partnerships
TOTAL	4173	4244	-	

TOTAL EXPENDITURE: (\$'000)

DESCRIPTION	2018-19 (\$'000)	2017-18 (\$'000)	VARIANCE (\$'000)	COMMENT:
Advertising & Sponsorships	1,594	1,937	(343)	Christmas infrastructure purchased during FY 17/18 re-used during Christmas 18/19 creating savings
Contractors & Professional Services	1654	1585	69	Event design and management costs previously accounted for in 'Advertising & Sponsorships' now included in 'Contractor & Professional Services'
Security	270	256	14	Event and Christmas security increased. Security CPI increases
Premises	126	114	12	Additional storage space for event infrastructure
Plant & Equipment	236	399	(163)	Savings to event staging infrastructure for Vogue Festival and Christmas
Minor Assets	32	21	11	-
Printing	34	21	13	Various campaign printing costs previously accounted for in 'Advertising & Sponsorships' now included in 'Printing'
Insurance	13	13	-	-
Catering	7	5	2	-
Car parking	6	7	(1)	-
Telephone	-	2	(2)	-
Tax	5	3	2	-
Sundry	33	37	(4)	-
Depreciation	100	3	97	Capital Asset depreciation
TOTAL	4111	4404	-	

AUDITOR'S REPORT & FINANCIAL STATEMENTS SEE APPENDIX A





RUNDLE MALL MANAGEMENT AUTHORITY
General Purpose Financial Statements
for the year ended 30 June 2019

Contents

1. Council Certificate

2. Primary Financial Statements:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows

3. Notes to the Financial Statements

4. Independent Auditor's Report

5. Certification of Auditor Independence

- Authority Certificate of Audit Independence
- Audit Certificate of Audit Independence

Page

2

3

4

5

6

7

17

19

20

RUNDLE MALL MANAGEMENT AUTHORITY
General Purpose Financial Statements
for the year ended 30 June 2019

Certification of Financial Statements

We have been authorised by the Council to certify the financial statements of the Rundle Mall Management Authority in their final form.

In my 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 Rundle Mall Management Authority's financial position at 30 June 2019 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 Rundle Mall Management Authority's accounting and other records.



Peter Joy
Chair of the Board

Date: 13/9/19

RUNDLE MALL MANAGEMENT AUTHORITY

Statement of Comprehensive Income

for the year ended 30 June 2019

	Notes	2019	2018
\$ '000			
Income			
Rates Revenue	2	3,702	3,719
User Charges	2	471	525
Total Income		4,173	4,244
Expenses			
Materials, Contracts & Other Expenses	3a	4,011	4,401
Depreciation, Amortisation & Impairment	3b	100	3
Total Expenses		4,111	4,404
Operating Surplus / (Deficit)		62	(160)
Total Comprehensive Income		62	(160)

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies. 3

RUNDLE MALL MANAGEMENT AUTHORITY

Statement of Financial Position

for the year ended 30 June 2019

	Notes	2019	2018
\$ '000			
ASSETS			
Current Assets			
Trade & Other Receivables	4	27	52
Total Current Assets		27	52
Non-Current Assets			
Infrastructure, Property, Plant & Equipment	5	262	182
Total Non-Current Assets		262	182
TOTAL ASSETS		289	234
LIABILITIES			
Current Liabilities			
Trade & Other Payables	6	6	13
Total Current Liabilities		6	13
TOTAL LIABILITIES		6	13
Net Assets		283	221
EQUITY			
Accumulated Surplus		283	221
Total Equity		283	221

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies. 4

RUNDLE MALL MANAGEMENT AUTHORITY

Statement of Changes in Equity

for the year ended 30 June 2019

\$ '000	Total Equity
2019	
Balance at the end of previous reporting period	221
Net Surplus / (Deficit) for Year	62
Total Comprehensive Income	62
Balance at the end of period	283
2018	
Balance at the end of previous reporting period	381
Net Surplus / (Deficit) for Year	(160)
Total Comprehensive Income	(160)
Balance at the end of period	221

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

5

RUNDLE MALL MANAGEMENT AUTHORITY

Statement of Cash Flows

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		4,198	4,575
Payments			
Operating Payments to Suppliers and Employees		(4,018)	(4,390)
Net Cash provided by (or used in) Operating Activities	7	180	185
Cash Flows from Investing Activities			
Payments			
Expenditure on New/Upgraded Assets		(180)	(185)
Net Cash provided by (or used in) Investing Activities		(180)	(185)
Net Increase (Decrease) in Cash Held		-	-
plus: Cash & Cash Equivalents at beginning of period		-	-
Cash & Cash Equivalents at end of period		-	-

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

6

Rundle Mall Management Authority

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Rundle Mall Management Authority (the Authority) in the preparation of these financial statements are set out below.

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations* 2011 dated 1 May 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 Rounding

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

2 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.

3 Cash, Cash Equivalents and other Financial Instruments

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

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.

4 Infrastructure, Property, Plant & Equipment

4.1 Initial Recognition

All assets are initially recognised at cost.

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.

4.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds the materiality threshold established by the Authority. Items of property, plant and equipment with a total value less than \$5,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

4.3 Depreciation of Non-Current Assets

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.

Rundle Mall Management Authority

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

Major depreciation periods for each class of asset are listed below.

Plant, Furniture & Equipment
Other Plant & Equipment 3 years

7 New accounting standards and UIG Interpretations

In the current year, the Authority 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 the Authority's accounting policies.

The Authority has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future be recognised as these obligations are fulfilled. In these Statements, it has been assessed that all revenue recognition in accordance with the current Standards, would not be impacted by the adoption of future standards.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2019, the Authority has no leases to which this treatment will need to be applied.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements.

The standards are not expected to have a material impact upon the Authority's financial statements.

Rundle Mall Management Authority

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

The Authority has not adopted any of the following standards early.

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 16 Leases (Appendix D)
- AASB 1058 Income of Not-for-Profit Entities
- AASB 1058 Income of Not-for-Profit Entities (Appendix D)
- AASB 2016-3 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

Effective for annual reporting periods beginning on or after 1 January 2021

- AASB 17 Insurance Contracts
- AASB 17 Insurance Contracts (Appendix D)

8 Comparative Figures

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

9 Disclaimer

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

9

RUNDLE MALL MANAGEMENT AUTHORITY

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2. Income

\$ '000	2019	2018
Rates Revenues		
Rundle Mall Levy	3,702	3,719
Total General Rates	3,702	3,719
User Charges		
Advertising and Leasing	471	525
Total User Charges	471	525

10

RUNDLE MALL MANAGEMENT AUTHORITY
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3. Expenses

	2019	2018
\$ '000		
(a). Materials, Contracts and Other Expenses		
Prescribed Expenses		
Auditor's Remuneration	1	1
- Auditing the Financial Reports	1	1
Subtotal - Prescribed Expenses		
Advertising and Sponsorship	1,594	1,537
Contractors and Professional Services	1,654	1,585
Security	270	256
Premises Hire and Associated Costs	126	114
Plant & Equipment Hire	236	399
Minor Assets, Furniture & Fittings and Materials	32	21
Printing	34	21
Insurance	13	13
Catering	7	5
Car Parking	6	7
Telephone	-	2
Tax	5	3
Sundry	33	37
Subtotal - Other Material, Contracts & Expenses	4,010	4,400
Total Materials, Contracts and Other Expenses	4,011	4,401
(b). Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Plant & Equipment	100	3
Subtotal	100	3
Total Depreciation, Amortisation and Impairment	100	3

11

RUNDLE MALL MANAGEMENT AUTHORITY
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 4. Current Assets

	2019	2018
\$ '000		
Trade & Other Receivables		
Trade & Other Receivables	18	10
GST Recoupment	9	42
Total Trade and Other Receivables	27	52

12

RUNDLE MALL MANAGEMENT AUTHORITY

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 5 Property, Plant & Equipment

\$ '000	as at 17/2/2018				as at 30/6/2019			
	At Cost	Accumulated Dep'n	Carrying Value	Asset Additions	Depreciation Expense (Note 3b)	At Cost	Accumulated Dep'n	Carrying Value
Plant & Equipment	185	(3)	182	180	(100)	365	(103)	262
Total Infrastructure, Property, Plant & Equipment	185	(3)	182	180	(100)	365	(103)	262
Comparatives	-	-	-	185	(3)	185	(3)	182

13

RUNDLE MALL MANAGEMENT AUTHORITY
 Notes to and forming part of the Financial Statements
 for the year ended 30 June 2019

Note 6. Current Liabilities

\$ '000	2019	2018
Trade & Other Payables		
Trade & Other Payables - CoA	6	13
Total Trade and Other Payables	6	13

Note 7. Reconciliation to Cash Flow Statement

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 Statement of Financial Position.

\$ '000	2019	2018
Reconciliation of Change in Net Assets to Cash from Operating Activities		
Net Surplus (Deficit)	62	(160)
Non-Cash items in Income Statements		
Depreciation, Amortisation & Impairment	100	3
	162	(157)
Add (Less): Changes in Net Current Assets		
Net (Increase) Decrease in Receivables	25	330
Net Increase (Decrease) in Trade and Other Payables	(7)	12
Net Cash Provided by (or used in) operations	180	185

14

RUNDLE MALL MANAGEMENT AUTHORITY
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 8. Uniform Presentation of Finances

\$ '000	2019	2018
The following is a high level summary of both operating and capital investment activities of the Rundle Mall Management 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		
Income	4,173	4,244
less Expenses	(4,111)	(4,404)
Operating Surplus / (Deficit)	62	(160)
Funding Surplus before Capital Amounts	62	(160)
less Net Outlays on New and Upgraded Assets	180	185
Capital Expenditure on New and Upgraded Assets		
Net Lending / (Borrowing) for Financial Year	(118)	(345)

RUNDLE MALL MANAGEMENT AUTHORITY
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 9. Related Party Transactions

	2019
Key Management Personnel	
The Key Management Personnel of the Rundle Mall Management Authority include Board members and the General Manager.	
The compensation paid to Key Management Personnel comprises:	
Salaries, allowances and other short-term benefits paid by Rundle Mall Management Authority to KMP	224,438
Amounts paid as direct reimbursement of expenses incurred on behalf of Rundle Mall Management Authority have not been included above.	
Other Related Party Transactions	
Rundle Mall Management Authority contracts staff from the City of Adelaide with the on-charge totalling \$793,509 for the year.	



Tel: +61 8 7324 6000
 Fax: +61 8 7324 6111
 www.bdo.com.au

BDO Centre
 Level 7, 420 King William Street
 Adelaide SA 5000
 GPO Box 2019 Adelaide SA 5001
 Australia

INDEPENDENT AUDITOR'S REPORT
 TO THE PRINCIPAL MEMBER OF THE RUNDLE MALL MANAGEMENT AUTHORITY

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the Rundle Mall Management Authority ('the Authority'), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

In our opinion the accompanying financial report presents fairly, in all material respects, financial position of the Authority as at 30 June 2019 and of its financial performance for the year ended on that date in accordance with Australian Accounting Standards.

Basis for opinion

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

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

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

The Authority's responsibility for the Financial Report

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

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

BDO Audit (SA) Pty Ltd ABN 31 611 379 086 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 000 000 000. BDO Australia Ltd is a member of the BDO network of independent member firms affiliated with the BDO network of independent member firms, which is a global network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.



Auditor's responsibilities for the audit of the Financial Report

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

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

This description forms part of our auditor's report.



BDO Audit (SA) Pty Ltd



Andrew Tickle
 Director
 Adelaide, 16 September 2019

RUNDLE MALL MANAGEMENT AUTHORITY
General Purpose Financial Statements
for the year ended 30 June 2019

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Rundle Mall Management Authority for the year ended 30 June 2019, the Council's Auditor, BDO has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act

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



Mark Goldstone
CHIEF EXECUTIVE OFFICER

Date: *5 September 2019*



David Powell
PRESIDING MEMBER, AUDIT COMMITTEE



Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au
Level 7, BDO Centre
420 King William St
Adelaide SA 5000
GPO Box 2018, Adelaide SA 5001
AUSTRALIA

CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the Rundle Mall Management Authority for the year ended 30 June 2019, 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.



Andrew Tickle
Director
BDO Audit (SA) Pty Ltd
Adelaide, 21 August 2019

BDO Audit (SA) Pty Ltd ABN 33 161 379 086 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 600 110 273. BDO (Australia) Ltd is a member of the BDO network of independent member firms, liability limited by a scheme approved under Professional Standards Legislation, and form part of the international BDO network of independent member firms, liability limited by a scheme approved under Professional Standards Legislation.



UNFOLD RUNDLE MALL

Rundle Mall Management Authority
T: (08) 8203 7200
E: info@rundlemall.com
Level 2, 7 James Place, Adelaide 5000
www.rundlemall.com



Adelaide Park Lands Authority

Annual Report 2018-2019



The Adelaide Park Lands Authority acknowledges the Kurna people as the traditional owners of the Adelaide Plains and pays respect to Elders past and present. The Authority recognises and respects the cultural heritage, beliefs and relationship which the Kurna people have with the land and acknowledges that they are of continuing importance to the Kurna people living today.

The Authority extends that respect to other Aboriginal Language Groups and other First Nations.









The Adelaide Park Lands Authority is the principal advisor to both the Council and the State Government on the protection, management, enhancement and promotion of the Adelaide Park Lands.

The Authority was established by the Adelaide Park Lands Act 2005 as a subsidiary of the City of Adelaide under the provisions of the Local Government Act 1999.

The inaugural meeting of the Authority was held on 7 February 2007 and its first full financial year of operation occurred during 2007/08.

This document reports on the work undertaken by the Authority during its twelfth financial year from 1 July 2018 through 30 June 2019.

Contents

-  1 Message from the Presiding Member
-  2 Purpose of the Annual Report
-  4 The year in summary
-  7 The year in review
-  15 Performance against 2018/19 Business Plan and Budget
-  17 Membership and meeting attendances
-  20 The role of the Authority in the governance of the Park Lands
-  22 Audited financial statements



Message from the Presiding Member

I was very pleased to accept the position of Presiding Member of the Adelaide Park Lands Authority in December 2018.

In taking up this position I want to thank my predecessor, Martin Haese and the following former Board Members who contributed to the work of the Authority in the past financial year, Sally Smith (as Deputy Presiding Member), Anita Allan, Councillors Robert Simms, Phillip Martin, Helen Donovan and Anne Moran (who continues as a Deputy Member for Councillor Alexander Hyde), Roger Zubrinich and former Councillors Sandy Wilkinson, Priscilla Corbell-Moore and David Slama.

The Park Lands are indeed a very special place for me and eminently worthy of World Heritage Listing, the possibility of which we are currently exploring.

At a world level, the Park Lands appear to pre-date any other planned system of city parks.

Many parks were either planned, but either never eventuated, or were lost, and many evolved out of former uses. However, none appear to have been planned on the scale which we have inherited here in Adelaide and survived.

Parks are easily lost to the exigencies or convenience of governments and developers, but here in Adelaide we have been eternally vigilant at a Council and community level around the invaluable planning heritage and community worth the Adelaide Park Lands represent. Indeed, that community vigilance is one of the Values which underpin the National Heritage Listing of the Park Lands.

Simultaneously, a long-standing community interest in State Heritage Listing for the Adelaide Park Lands, is also being pursued. The South Australian Heritage Council has recommended that this occur and we look forward to this missing piece of the heritage puzzle being put in place.

While all these big picture heritage matters are being addressed, we are of course getting on with the day-to-day management and enhancement of the Park Lands. This is occurring in the form of new events

infrastructure to help activate the Park Lands, new sports buildings to meet the needs of today's athletes, new playgrounds, many new paths to get people walking and enjoying the green open spaces, as well as projects to enhance our waterways in the Park Lands.

Many people simply enjoy the Park Lands as they drive through them on their way into the City. I encourage you to also take the time to get out and enjoy them on foot, participate in an event, have a picnic or take the kids to a playground.

Sandy Verschoor
Lord Mayor, City of Adelaide
Presiding Member, Adelaide Park Lands Authority



Purpose of the Annual Report

This Annual Report details the work and operations of the Authority against its Business Plan and Budget and incorporates the audited financial statements of the Authority.

In its principle role as an advisory body, the matters considered by the Authority have been reported against the following five Outcomes of the Adelaide Park Lands Management Strategy:

Dynamic, active and tranquil places

Places of activity, creativity and tranquillity for everyone that support our changing lifestyles, health and wellbeing, addressing:

- Facilities and infrastructure that encourage outdoor recreation and sport.
- Destinations and attractions in the Park Lands.
- Creation of activity hubs to support a diverse range of recreational needs.
- Park Lands as a visitor and tourist attraction.
- Management of activities and events.
- Enhancement of buildings.

Connected places and spaces

A system of connected and legible places and spaces enabling safe movement via paths and trails linking the City to the suburbs, hills and coast, addressing:

- Greater connection of places and spaces through a network of shared paths for walking, cycling and running.
- A hierarchy of path networks which link all parks, places and spaces within parks.
- Connections linking the City and suburbs with the Park Lands.
- Lighting of pathways, ovals and key recreational hubs to improve safety and increase use.
- Improved wayfinding and interpretive signage.
- Management of car parking on and around the Park Lands.

Welcoming and attractive places

Places of diverse landscapes and natural beauty providing a range of recreational, sensory and stimulating experiences of discovery, addressing:

- Establishment of a cohesive Park Lands identity.
- Landscaped entry points and edges to welcome and draw people into the Park Lands.
- Enhancement of natural, ornamental and cultural landscapes.

Sustainable and enduring places

Places that thrive in the face of a changing climate, addressing:

- Management of biodiversity.
- Improved management of water and watercourses in the Park Lands.
- Sustainable use of water.
- Resilience in the face of changing climate.
- Role of Park Lands in broader City carbon neutral targets and in managing Urban Heat Island effect.

Memorable + distinctive places

Places celebrating Adelaide's unique natural and cultural heritage, addressing:

- Protection and preservation of the Park Lands.
- World Heritage nomination for the Park Lands.
- Identification, protection and interpretation of Kurna cultural and heritage sites.
- Protection and interpretation of the cultural and environmental values of the Park Lands.
- Protection and preservation of the National Heritage-listed Park Lands.
- Protection and interpretation of the cultural and environmental values of the Park Lands and their cultural landscapes.



The year in summary

The Adelaide Park Lands continue to evolve in the way they are used, landscaped and managed.

When first set aside by the colonial government in 1837 they were part of a natural ecosystem and vegetated with indigenous plant communities.

Within a few years, the native plant and animal communities were devastated through wholesale clearing and by the 1850s planting schemes were being hurriedly introduced.

Originally there was a limited allocation for government purposes in the Colonel Light Plan. However early governments began acquiring additional sections of the Park Lands north of North Terrace for its purposes, including railyards, depots and institutions.

It is difficult to know how the Park Lands were used for recreation in the early days of European settlement but by the 1860s, sporting use was becoming common. Gradually, the River Torrens, through the centre of the Park Lands, became a focus of recreational activity. This focus was enhanced considerably with the construction of the first weir or dam, creating the Torrens Lake in 1881.

Today, the Park Lands continue to grow and adapt to the changing needs of the community.

Deliberations by the Board

Matters affecting the Park Lands are often complex in nature. Consideration of these matters can require lengthy preparation by Board Members and often involves robust debate.

When deliberating on proposals and policies for the Park Lands, Board Members must consider and balance the many competing interests facing the Park Lands identified in the Adelaide Park Lands Management Strategy, including, in no particular order:

- Meeting the needs of modern day recreational and sporting activity while minimising built form on the Park Lands
- Enhancing the liveability of a growing and diversifying City

- Balancing sporting use, event activity, general recreation needs and access rights for the general community
- Accommodating biodiversity and other natural values
- Enhancing the landscape amenity of the Park Lands
- Ensuring sustainable practices are followed and climate change is addressed
- Preserving the heritage and integrity of the Park Lands and protecting the Values which underpin their National Heritage Listing.

Enhancements Projects

The redevelopment of Gladys Elphick Park / Narnungga (Park 25) was assisted with \$6.6m funding from the State Government and \$600k funding from the City of Adelaide. Over many months, the surrounds of the new sporting facility created by the South Australian Cricket Association were transformed into a new park.

In neighbouring Ellis Park / Tampawardli (Park 24), a new building, replacing three old buildings, was completed to serve the soccer and athletics communities, ensuring the Western Park Lands continue to be a highly regarded centre for sporting activities.

The redevelopment of the Adelaide Archery Club's facilities in Bullrush Park / Warnpangga (Park 10), including an extension to the existing building incorporating additional storage and an accessible toilet, will see the aesthetics of the building improved and would ensure the vicinity continues to properly service the community.

A draft Concept Plan for the redevelopment of sporting facilities in Golden Wattle Park / Mirnu Wirra (Park 21W) was provided with conditional support for the purposes of public consultation.

Master Planning

The Authority reviewed a new Master Plan for Whitmore Square / Iparrityi, which:

- Includes a central social space to encourage use
- Provides for large shady trees, garden areas and green edges
- New art and playspaces
- Improved lighting
- Upgraded intersections

The draft Rymill Park / Murlawirrapurka (Park 14) Master Plan was presented to the new Board in April 2019.

The Board recommended that Council endorse the draft Master Plan for key stakeholder and community consultation, including a wetland option for the existing lake and a new inclusive playspace.

World Heritage Listing

In October 2018 the Board established a committee to explore the feasibility of World Heritage Listing of the Adelaide Park Lands and City Layout. The Board was also successful in securing a \$100k budget from Council to assist in the process.

The Adelaide Plan (the separation of North and South Adelaide, the wide, ordered streets, formal Squares and the encircling Park Lands) is a unique and perfect example of colonial town planning which has survived through the protection of its citizens. At a universal level it is very significant.

Park Lands management

The Board endorsed a new Integrated Biodiversity Management Plan which sets priorities for biodiversity conservation and maximising the ecological health of the watercourses in the Park Lands.

The Board also reviewed the Adelaide Park Lands Events Management Plan which provides a very comprehensive framework for the management of the many events which take place in the Park Lands.

In considering the proposal for the construction of a hotel on the eastern side of Adelaide Oval, the Authority made a submission to Legislative Council's Select Committee on Adelaide Oval opposing this development on Park Lands.

Field Trip

In May 2019, the new Board undertook a tour around the Park Lands. The tour focussed on two aspects of Park Lands planning and policy which have received strong focus in recent years, namely: the provision of car parking; and the appropriate design of buildings in the Park Lands.

New Charter

The 2018-19 financial year saw the development and approval of a new Charter for the Authority. The Charter reflects the governing provisions of the Local Government Act 1999 (for subsidiaries) and the Adelaide Park Lands Act 2005 for the operations of the Authority and includes:

- Greater clarity of the Authority's role through a more detailed set of 'powers and duties' section
- More clearly identified responsibilities for the Authority's Executive Officer
- Recognition of the values expressed in the National Heritage Listing of the Adelaide Park Lands
- Recognition of the statutory principles expressed in the Adelaide Park Lands Act 2005
- Requirement for an Annual Community Forum
- Requirement for a Strategic Plan



The year in review

During 2018-19 the Authority considered a range of matters relating to its core responsibility of providing advice to Council and the State Government on Park Lands policy, management and projects.

The following matters considered by the Authority demonstrate the breadth of its activity and are grouped under the five key outcomes from the Park Lands Management Strategy.

- Dynamic, Active and Tranquil Places
- Connected Places and Spaces
- Welcoming and Attractive Places
- Sustainable and Enduring Places
- Memorable and Distinctive Places.

Dynamic, active and tranquil places

Glover Playground East King Rodney Park / Ityamai-itpina (Park 15)

In August 2018 the Board was updated on the improvements to the re-opened Glover Playground and thanked for the feedback provided on the concept designs. The Board was addressed by:

- Ms Janelle Arbon (Senior Designer Strategy, City of Adelaide).

Golden Wattle Park / Mirnu Wirra (Park 21W) community sports hub

In August 2018 the Board considered the development of a proposed community sports hub in Park 21W and:

- Supported the draft Concept Plan for the purposes of public consultation to identify complementary informal recreation opportunities.
- Supported a centralised, fit for purpose, community sports pavilion of two-level design, subject to the ground building footprint not exceeding 465sqm and the design incorporating landscape and architecture treatments that reduce the visual impact of the building.
- Supported in principle the establishment of a car park to facilitate 150 vehicles, subject to the design of the parking being sensitive to the Park Lands environment with appropriate plantings and permeable surfaces.

The agenda item included a presentation from the Adelaide Lutheran Sports and Recreation Association (ALSARA) as the sporting licensee of Park 21W, indicating the opportunity for increased activation and community usage.

Adelaide Park Lands Events Management Plan 2016-2020

In September 2018 the Board considered minor amendments to the Adelaide Park Lands Events Management Plan 2016-2020. The update covered:

- The creation of multi-year agreements for significant major events.
- The improvement of remediation processes.
- Improved readability.
- Further minor amendments.

The update was presented by:

- Ms Noni Williams (Manager Events, City of Adelaide).

The Board noted the report and requested that future revisions of the Plan include a fact sheet that references the policy documents that apply in the Park Lands.

Adelaide 500 Declared Area

In September 2018 the Board resolved to support the Declared Area, Event Period and Prescribed Works Period for the 2019 edition of the annual Adelaide 500 event. The Board was addressed by Ms Noni Williams (Manager Events, City of Adelaide).

The Board also:

- Noted that the Adelaide 500 2019 Declaration Consultation was for the Declared Area, Declared Period and Prescribed Works Period only and not on the overall management of the Adelaide 500 event.
- Supported Council Administration's continued work with the South Australian Tourism Commission to deliver operational requirements to ensure the ongoing protection of Adelaide's Park Lands.
- Noted that correspondence to the South Australian Tourism Commission would include feedback identifying appreciation for the reduction in boundaries of prescribed works and the period.

Adelaide Archery Club proposal to extend club rooms

At the February 2019 meeting, Mr Daniel Caon, President of the Adelaide Archer Club presented a proposal to expand their community sports building in Bullrush Park / Warnpangga (Park 10). Following additional information from Ms Amy Pokoney (Manager Wellbeing and Resilience, City of Adelaide) the Board indicated its support for:

- An extension to the building, incorporating additional storage and upgraded amenities including an accessible toilet.
- Administration working with the Club to ensure that the aesthetics of the existing building are improved as part of the project.

Lot Fourteen

At the February 2019 meeting, a presentation was made regarding Lot Fourteen (former Royal Adelaide Hospital site). The presentation was made by:

- Mr Mark Devine (Acting Chief Executive);
- Mr Daniel Redden (Project Director, Renewal SA); and
- Mr James Hayter (Oxigen, Landscape and Urban Planners).

The presentation outlined:

- Strategic initiatives of the project.
- Key moves.
- Project Master Plan.

Discussion following the presentation centered on the way land within the Park Lands was to be managed, including the risk of alienation, how the public realm and open space was to be dealt with, and how research and commercialism is to fit into its context.

Whitmore Square / Iparrityi Master Plan

At the March 2019 meeting, Ms Kelly Henderson was invited to address the Board on the matter of the Whitmore Square / Iparrityi Master Plan. She advised the Board that they reject the Master Plan in its current form, citing its vision, principles, actions and overall plan. She also requested that the North-East Zebra Crossing proposal be given extremely high priority.

The Board supported the Master Plan *"subject to reconsideration of the zebra crossing and any additional permanent buildings in the Square."* As a part of this support, they also noted the beneficial lighting improvements to be delivered in the 2018/19 financial year.

The Master Plan was approved by Council in June 2019.

Adelaide Football Club proposal for Park 2

At the April 2019 meeting, Ms Stephanie Johnston asked a question without notice regarding the proposal for an Adelaide Football Club headquarters in Park 2, particularly in respect to when the Board's advice will be sought. It was noted that further clarification would be sought by the Executive Officer, and that there was an opportunity for the Board to provide advice prior to any community consultation undertaken by Council.

Rymill Park / Murlawirrapurka (Park 14) Master Plan

A draft master plan for Rymill Park / Murlawirrapurka (Park 14) was presented to the Board at the April 2019 meeting by:

- Ms Angela Orchard (Manager Strategy, City of Adelaide); and
- Ms Grace Lin (Principal Design, City of Adelaide).

The Board asked that further investigations, engagement and analysis would include (but not be limited to):

- Input from the Access and Inclusion Panel.
- Reasoning for the removal of trees in the North Eastern Corner of the area in question.
- Cultural surveys in the design component of the plan.

Discussion on this item concluded with the Board advising Council that it supported the draft master plan for the purposes of *"key stakeholder and community consultation, including the vision, principles, actions and overall plan."*



Connected places and spaces

Adelaide Park Lands Management Strategy 2015-2025

An overview on the development and purpose of the Adelaide Park Lands Management Strategy 2015-2025 was presented by the Executive Officer Mr Martin Cook, and Mr Daniel Bennett (Associate Director Strategy & Design, City of Adelaide) at the April 2019 meeting. The overview identified:

- Governing legislation, where the Strategy sits and project governance.
- The public engagement program to inform preparation of the Strategy.
- Consultation outcomes, identified tensions and processes to finalise the Strategy.
- The vision and objectives of the Strategy.

Discussion following the presentation included references to commercial uses of the Park Lands and the need for stronger policy articulation around this topic. It was suggested that there be a review of the Strategy in 2020, and that Board Members be provided with project delivery information.

Parking Policy for the Park Lands

Car parking in the Park Lands was discussed during the June 2019 meeting with deputations from:

- Professor Rob Cheesman AM (Architect); and
- Simon Rodger (Adelaide Lutherans Sports and Recreation Association).

A presentation regarding the findings of an audit of all parking which occurs on and adjacent to the Park Lands was then made by:

- Geoffrey Booth (Principal Park Lands Strategy, City of Adelaide); and
- Anna McDonald (Principal Transport Planning, City of Adelaide).

While no recommendation was made, a range of topics were covered including car park usage, accessibility, the number of unrestricted parking bays and parking in event areas.



Welcoming and attractive places

Adelaide Oval Hotel Development

At its February 2019 meeting the Board requested *"by the next meeting of the Authority the provision of funds by Council, or any other source, to obtain advice of Senior Counsel about any possible legal implications arising from the construction of the proposed Adelaide Oval Hotel or any future, similar commercial development on the Park Lands, particularly identifying any consequent obligations or responsibilities for the Authority."*

Ms Anita Allen and Ms Kirsteen Mackay disclosed a material conflict of interest in the matter, pursuant to Section 4.3 of the *Adelaide Park Lands Authority Charter* and Sections 73 & 74 of the *Local Government Act 1999 (SA)*, arising from having been involved in the matter through the provision of advice in relation to the Adelaide Oval Hotel, left the meeting room at 5.34 pm and did not participate or contribute to the deliberations of the Adelaide Park Lands Authority on this matter.

In a subsequent letter to the Board, the City of Adelaide CEO declined to provide such funds.

At the Board's meeting in March 2019, the Board: Noted *"the letter from the CEO in relation to the legal advice that the Authority requested in relation to the proposed Adelaide Oval Hotel development on the Park Lands in order to perform its role and requests;*

- *Council reconsiders its position in the context of the Park Lands Act 2005 to fund investigations by the Authority; and*
- *Provides to members before the Authority's next meeting the legal advice Council has received and which may also assist the Authority."*

At the March 2019 meeting, Ms Stephanie Johnston asked whether the Stadium Management Authority (SMA) had undertaken assessments under the *Environment Protection and Biodiversity Conservation (EPBC) Act 1999 (Cth)* regarding the proposed Adelaide Oval Hotel development. The Board noted that the

Executive Officer would follow up with the SMA and advise Board members.

The Board was later advised that the SMA had submitted a self-assessment and that the Australian Government's Department of the Environment and Energy found that the proposed hotel was not a controlled action as it did not affect the six heritage listing criteria.

At the Board's April 2019 meeting, the Executive Officer Mr Martin Cook advised the Board that a copy of the Authority's presentation to the Legislative Council's Select Committee on the Adelaide Oval had been sent to each Board Member.

Sponsorship of the Adelaide Park Lands Art Prize

At the April 2019 meeting, Mr Shane Sody (President, Adelaide Park Lands Preservation Association) thanked the Board and Council for their ongoing support for the Art Prize. Mr Sody also sought a renewed commitment from the Council for 2020.

Public Art Action Plan 2019-2022

At the April 2019 meeting the desire for a revised Public Art Action Plan, Public Art Guidelines and Memorials Guidelines was discussed. To aid discussion, a presentation was made by:

- Ms Sarah Feijen (Senior Coordinator Arts & Culture, City of Adelaide); and
- Ms Felicity Edwards (Senior Partnership & Projects Planner, City of Adelaide).

The particular topics of discussion included the *"inclusion of assessment of cultural landscape impact for both artwork and memorials,"* and *"Park Lands context."*

As a result the Board advised Council that they support the development of a revised Public Art Action Plan 2019-2022, as well as new Public Art Guidelines and Memorials Guidelines.

Sustainable and enduring places

Biodiversity Management Plan

In July 2018 the Board reviewed a draft Integrated Biodiversity Management Plan (IBMP). The Board was addressed by:

- Ms Maria Zotti (Manager Sustainability, City of Adelaide); and
- Dr Adrian Stokes (Consultant).

The Board supported the draft plan and authorised minor amendments.

The draft IBMP was subsequently endorsed by Council.

Blue Gum Park / Kurangga (Park 20) City Tree Climb Fauna Impact Assessment

The Board supported the City Tree Climb facility at its meeting in December 2017 and noted that a Fauna Impact Assessment was to inform the course design.

The completed Assessment, presented to the Board in July 2018 by Mr Tom McCready (Manager Property, City of Adelaide), found there would be no impact on local fauna.

Brown Hill and Keswick Creek stormwater project

At the January 2019 meeting, Ms Olivia Oliver and Mr Michael Salkeld were invited to address the Board on the Brown Hill and Keswick Creek Stormwater Project. Their presentation outlined the concept design and proposed timeframes for the project. The Board requested additional information covering watering, weed tree removal, detailed tree removal plans, and further consultation with the Board. The Board noted that it was to make further comments on the proposal and that there was to be targeted stakeholder engagement undertaken.

Tainmuntilla Riparian restoration project

Following a presentation from Ms Michelle English, Associate Director Sustainability, City of Adelaide at the February 2019 meeting regarding woody weed removal in Mistletoe Park / Tainmuntilla (Park 11), a report of the history of the matter was requested.

At the April 2019 meeting, this further report regarding the history of the project was presented, along with a further address from Ms Michelle English. This resulted in support from the Board for the removal of specific trees, and the revegetation of Tainmuntilla (Park 11) with approximately 300 suitable plants and trees during the May/June 2019 planting season, as outlined in documents provided to the Board.

Memorable and distinctive places

National Heritage Listing Management Plan

At its meeting in October 2018 the Board received a presentation from Ms Deborah Lindsay (Senior Heritage Consultant, DASH Architects) regarding the preparation of a National Heritage Listing Management Plan.

The *Environment Protection and Biodiversity Conservation (EPBC) Act* requires that any national heritage listed place has an associated management plan in place, with the Executive Officer indicating that the Department of Environment and Water had engaged DASH Architects to assist in the creation of a National Heritage Management Plan which addresses all the values of National Heritage Listing.

At a later meeting in May 2019, Ms Lindsay presented an overview of the findings, during which discussion ensued in relation to the desire and need for furthering the development of the Plan.

World Heritage Listing nomination

At its October 2018 meeting following a presentation from the Authority's Executive Officer on the matter, the Board established the Adelaide Park Lands and City Layout World Heritage Nomination Committee, pursuant to s11 of the *Adelaide Park Lands Act 2005*. In support of this, the Board:

- Deferred any appointments to the Committee until 2019.
- Recognised that the Presiding Member is (ex-officio) to be a member of any committee established by the Board.
- Approved additional appointments to the Committee of persons who are not members of the Board.

At the January 2019 meeting of the Board, Ms Stephanie Johnston requested on behalf of the Board that:

- Council allocate a budget of \$50,000 for a feasibility study.
- The Board requests an equal amount from the State Government. Should that not be forthcoming, consider allocation of a further budget of \$50,000 to complete the study.
- These contributions be placed in the Adelaide Park lands Fund.

Further background on the topic was presented by the Executive Officer at the May 2019 meeting. Discussion ensued in relation to the scope and brief for the case, the role of the Committee, and resourcing.

Following three nominations to the Committee at the June 2019 Board meeting, three nominees accepted the nomination and were thereby appointed. These 3 members were:

- Ms Stephanie Johnston,
- Councillor Alex Hyde; and
- Ms Allison Bretones.

Work exploring the feasibility of World Heritage Listing nomination is ongoing.

Vietnamese Boat Peoples Monument proposal

At the January 2019 meeting the Hon. Tung Ngo LMC and Mr Tony Rosella were invited to address the Board on a proposal for a Vietnamese Boat Peoples Monument. Their deputation introduced, outlined and indicated their support for the proposal. Discussion ensued which elaborated on the technical details of the proposal, including clarification of the consultation and community engagement processes undertaken.

In a later separate item in the meeting, the Board indicated their support of the location of the proposal *"subject to design modifications to reduce identified public accessibility risks and to facilitate protection and maintenance of the surrounding Park Lands grass, and subsequent development approval."*



Performance against the objectives of the 2018/19 Business Plan and Budget

Performance Target	Performance Measures	Achievements	Review Opportunities
Provide advice as required to Council and the State Government on key matters relating to the Adelaide Park Lands.	<p>At least 12 ordinary meetings of the Authority held per year.</p> <p>Advice provided to Council and State Government in a timely manner.</p> <p>Receive at least two presentations on Park Lands planning and management related matters per year.</p> <p>Undertake at least one Park Lands field trip per year to facilitate greater understanding of Park Lands projects, facilities and landscapes.</p>	<p>The Authority held ten meetings in the 2018/19 Financial Year. Meetings were not held in November and December 2018 due to the uncertainty of obtaining a quorum due to five of the Members participating in the Council elections held at this time.</p> <p>Advice is provided to Council at the meeting of Council held immediately after the meeting of the Authority. The Authority received 24 reports and ten presentations throughout the year.</p> <p>The Authority undertook one field trip which focused on car parking issues in the Park Lands and buildings in the Park Lands.</p>	<p>An opportunity exists for the Board to also include items in future agendas which it wishes to consider.</p> <p>An opportunity exists for the Board to make more field trips.</p>
<p>Promotion of the Park Lands which focuses on:</p> <ul style="list-style-type: none"> Raising public awareness of their values and importance Increased, appropriate use Responsible management. <p>Promotion of the work of the Authority.</p>	<p>Review existing marketing activities.</p> <p>Support for the (biennial) Adelaide Park Lands Art Prize.</p> <p>The public can explore the work of the Authority through a website.</p>	<p>A review of the way in which the Park Lands are promoted did not occur.</p> <p>The Authority renewed its support for the Adelaide Park Lands Art Prize and was provided by the City of Adelaide with \$15k in its budget to donate to the Art Prize.</p> <p>The Authority has a website presence identifying its responsibilities, membership and Annual Reports.</p>	<p>An opportunity exists for the Board to be more active in the promotion of the Park Lands.</p>

Performance Target	Performance Measures	Achievements	Review Opportunities
Business Plan and Budget is in place.	New Business Plan is adopted prior to the expiry of that currently in operation.	The Authority adopted its annual Business Plan and Budget in April 2019.	
Operation of General Purpose Accounts.	Council's accounting procedures met.	The Authority's General Purpose Accounts are managed by the Executive Officer and the City of Adelaide Finance Team.	
Quarterly Financial Reports.	Reports adopted and presented to Council.	Quarterly Financial Reports are provided through the City of Adelaide's quarterly budget review process.	
Operation of the Adelaide Park Lands Fund which currently contains \$1000.00.	Monies are received and expended according to the provisions of the Authority's Charter.	The Adelaide Park Lands Fund operates and contains \$1,380.00	An opportunity exists for the Board to be more proactive in seeking contributory funding for specific Park Lands related purposes.
Auditing required by the Authority's Charter.	Council's external auditor and Audit Committee is satisfied the requirements are met.	The Authority's accounts are audited annually by Council's external auditor and Audit Committee.	
Preparation of Annual Report.	Annual Report is submitted to Council each financial year.	Annual Report for 2017-18 was submitted to Council in October 2018.	
Insurance Requirements.	The Local Government Mutual Liability Scheme insures the Authority.	Quarterly payments ensure insurance cover is in place.	

Membership and meeting attendances

Membership

Pursuant to section 6 of the *Adelaide Park Lands Act 2005*, membership of the Adelaide Park Lands Authority comprises:

- The Lord Mayor (unless the Lord Mayor elects not to accept the position - in which case Council appoints someone else)
- Four members appointed by Council
- Five members appointed by the Minister responsible for the *Adelaide Park Lands Act 2005*.

Change in membership

During the 2018-19 financial year there were two distinct changes in the membership of the Authority.

The first occurred as a result of the Council elections in November 2018 and the expiry of all positions on 31 December 2018.

The Council elections also resulted in uncertain quorums (the presence of six members is required for a meeting to proceed) and meetings were unable to be held in November and December 2018.

In December 2018, both the Minister and the new Council made interim appointments to the end of March 2019.

The exception to this was the Presiding Member's statutory position, which was accepted on an on-going basis by Sandy Verschoor upon her election as Lord Mayor.

The interim appointments made in December 2018 were as follows:

Council appointed the following Councillors:

- Anne Moran
- Phillip Martin
- Robert Simms
- Helen Donovan.

Minister Stephan Knoll appointed:

- Sally Smith (Deputy Presiding Member)
- Anita Allen
- Roger Zubrinich
- Stephanie Johnston
- Kirsteen Mackay.

In March 2019 Council and the Minister made the following two and three year appointments respectively:

Council appointed:

- Jessica Davies-Huynh
- Matt Davis
- Councillor Alexander Hyde (with Councillor Anne Moran as Deputy)
- Allison Bretones.

Minister Stephan Knoll appointed:

- Kirsteen Mackay (as Deputy Presiding Member)
- Stephen Forbes
- Stephanie Johnston (with Professor Emeritus Damien Mugavin as Deputy)
- Craig Wilkins
- Ben Willsmore.

To record attendances, we have developed the following three periods of membership during the 2018-19 financial year.

1 July 2018 to 31 December 2018 (Period 1)

The Right Honourable the Lord Mayor, Martin Haese

Ministerial Appointees	Council Appointees
Ms Sally Smith, Deputy Presiding Member	Councillor Anne Moran
Ms Anita Allen	Councillor David Slama
Ms Kirsteen Mackay	Councillor Priscilla Corbell-Moore
Mr Roger Zubrinich	Councillor Sandy Wilkinson
Ms Stephanie Johnston (with Professor Emeritus Damien Mugavin as Deputy)	

1 January 2019 to 31 March 2019 (Period 2 - interim appointments)

The Right Honourable the Lord Mayor, Sandy Verschoor

Ministerial Appointees	Council Appointees
Ms Sally Smith, Deputy Presiding Member	Councillor Anne Moran
Ms Anita Allen	Councillor Dr Helen Donovan
Ms Kirsteen Mackay	Councillor Phillip Martin
Mr Roger Zubrinich	Councillor Robert Simms
Ms Stephanie Johnston	

1 April 2019 to 30 June 2019 (Period 3 - on-going appointments)

The Right Honourable the Lord Mayor, Sandy Verschoor

Ministerial Appointees	Council Appointees
Ms Kirsteen Mackay, Deputy Presiding Member	Councillor Alexander Hyde
Mr Ben Wilshire	Ms Allison Bretones
Mr Craig Wilkins	Ms Jessica Davies-Huynh
Ms Stephanie Johnston (with Professor Emeritus Damien Mugavin as Deputy)	Mr Matt Davis
Mr Stephen Forbes	

Meeting attendances

The Authority held 10 meetings during the 2018/19 financial year. Attendance at meetings was recorded as follows:

	Period served			Meetings eligible to attend	Meetings attended
	1	2	3		
The Right Honourable the Lord Mayor, Martin Haese				4	3
The Right Honourable the Lord Mayor, Sandy Verschoor				6	4
Ministerial Appointees					
Ms Sally Smith (Deputy Presiding Member 1 July 2018 to 31 March 2019)				7	5
Ms Kirsteen Mackay (Deputy Presiding Member 1 April to 30 June 2019 - ongoing)				10	7
Ms Anita Allen				7	4
Mr Ben Wilshire				3	3
Mr Craig Wilkins				3	3
Mr Roger Zubrinich				7	6
Ms Stephanie Johnston				10	9
Mr Stephen Forbes				3	3
Professor Emeritus Damien Mugavin (for Ms Stephanie Johnston)				1	1
Council Appointees					
Councillor Alexander Hyde				3	3
Ms Allison Bretones				3	3
Councillor Anne Moran				7	7
Councillor David Slama				4	3
Councillor Dr Helen Donovan				3	3
Ms Jessica Davies-Huynh				3	3
Mr Matt Davis				3	2
Councillor Phillip Martin				3	3
Councillor Priscilla Corbell-Moore				4	3
Councillor Robert Simms				3	3
Councillor Sandy Wilkinson				4	3

The role of the Authority in the governance of the Park Lands

The Adelaide Park Lands Authority (or APLA as it is usually known) was established by the *Adelaide Park Lands Act 2005* as a subsidiary of the City of Adelaide under the *Local Government Act 1999*. The Governance Framework for the Adelaide Park Lands within which the Authority operates is shown on the following page.

The Authority and its Board are the same entity.

The City of Adelaide manages about 80% of the Adelaide Park Lands. The State Government manages the remaining 20% which is predominantly composed of the Educational, Institutional and Biomedical precinct along North Terrace, but also includes the Botanic Garden (and Park) of Adelaide.

The Authority is the principal advisor to both the City of Adelaide and the State Government on the protection, management, enhancement and promotion of the Adelaide Park Lands.

Within the Governance and Planning Framework, the Authority was established to undertake the following Functions, as set out in the *Adelaide Park Lands Act 2005*:

1. To undertake a key policy role with respect to the management and protection of the Adelaide Park Lands;
2. To prepare, and as appropriate, to revise the Adelaide Park Lands Management Strategy in accordance with the requirements of the *Adelaide Park Lands Act 2005*;
3. To provide comments and advice on any management plan prepared by the Adelaide City Council or a State Authority under the *Adelaide Park Lands Act 2005* or the *Local Government Act 1999* that relates to any part of the Adelaide Park Lands; and to monitor and, as appropriate, to provide comments, advice or reports in relation to the implementation or operation of any such plan;
4. To provide comments or advice in relation to the operation of any lease, licence or other form of grant of occupation of land within the Adelaide Park Lands;
5. On the basis of any request or on its own initiative, to provide advice to the Adelaide City Council or to the Minister on policy, development, heritage or management issues affecting the Adelaide Park Lands;
6. To promote public awareness of the importance of the Adelaide Park Lands and the need to ensure that they are managed and used responsibly;
7. To ensure that the interests of South Australians are taken into account, and that community consultation processes are established, in relation to the strategic management of the Adelaide Park Lands;
8. To administer the Adelaide Park Lands Fund; and
9. To undertake or support other activities that will protect or enhance the Adelaide Park Lands, or in any other way promote or advance the objects of the *Adelaide Park Lands Act*.

In 2018-19 the City of Adelaide and the Hon. Stephan Knoll, as Minister responsible for the Adelaide Park Lands Act 2005 agreed on a new Charter for the Authority.

In addition to a number of minor changes to reflect changed statutory requirements and updated procedures, the new Charter clarifies and improves the operations of the Authority through:

- A more detailed set of 'powers and duties' section.
- The provision for the Board to have a strategic plan to guide its work.
- The holding of an annual community forum to receive feedback about, and consider, the management, use and improvement of the Park Lands.

Governance framework for the Adelaide Park Lands



A photograph of a man and a woman playing with a small dog in a park. The man is crouching on the grass, holding a red leash, while the woman stands next to him, leaning over to pet the dog. The background features large trees with green and yellowing leaves, suggesting an autumn setting. A semi-transparent banner with the text "Audited Financial Statements" is overlaid on the upper part of the image.

Audited Financial Statements

ADELAIDE PARK LANDS AUTHORITY
General Purpose Financial Statements
for the year ended 30 June 2019

Contents	Page
1. Council Certificate	2
2. Primary Financial Statements:	
- Statement of Comprehensive Income	3
- Statement of Financial Position	4
- Statement of Changes in Equity	5
- Statement of Cash Flows	6
3. Notes to the Financial Statements	7
4. Independent Auditor's Report	12
5. Certification of Auditor Independence	
- Authority Certificate of Audit Independence	13
- Audit Certificate of Audit Independence	14
6. Audit Representation Letter	15

ADELAIDE PARK LANDS AUTHORITY
General Purpose Financial Statements
for the year ended 30 June 2019

Certification of Financial Statements

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

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2019 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Sandy Verschoor

LORD MAYOR

Date: 27th November 2019

ADELAIDE PARK LANDS AUTHORITY
Statement of Comprehensive Income
for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Income			
Grants, Subsidies and Contributions	2	187	188
Total Income		187	188
Expenses			
Materials, Contracts & Other Expenses	3	187	188
Total Expenses		187	188
Operating Surplus / (Deficit)		-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income		-	-

ADELAIDE PARK LANDS AUTHORITY**Statement of Financial Position**

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
ASSETS			
Current Assets	5		
Cash and Cash Equivalents		1	1
Subtotal		1	1
Total Current Assets		1	1
TOTAL ASSETS		1	1
Net Assets		1	1
EQUITY			
Accumulated Surplus		1	1
Total Equity		1	1

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies. 4

ADELAIDE PARK LANDS AUTHORITY

Statement of Changes in Equity

for the year ended 30 June 2019

\$ '000	Notes	Accumulated Surplus	Total Equity
2019			
Balance at the end of previous reporting period		1	1
Net Surplus / (Deficit) for Year		-	-
Balance at the end of period		1	1
2018			
Balance at the end of previous reporting period		1	1
Net Surplus / (Deficit) for Year		-	-
Balance at the end of period		1	1

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

ADELAIDE PARK LANDS AUTHORITY

Statement of Cash Flows

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		187	188
Payments			
Operating Payments to Suppliers and Employees		(187)	(188)
Net Cash provided by (or used in) Operating Activities		-	-
Net Increase (Decrease) in Cash Held		-	-
Cash & Cash Equivalents at end of period		1	1
Total Cash, Cash Equivalents & Investments		1	1

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies. 6

ADELAIDE PARK LANDS AUTHORITY

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Adelaide Park Lands Authority in the preparation of these consolidated financial statements are set out below.

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 1 May 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 Rounding

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

2 Income Recognition

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

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are

disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Authority's operations for the current reporting period.

3 Cash, Cash Equivalents and other Financial Instruments

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

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.

4 Infrastructure, Property, Plant & Equipment

The Authority did not procure any non-current assets during the reporting period and does not hold any non-current assets as at the reporting date.

5 Employee Benefits

The Authority does not have any employees. All employees are employed through the parent entity, the City of Adelaide.

6 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.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

ADELAIDE PARK LANDS AUTHORITY

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

7 New accounting standards and UIG Interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2019.

Adelaide Park Lands Authority (APLA) has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

In the current year, the Authority 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 the Authority's accounting policies.

The Authority has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future only be recognised as these obligations are fulfilled. In these Statements, it has been assessed that all revenue recognition in accordance with the current Standards, would not be impacted by the adoption of future standards.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. At 30 June 2019, the Authority has no leases to which this treatment will need to be applied.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements.

The standards are not expected to have a material impact upon the Authority's financial statements.

The Authority has not adopted any of the following standards early.

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 16 Leases (Appendix D)
- AASB 1058 Income of Not-for-Profit Entities
- AASB 1058 Income of Not-for-Profit Entities (Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

Effective for annual reporting periods beginning on or after 1 January 2021

- AASB 17 *Insurance Contracts*
- AASB 17 *Insurance Contracts* (Appendix D)

8 Comparative Figures

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

9 Disclaimer

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

ADELAIDE PARK LANDS AUTHORITY

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2. Income

\$ '000	Notes	2019	2018
Grants, Subsidies, Contributions			
Other Grants, Subsidies and Contributions		187	188
Total Grants, Subsidies, Contributions		187	188
Sources of grants			
Other - City of Adelaide		187	188
Total		187	188

Note 3. Expenses

\$ '000	Notes	2019	2018
Materials, Contracts and Other Expenses			
Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		1	1
Subtotal - Prescribed Expenses		1	1
Other Materials, Contracts and Expenses			
Contractors		145	140
Advertising		12	-
Insurance		14	17
Sitting Fees		9	7
Sponsorship		-	10
Hire Plant & Equipment		2	-
Legal Expenses		-	11
Catering		3	2
Sundry		1	-
Subtotal - Other Material, Contracts & Expenses		186	187
Total Materials, Contracts and Other Expenses		187	188

ADELAIDE PARK LANDS AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 4. Current Assets

\$ '000	Notes	2019	2018
Cash & Cash Equivalents			
Cash on Hand at Bank		1	1
Total Cash & Cash Equivalents		1	1

Note 5. Reconciliation to Cash Flow Statement

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.

\$ '000	Notes	2019	2018
(a). Reconciliation of Cash			
Total Cash & Cash Equivalents	4	1	1
Balances as per Cash Flow Statement		1	1
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus (Deficit)		-	-
Net Cash Provided by (or used in) operations		-	-

ADELAIDE PARK LANDS AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 6. Uniform Presentation of Finances

\$ '000	2019	2018
<p>The following is a high level summary of both operating and capital investment activities of the Adelaide Park Lands Authority prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	187	188
less Expenses	(187)	(188)
Operating Surplus / (Deficit)	-	-
Net Lending / (Borrowing) for Financial Year	-	-

Note 7. Related Party Transactions

2019

Key Management Personnel

The Key Management Personnel of the Adelaide Park Lands Authority include all of the Board members.

The compensation paid to Key Management Personnel comprises:

Allowances and other short-term benefits paid by APLA to KMP	9,209
--	-------

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

Other Related Party Transactions

Adelaide Park Lands Authority contracts staff from the City of Adelaide with the on-charge totalling \$136,860 for the year.

The City of Adelaide provides an annual contribution to APLA matching the total expenditure incurred during the financial year.



Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au

Level 7, BDO Centre
420 King William St
Adelaide SA 5000
GPO Box 2018, Adelaide SA 5001
AUSTRALIA

INDEPENDENT AUDITOR'S REPORT TO THE PRINCIPAL MEMBER OF THE ADELAIDE PARK LANDS AUTHORITY

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the Adelaide Park Lands Authority ('the Authority'), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

In our opinion the financial report of the Adelaide Park Lands Authority, presents fairly, in all material respects, the Authority's financial position as at 30 June 2019 and its financial performance for the year ended on that date in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

Basis for opinion

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

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

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

The Authority's responsibility for the Financial Report

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

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



Auditor's responsibilities for the audit of the Financial Report

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

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

This description forms part of our auditor's report.

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

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Andrew Tickle'.

Andrew Tickle
Director

Adelaide, 28 November 2019

ADELAIDE PARK LANDS AUTHORITY
General Purpose Financial Statements
for the year ended 30 June 2019

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Adelaide for the year ended 30 June 2019, the Council's Auditor, BDO has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

A handwritten signature in black ink, appearing to be 'MG', written over a horizontal line.

Mark Goldstone
CHIEF EXECUTIVE OFFICER

A handwritten signature in blue ink, appearing to be 'DP', written over a horizontal line.

David Powell
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 5 September 2019



Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au

Level 7, BDO Centre
420 King William St
Adelaide SA 5000
GPO Box 2018, Adelaide SA 5001
AUSTRALIA

CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the Adelaide Park Lands Authority for the year ended 30 June 2019, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

A handwritten signature in blue ink, appearing to read 'Andrew Tickle', is written over a light blue horizontal line.

Andrew Tickle
Director

BDO Audit (SA) Pty Ltd

Adelaide, 21 August 2019



Council **Solutions**TM

improved outcomes

Annual Report

2018/19

Council Solutions is a joint initiative of the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully that make up the Constituent Councils.

Established in 2012 as a Regional Authority in accordance with Section 43 of the *Local Government Act 1999*, Council Solutions provides a collaborative and strategic approach to the procurement of goods and services on behalf of its Constituent Councils, including negotiating and managing contracts, and investigating the provision of other shared functions.

This collaborative approach to procurement not only provides significant purchasing power to attain the best value for the community, but it also optimises the financial sustainability of each of the Constituent Councils by reducing administrative costs, the number of tender processes and replicated contract management activities.

The goal of Council Solutions is to improve community prosperity and wellbeing by undertaking local government procurement and collaborative services that:

- Deliver best value for money
- Explore innovative ways of delivering infrastructure and services
- Value partnership between councils and suppliers

Background

Council Solutions provides the legal structure to the G6 Procurement Group formed in 1994 by the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully to address the combined \$415 million annual spend on infrastructure and services by these Constituent Councils.

Ministerial approval was given for the Council Solutions Regional Authority to be established by notice in the SA Government Gazette on 20 December 2012. The Gazette states the purpose of the Authority as “*promoting procurement and service delivery amongst the constituent councils.*”

As a South Australian local government body, it is governed by the:

- Local Government Act 1999
- Local Government (Financial Management) Regulations 2011
- Council Solutions Regional Authority Charter 2012

Council Solutions Regional Authority
25 Pirie St, Adelaide SA 5000
councilsolutions.sa.gov.au

ABN 92 168 067 160

Date prepared: 30 September 2019

Foreword from the Chair



Council Solutions continues to optimise the financial sustainability of Constituent Councils through the benefits of collaborative strategic procurement and contract management.

The benefits of aligning and managing contracts under the regional subsidiary are significant and resulted in estimated savings of \$7.5m for the Constituent Councils and accession Councils.

Council Solutions achieved a favourable performance against budget and maintains a strong equity position. I thank our Audit Committee who supports us in achieving the highest standards of accountability, transparency and governance.

I commend the Council Solutions team for their ongoing commitment, dedication and professionalism during 2018/19. I would also like to acknowledge Oliver Barry for his significant contribution as Chief Executive Officer from May 2016 to July 2018, Tim Dawson for his contribution as Senior Procurement Officer from August 2016 to July 2018 and, Kerrie Jackson, Acting Chief Executive Officer from July 2018 to February 2019.

Finally, the Council Solutions Board of Management and I would like to acknowledge and thank Catherine Cooper, Chair of the Board November 2012 to December 2018 for her support in achieving the strategic goals of Council Solutions.

A handwritten signature in black ink, appearing to read 'Jeff Tate', with a stylized flourish at the end.

Jeff Tate
Chair of the Board
Council Solutions Regional Authority

Report from the Council Solutions Manager

The past year has seen Council Solutions continue to work in partnership with our Constituent Councils to deliver optimum value for money from collaborative strategic procurement and contract management.

On behalf of our six Constituent and eight Accession Councils, Council Solutions has delivered 32 collaborative contract and panel agreements, across 110 suppliers, with a combined total value of over \$68 million per annum. Council Solutions ensures best practice across its suite of contracts, actively promoting continuous improvement and developing opportunities for innovation.

The Council Solutions Governance Framework and Board-approved Key Performance Indicators ensures the effectiveness and efficiency of Council Solutions' operations when collaborating with Councils and industry partners.

I thank the Board for their support, and the Council Solutions team comprising Audrey Rangel, Bruce Wright, Colin Owen and Tammy Sheridan for their continuing professionalism.



Clare Coupar
Manager
Council Solutions Regional Authority

Board of Management 2018/19



MR JEFF TATE
INDEPENDENT CHAIRPERSON



MS CATHERINE COOPER
INDEPENDENT CHAIR (TO DEC 18)



MR MARK GOLDSTONE
CITY OF ADELAIDE



MR PAUL SUTTON
CITY OF CHARLES STURT



MR ADRIAN SKULL
CITY OF MARION



MR MARK DOWD
CITY OF ONKAPARINGA



MR JOHN HARRY
CITY OF SALISBURY



MR JOHN MOYLE
CITY OF TEA TREE GULLY

Board of Management 2018/19

Council Solutions is a body corporate, governed by a Board of Management, comprising seven members being the Chief Executive Officer from each Constituent Council: The Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully, and one person who is not a member or officer of a Constituent Council who holds the position of Chair.

The Board held three formal and two out-of-session meetings during the year to consider the strategic direction and financial integrity of the organisation. Meeting attendances were as follows:

Board Position	Board Member	Formal Meetings Attended
Independent Chairperson	Mr Jeff Tate	2
Independent Chairperson – till Dec 2018	Ms Catherine Cooper	1
City of Adelaide	Mr Mark Goldstone, CEO	3
City of Charles Sturt	Mr Paul Sutton, CEO	3
City of Marion	Mr Adrian Skull, CEO	3
City of Onkaparinga	Mr Mark Dowd, CEO	3
City of Salisbury	Mr John Harry, CEO	2
City of Tea Tree Gully	Mr John Moyle, CEO	3

Audit Committee

The Council Solutions Board is supported by one designated committee being the Audit Committee which is formally appointed pursuant to the requirements under the Local Government Act 1999 (the Act) and the Local Government (Financial Management) Regulations 2013.

The function of the Audit Committee includes reviewing annual financial statements to ensure that they present fairly the state of the Authority and reviewing the adequacy of financial management systems and practices. The Audit Committee is governed by Terms of Reference with the work flow controlled by an Audit Committee Work Program. The Audit Committee Work Program is updated after each meeting to reflect Committee achievements and actions arising from either the meeting for the Council Solutions Board Meeting.

Please refer to Appendix B for a report on the activities undertaken by the Audit Committee throughout the 2018/19 financial year.

Governance and Operating Framework

Council Solutions works in partnership with its Constituent Councils to deliver value outcomes. In accordance with the Council Solutions Governance Framework and Key Performance Indicators, the critical success factors that underpin the optimal effectiveness and value provided by the collaborative partnership with Council Solutions and its Constituent Councils are:

- Shared accountability and responsibility for achievement of goals and outcomes;
- Evidence-based opportunity identification, analysis and performance measurement via shared data and information; and
- Effective communication with key stakeholders to ensure clear understanding of goals, roles and responsibilities.

The Governance Framework assists in enhancing the effectiveness and efficiency of collaborative procurement by having the appropriate decision-making structure that ensures key staff have ownership in the management and success of the operations. It also plays the key role of developing and maintaining a strong partnership and collaborative culture and is underpinned by seven inter-related elements:

- **Direction** - shared understanding of our purpose and priorities through collaboration and effective planning and resource allocation;
- **Expectations** - agreed performance expectations through effective communication;
- **Delivery** - quality customer-focused service delivery through effective resource management, monitoring, review and reporting;
- **Improvement** - enhance our performance through review, intervention, capability-building and internal control mechanisms;
- **Risk Management** - regularly assess and respond to risk and opportunities;
- **Responsibilities** - accountability and transparency for decisions through information management, evaluation and Audit Committee and Board reporting; and
- **Alignment** - functions, structures and a culture that supports the success of Council Solutions through quality leadership, role clarity and empowered staff.

Key Performance Indicators provide the Board of Management oversight of the effectiveness and value that Council Solutions provide to its Constituent Councils.

Savings and Benefits

Expected outcomes of the procurement activity are achieved. These will be detailed as part of the procurement activity initiation and will be reported on upon the conclusion of the activity.

Timeliness

Procurement is undertaken within the agreed timeframes nominated as part of the procurement activity initiation and will be reported on upon conclusion of the activity.

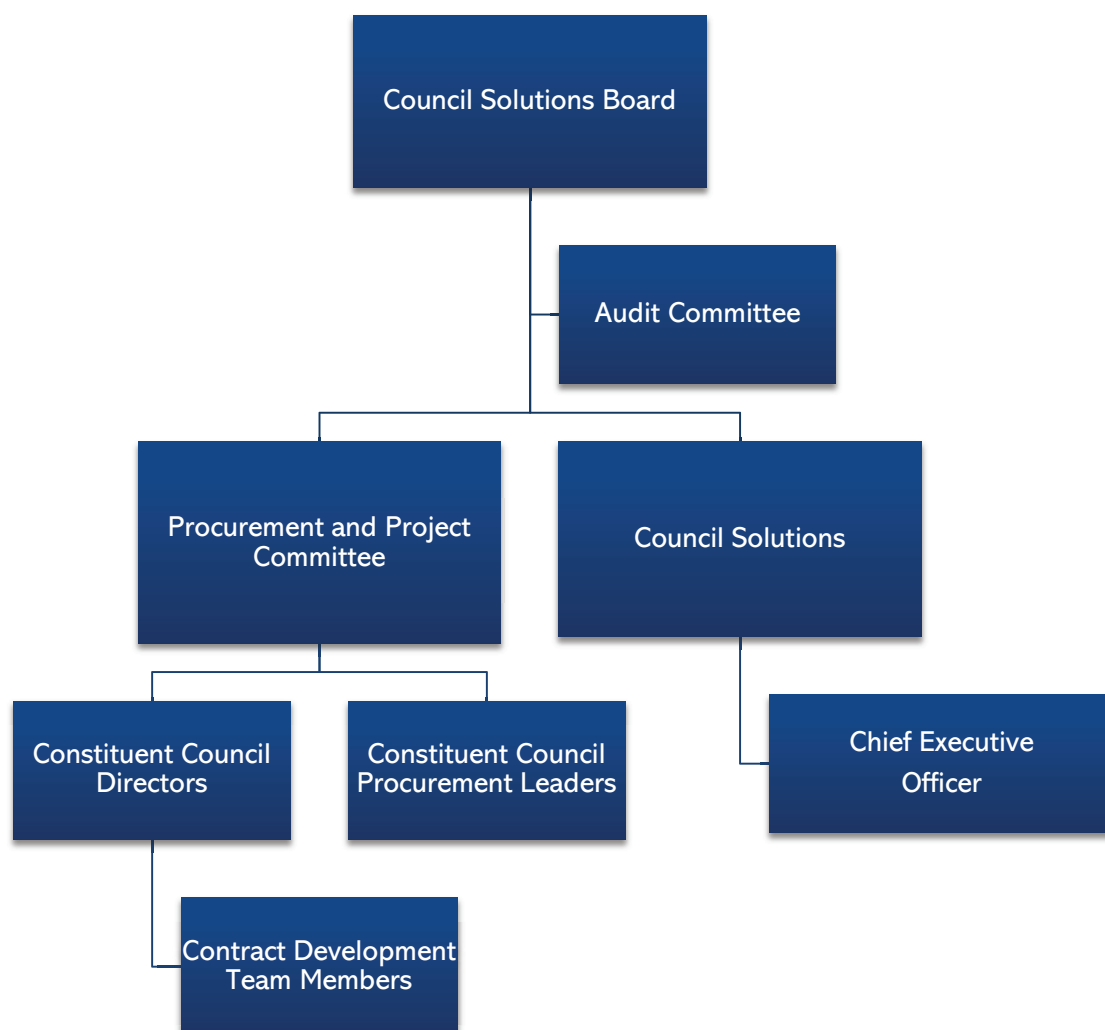
Structure and Staffing

As at 30 June 2019, Council Solutions comprised five staff (4.8 FTE) delivering expertise in management, procurement, contract management, governance, policy, data analysis and administration skills. In addition, support has also been provided to the team by Rex Mooney, Financial Consultant.

The Council Solutions team comprises:

- Manager - Clare Coupar
- Senior Procurement Officers - Bruce Wright, Colin Owen, Tammy Sheridan,
- Executive Support Officer - Audrey Rangel

Governance and Organisation Structure



Procurement and Contract Management Achievements 2018 /19

Council Solutions manages a growing suite of collaborative contracts for its Constituent Councils that continue to deliver significant contract management efficiencies. The Regional Forward Procurement Plan, approved by the Council Solutions by the Board of Management in 2016, provides a roadmap to target collaborative procurement opportunities to deliver improved outcomes for Councils and ratepayers.

During 2018/19 over \$68 million of Council expenditure was undertaken utilising Council Solutions collaborative contract arrangements. This represents an increase of 15% on the previous year.

The Council Solutions suite of 32 collaborative contracts and panel agreements, across 110 suppliers, covers a diverse and comprehensive range of categories to include Finance and Professional Services, Human Resources, Roads and Infrastructure, Facilities Management and Parks and Gardens. Our strong focus on contract management is key to extracting value from the contracts for both Councils and suppliers.

The Regional Forward Procurement Plan remained on track in the scheduling of procurement activities across target expenditure categories, with Council Solutions established new contracts for use by Constituent Councils for Cleaning Services, Supply and Delivery of Concrete, Managed Services (Unified Communications) and Segmental Pavers.

The most significant procurement projects undertaken by Council Solutions' during 2018/19 were the Waste Management Services Project and the re-tendering of the Legal Service Panel.

- **Waste Management Services Project**

Tenders for the Waste Management Services project were called in December 2018. The collaborative procurement of four Participating Councils will see alignment of waste management services across three service streams. The scale and value of the contracts will encourage industry competition to secure reliable tonnage of waste and strong cashflow to support investment in Material Recovery Facility infrastructure, improve data capture, reporting, encourage and support alternative waste technology and waste to energy as longer-term options for residual waste disposal. The new contract term will be for up to 10 years and will enable the support infrastructure investment as the total value of the three service streams is in the order of \$25million per annum. Following evaluation and negotiation, contracts will be awarded in August 2019.

- **Legal Service Panel**

Tenders for the Legal Services were called in December 2019. The continuing collaboration in this category will provide the Constituent and accession Councils with a "Best of Breed" panel of legal firms to service the needs of the Councils. The benefit of maintaining the agreement is to provide a pre-approved panel of service providers, offering an agreed schedule of rates, with a mix of capability, experience and approach to ensure access to the best resources and information for councils. Contracts will be awarded in the first quarter 2019.

Innovation and Continuous Improvement Initiatives

2018/19 saw the delivery of some exciting innovations and continuous improvement outcomes in collaboration with our infrastructure industry partners.

- **Bituminous Works Program (Downer EDI Works)**

Approximately 100kms of the Participating Councils (the Cities of Charles Sturt, Marion, Onkaparinga, Salisbury, Tea Tree Gully and Mount Barker District Council) Councils' road network was resurfaced.

The Councils lowered their carbon footprint by adopting sustainably manufactured asphalt products and reducing impacts on the environment.

With the use of Recycled Asphalt Pavement (RAP), the Councils have re-used product that would have potentially ended up as landfill. Collectively this is a total savings of 992 tonnes of CO₂ emissions, which is the equivalent of removing 393 cars from our road network per year.

In November 2018, Downer EDI Works introduced a new mix design 'Reconophalt', in response to increased demand from Councils to reduce landfill by using more recycled products. Reconophalt is an asphalt mix that included soft plastics and recycled glass and is capable of being developed to include other water materials. A total of 7467 tonnes of Reconophalt was used by the Cities of Marion (3689t), Charles Sturt (3507t) and Onkaparinga (371t).

The Councils and Downer EDI Works continue to collaborate on the compaction review. Downer introduced new roller technology in January 2019 and several alternative mix designs were trialled throughout the year.

Several significant WHS initiatives were introduced to the contract during 2018/19 including engineered controlled reversing plant, forward sweeping brooms on skid steers, and traffic and pedestrian fencing segregation trials at Charles Sturt.

- **Crack Sealing Program (SuperSealing)**

The Cities of Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully's crack sealing program resulted in approximately 1.4 million m² of Councils' combined road network being crack-sealed. In addition to extending the pavement life, this preventative maintenance saw the use of 550 recycled tyres that equates to the reduction of 115 household rubbish bins which are not going to landfill.

- **CoolSeal Product Trials (SuperSealing)**

The Cities of Charles Sturt and Salisbury participated in trials of CoolSeal, a new and innovative road sealing product as part of studies to reduce the urban heat island effect in Council areas. This alternative product is a heat-reflective preservation treatment keeping roads cooler during warmer months and has the potential to significantly reduce surface temperatures of the road network.

The City of Charles Sturt sealed approx. 20,000m² in the Hendon Business precinct and Albert Park. The City of Salisbury sealed approx. 22,000m² and together with SuperSealing, receiving the IPWEA 2018/19 Excellence in Sustainable Solutions in Public Works award for the 'The Bridges' CoolSeal project at Mawson Lakes.

Contract Extensions

In addition, over the past 12 months Councils Solutions has facilitated the extensions of 6 existing collaborative contract arrangements with a combined total value of approximately \$33.2 million per annum.

COUNCIL SOLUTIONS CONTRACT MANAGEMENT LIST AS AT 30 JUNE 2019

Contract / Panel Arrangement	2018/19 Expenditure \$000
Temporary Labour Hire	28,533
Bituminous Works	20,665
Cleaning Services	3,859
Legal Services	3,451
Segmental Pavers	2,321
Arboriculture Services Panel Agreements	2,189
<ul style="list-style-type: none"> Tree Works Panel Consultancy 	
Irrigation Services Agreements	1,319
<ul style="list-style-type: none"> Parts Design Minor Works 	
Leasing Finance of IT Equipment	1,303
Concrete	1,109
Quarry Materials	903
Architectural Services Panel Agreements	823
<ul style="list-style-type: none"> Architectural Landscape Architecture Urban Design 	
Crack Sealing	759
Postal Services	616
<ul style="list-style-type: none"> Across Government Postal Services 	
Postal Services – Post Bill Pay	
Debt Collection Panel Agreement	494
Fencing Panel Agreement	338
Engineering Services Panel Agreements	200
<ul style="list-style-type: none"> Building Services Civil & Structural Engineering Geotechnical Engineering Process Traffic & Transport Planning Water & Environmental Engineering 	
Pest Control Services	6
Managed Services (Unified Communications)	Not Applicable
Rate & Dog Registration	Not Applicable
Transactional Banking Services	Not Applicable

Finance

Operating Surplus Ratio

Council Solutions achieved a 21% favourable variance in its operating surplus ratio. This is reflective of the funding structure of this entity whereby revenue levels are maintained by contracts set up in prior years.

The better than budget operating result occurred primarily due to a few employee positions remaining vacant as a few employees moved on throughout the year. This accounts for most of the \$440k better than budget result.

As fewer projects were undertaken than originally forecast, there were also savings in consultancy and legal fees. The lower levels of activity also delivered further savings in other non-salary expenditure lines.

Reimbursements are underbudget by \$111k. This is primarily due to the overhead recoupment initially calculated to be reimbursed by Councils participating in the waste management services project that was recalculated at a lower level that reflected the reduction in operating costs referred to above. This is shown in 'Other Income' within the Statement of Comprehensive Income that follows.

Management fees were \$44k less than budgeted for. This revenue varies from year to year in accordance with the level of Council usage of the various contracts in place.

Net Financial Liabilities Ratio

Net financial liabilities ratio saw a favourable variance of 18%. The data used to make this calculation is sourced from the Statement of Financial Position.

A negative result for this indicator means the Authority is in a Net Financial Assets situation.

Net Financial Assets have increased by \$150k due to the better than budget operating result. The level of current assets is close to what was budgeted for, however current liabilities are less than originally budgeted for due to amounts payable to suppliers being settled late in June as well as the payment of the City of Adelaide loan account ('Other Current Liabilities').

The Authority continues to maintain high level of cash reserves.

COUNCIL SOLUTIONS REGIONAL AUTHORITY
General Purpose Financial Reports
for the year ending 30 June 2019

TABLE OF CONTENTS

	<u>Page</u>
Certification of Financial Statements	2
Principal Financial Statements	
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	5
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	6
Note 2 - Income	8
Note 3 - Expenses	8
Note 4 - Current Assets	9
Note 5 - Liabilities	9
Note 6 - Reconciliation to Cash Flow Statement	10
Note 7 - Financial Instruments	11
Note 8 - Related Party Disclosures	12
 Council Solutions Regional Authority's Certificate of Audit Independence	
Audit Certificate of Audit Independence	
Audit Report	

COUNCIL SOLUTIONS REGIONAL AUTHORITY
Certification Of Financial Statements
for the year ending 30 June 2019

I have been authorised by the Council Solutions Regional Authority Board to certify the financial statements of the Council Solutions Regional Authority in their final form. In my opinion:

- The accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- The financial statements present a true and fair view of the Council Solutions Regional Authority's financial position at 30 June 2019 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 Council Solutions Regional Authority's accounting and other records.



.....
Jeff Tate
Chair Of The Board

Date: 29 August 2019

Appendix A

**COUNCIL SOLUTIONS REGIONAL AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2019**

	Notes	2019 \$'000	2018 \$'000
INCOME			
Investment Income	2	7	4
Management Fees	2	1,056	1,054
Other Income	2	270	641
Total Income		1,333	1,699
EXPENSES			
Materials, contracts & other expenses	3	960	1,770
Total Expenses		960	1,770
OPERATING SURPLUS / (DEFICIT)		373	(71)
NET SURPLUS / (DEFICIT)		373	(71)
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		373	(71)

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

COUNCIL SOLUTIONS REGIONAL AUTHORITY
BALANCE SHEET
as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		539	174
Receivables		342	564
Total Current Assets	4,7	<u>881</u>	<u>738</u>
Total Assets		<u>881</u>	<u>738</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables		37	124
Other Current Liabilities		15	158
Total Current Liabilities	5,7	<u>52</u>	<u>282</u>
Total Liabilities	5,7	<u>52</u>	<u>282</u>
NET ASSETS		<u>829</u>	<u>456</u>
EQUITY			
Accumulated Surplus		686	313
Share Capital		143	143
TOTAL EQUITY		<u>829</u>	<u>456</u>

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

COUNCIL SOLUTIONS REGIONAL AUTHORITY
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2019

	Initial Contribution by Owners \$'000	Accumulated Surplus \$'000	Total \$'000
2019			
Opening Balance	143	313	456
Net Surplus for Year	-	373	373
Balance at end of period	143	686	829

	Initial Contribution by Owners \$'000	Accumulated Surplus \$'000	Total \$'000
2018			
Opening Balance	143	385	527
Net Surplus for Year	-	(71)	(72)
Balance at end of period	143	313	456

CASH FLOW STATEMENT
for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		1,548	1,600
Investment Income		7	4
<u>Payments</u>			
Operating payments to suppliers & employees		(1,190)	(1,764)
Net Cash provided by (or used in) Operating Activities		365	(160)
Net Increase (Decrease) in cash held		365	(160)
Cash & cash equivalents at beginning of period		174	334
Cash & cash equivalents at end of period	6	539	174

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

COUNCIL SOLUTIONS REGIONAL AUTHORITY

Notes to and forming part of the Financial Statements for the year ending 30 June 2019

Note 1 - 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.

Council Solutions Regional Authority is a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. The Constituent Councils and their respective share of equity are as follows:

Constituent Council	Equity Share
Adelaide City Council	16.67%
City of Charles Sturt	16.67%
City of Marion	16.67%
City of Onkaparinga	16.67%
City of Salisbury	16.67%
City of Tea Tree Gully	16.67%

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

1 Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs. All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 Income recognition

Management Fee Income is recognised when the Constituent Councils enter into the purchase of a good or service from a Supplier contracted to provide the Authority (or in the case of some prior contracts that were created jointly between the six constituent Council) with a Management Fee.

3 Cash, Cash Equivalents and other Financial Instruments

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

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.

4 Infrastructure, Property, Plant & Equipment

The Authority did not procure any non-current assets during the reporting period and does not hold any non-current assets as at the reporting date.

5 Employee Benefits

All employees are employed through Adelaide City Council, one of the Constituent Councils. Those employees are then contracted to the Authority.

COUNCIL SOLUTIONS REGIONAL AUTHORITY

Notes to and forming part of the Financial Statements for the year ending 30 June 2019

6 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.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

7 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with Australian Accounting Standards.

8 Critical Accounting Estimates and Judgements

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 authority.

Accounts receivable are reviewed at each reporting date to establish the collectability.

9 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2019 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 16	Leases
AASB 1058	Income of Not-for-Profit Entities

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.)

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

At 30 June 2019, Council has no leases to which this treatment will need to be applied.

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 2 - INCOME

	2019 \$'000	2018 \$'000
INVESTMENTS		
Interest Income	7	4
	<u>7</u>	<u>4</u>
REBATES		
Management Fees	1,056	1,054
	<u>1,056</u>	<u>1,054</u>
OTHER INCOME		
Reimbursements	270	641
	<u>270</u>	<u>641</u>

Note 3 - EXPENSES

	2019 \$'000	2018 \$'000
MATERIALS, CONTRACTS & OTHER EXPENSES		
Advertising	0	1
Audit Fees	4	4
Catering	1	1
Contractors	40	45
Consultant Fees	92	532
Insurance	28	27
IT Expenses	23	34
Legal Fees	35	63
Membership Fees & Subscriptions	5	4
Motor Vehicle	2	2
Reimbursements - Salary & Wages	665	982
Rent	27	26
Sitting Fees	19	32
Sundry	13	13
Telephone	2	2
Training and Development	4	2
	<u>960</u>	<u>1,770</u>

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 4 - CURRENT ASSETS

	2019 \$'000	2018 \$'000
CASH & CASH EQUIVALENTS		
Cash at Bank	539	174
	<u>539</u>	<u>174</u>
RECEIVABLES		
Accounts Receivables	226	419
Accrued Income	116	143
Prepaid Expenses	-	2
	<u>342</u>	<u>564</u>
TOTAL CURRENT ASSETS	<u>881</u>	<u>738</u>

Note 5 - LIABILITIES

	2019 \$'000	2018 \$'000
TRADE & OTHER PAYABLES		
Creditors	28	120
Expenses Accrued	9	4
	<u>37</u>	<u>124</u>
OTHER CURRENT LIABILITIES		
Payable to Adelaide City Council	15	158
	<u>15</u>	<u>158</u>
TOTAL LIABILITIES	<u>52</u>	<u>282</u>

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 6 - 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.

	2019 \$'000	2018 \$'000
Cash at Bank	539	174
Balances per Cash Flow Statement	539	174

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

Net Surplus	373	(71)
Net (increase)/decrease in Receivables	222	(95)
Net increase/(decrease) in Current Liabilities	(230)	6
Net Cash provided by (or used in) operations	365	(160)

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 7 - FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Authority's exposure to interest rate risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on those applicable financial assets and liabilities is as follows;

2018-19	Weighted Average Interest Rate	Fair Value of Variable Interest Rate Instruments	Fair Value of Fixed Interest rate instruments maturing within One Year	Fair Value of Fixed Interest rate instruments maturing Due > 1 less 5 Yrs	Fair Value of Fixed Interest rate instruments maturing Due > 5 Yrs	Fair Value of Non-Interest Bearing Instruments
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:						
Cash	1.9%	539	-	-	-	539
Receivables	0.0%	-	-	-	-	342
Total Financial Assets		539	-	-	-	881
Financial Liabilities:						
Creditors and Provisions	0.0%	-	-	-	-	52
Total Financial Liabilities		-	-	-	-	52

2017-18	Weighted Average Interest Rate	Fair Value of Variable Interest Rate Instruments	Fair Value of Fixed Interest rate instruments maturing within One Year	Fair Value of Fixed Interest rate instruments maturing Due > 1 less 5 Yrs	Fair Value of Fixed Interest rate instruments maturing Due > 5 Yrs	Fair Value of Non-Interest Bearing Instruments
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:						
Cash	1.8%	174	-	-	-	174
Receivables	0.0%	-	-	-	-	564
Total Financial Assets		174	-	-	-	738
Financial Liabilities:						
Creditors and Provisions	0.0%	-	-	-	-	282
Total Financial Liabilities		-	-	-	-	282

(b) Credit Risk

Credit Risk represents the loss that would be recognised if other entities failed to perform as contracted.

The Authority's exposure to credit risk is summarised as follows;

Receivables - the Authority's maximum exposure is disclosed in the financial statements net of any provision for doubtful debts

(c) Net Fair Value

The net fair value of a financial instrument is defined as its value net of all costs to settle the asset and liability. The financial assets and liabilities as stated or referred to in notes (a) and (b) above, are stated at their face value (less provision for doubtful debts if applicable).

Due to the nature of financial instruments held in the Authority, the cost associated with their settlement would not be material, and hence, have not been considered.

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 8 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Council include the Chair of the Board, the Board, Independent Members of the Audit Committee and the CEO, Acting CEO and General Manager.

Salaries, allowances & other short term benefits paid by Council Solutions to KMP were \$232k (2018-19) and \$259k (2017-18)

The following qualifying related party disclosures have been identified in relation to the 2018-19 financial year

Related Party Entity	Amounts received from related parties during 2018-19 FY	Amounts outstanding from related parties as at 30 June 2019	Amounts outstanding to related parties as at 30 June 2019
	\$ '000	\$ '000	\$ '000
City of Adelaide	112	26	-
City of Charles Sturt	116	26	-
City of Marion	100	-	-
City of Salisbury	3	-	-
City of Tea Tree Gully	3	-	-
City of Onkaparinga	3	-	-

The above amounts received represent reimbursements of designated project costs paid by the above listed Constituent Councils to Council Solutions at various times throughout the year. These amounts have been approved by the Board and reported on as part of the ongoing annual budget setting and budget review process.

Council Solutions provides procurement services to the above listed entities.

Council Solutions Regional Authority
Certification Of Auditor Independence
for the year ending 30 June 2019

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Council Solutions Regional Authority for the year ended 30 June 2019, the Council's Auditor, Ian G McDonald FCA, 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) (b) Local Government (Financial Management) Regulations 2011.


.....
Jeff Tate
CHAIR – Council Solutions

Date: 15 August 2019


.....
Mark Dowd
CHIEF EXECUTIVE OFFICER
City of Onkaparinga

Date: 12 August 2019


.....
Paul Sutton
CHIEF EXECUTIVE OFFICER
City of Charles Sturt

Date: 7/8/2019


.....
John Harry
CHIEF EXECUTIVE OFFICER
City of Salisbury

Date: 13/8/2019


.....
Tanya Johnston
Presiding Member of Audit Committee

Date: 15 August 2019


.....
Mark Goldstone
CHIEF EXECUTIVE OFFICER
Adelaide City Council

Date: 13/8/2019


.....
Adrian Skull
CHIEF EXECUTIVE OFFICER
City of Marion

Date: 12.8.19


.....
John Moyle
CHIEF EXECUTIVE OFFICER
City of Tea Tree Gully

Date: 9/8/2019

Ian G McDonald FCA



Council Solutions Regional Authority

ANNUAL FINANCIAL STATEMENTS For the year ended 30 June 2019

STATEMENT BY AUDITOR

We confirm that, for the audit of the financial statements of the Council Solutions Regional Authority for the year ended 30 June 2019, we have maintained our independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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

A handwritten signature in blue ink that reads 'Ian McDonald'.

Ian G McDonald FCA

Dated this 2nd day of August 2019

Ian G McDonald FCA



Council Solutions Regional Authority Independent Auditor's Report

We have audited the attached financial statements, being a general purpose financial report, of Council Solutions Regional Authority for the year ended 30 June 2019.

Opinion

In our opinion, the financial statements of the Authority are properly drawn up:

- a) to present fairly the financial position of the Authority as at the 30 June 2019 and the results of its operations for the period then ended, and;
- b) according to Australian Accounting Standards.

Basis for Opinion

For the audit of the Authority we have maintained our independence in accordance with the relevant ethical requirements of APES 110 Section 290. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information – Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist the authority to meet the requirements of Local Government Act 1999 together with the Local Government (Financial Management Regulations 2011). As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members.

Responsibilities of Management for the Financial Report

The Board of Management is responsible for the preparation of the financial report in accordance with Local Government Act 1999 together with the Local Government (Financial Management Regulations 2011 and for such internal control as management determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule 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 judgment, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation 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 association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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

A handwritten signature in blue ink that reads 'Ian G McDonald'.

Ian G McDonald FCA
Registered Company Auditor

Dated at Grange this 2nd day of September 2019

www.creativeauditing.com.au

Ian 0419 620 906
ianmcdonald@creativeauditing.org

PO Box 75, Henley Beach SA 5022
ABN 13 550 494 869

Nancy 0408 832 848
nancytran@creativeauditing.org

Appendix B

Audit Committee Annual Report to the Board for the Year Ending 30 June 2019

Audit Committee

The Council Solutions Board is supported by one designated committee being the Audit Committee which is formally appointed pursuant to the requirements under the Local Government Act 1999 (the Act) and the Local Government (Financial Management) Regulations 2013.

The function of the Audit Committee includes reviewing annual financial statements to ensure that they present fairly the Authority's state of affairs and reviewing the adequacy of financial management systems and practices.

This report provides a summary of activities undertaken by the Audit Committee during the Year Ending 30 June 2019.

Committee Membership and Meetings Attended

The Audit Committee met on 4 occasions during the financial year.

Member	Meetings Attended
Ms Tanya Johnston, Chair and Independent Member	4
Mr David Papa, Independent Member	4
Mr John Moyle, Board member	3
Mr Adrian Skull, Proxy Board Member	1

Activities

The Audit Committee is governed by a Terms of Reference with the work flow controlled by an Audit Committee Work Program. The Audit Committee Work program is updated after each meeting to reflect Committee achievements as well as to include actions arising from the meeting as well as from Board meetings.

The table that follows represents the completed work program for the meetings held in the year ending 30 June 2019.

Completed Work Program 2018/19

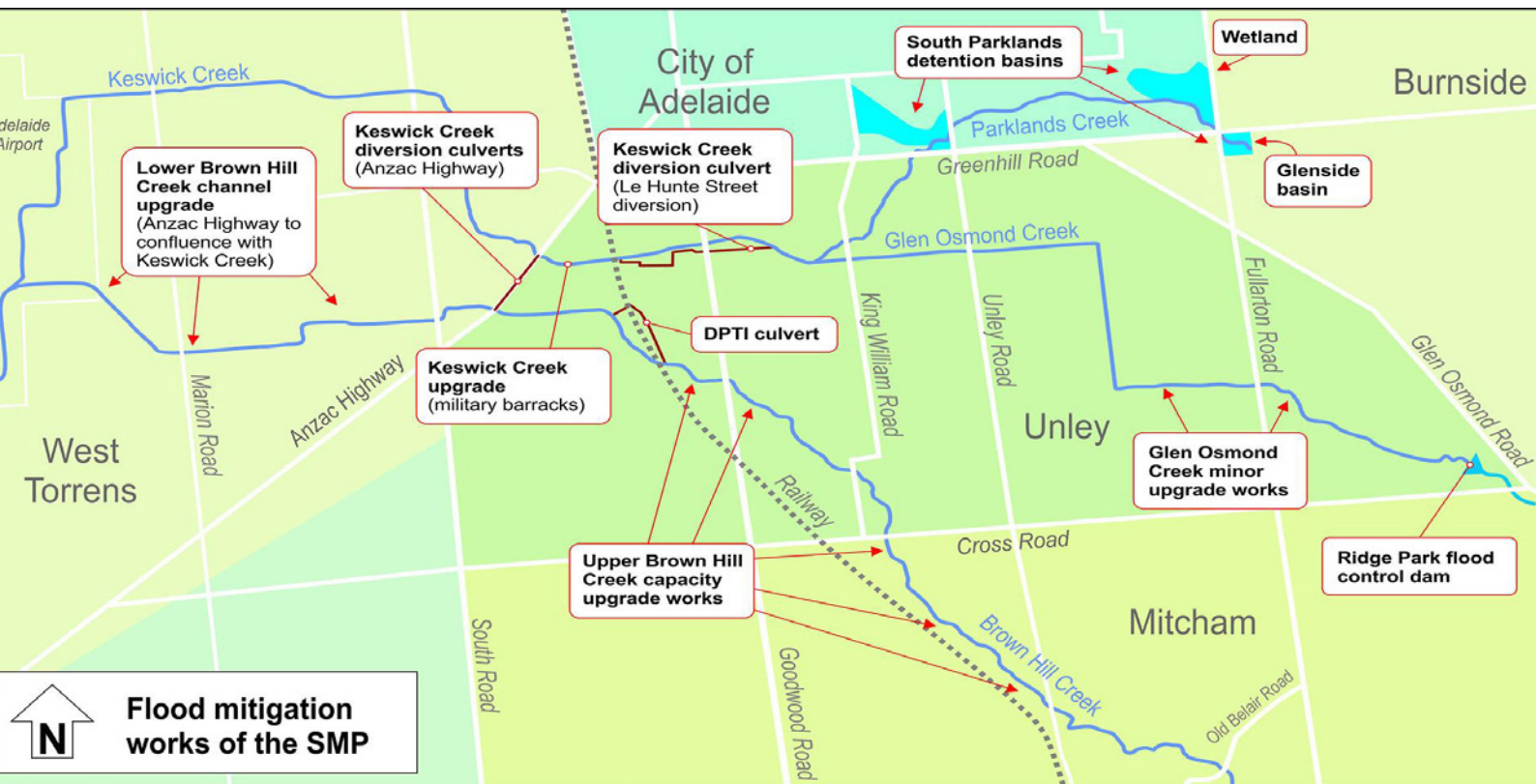
ACTIVITY	MEETING DATE
1. Financial Reporting	
<p>Monitor the integrity of the financial statement reports referred to below to review any significant financial reporting issues and judgements which they may contain.</p> <p>Specifically - review and challenge where necessary:</p> <ul style="list-style-type: none"> the consistency in application of, and/or any changes to, accounting policies; the method used to account for significant or unusual transactions where different approaches are possible; whether the Authority has followed appropriate accounting standards and made appropriate estimates and judgements, considering the views of the external auditor; the clarity of disclosure in the Authority's financial reports and the context in which statements are made; all information presented with the financial statements, such as the operating and financial review and the corporate governance statement (in so far as it relates to the audit and risk management); and significant adjustments to the financial report (if any) arising from the audit process. 	
1.1 Annual Financial Statements – 2017/18	Sep 2018
1.2 Financial Performance Report – 2017/18	Sep 2018
1.3 Budget Review #1 – 2018/19	Dec 2018
1.4 Annual Budget – 2019/20	Apr 2019 Jun 2019
1.5 Budget Review #2 – 2018/19	Apr 2019
1.6 Budget Review #3 – 2018/19	Jun 2019
2. Internal Controls and Risk Management Systems	
2.1 Review and comment on internal control policy and operational framework.	Dec 2018
2.2 Review and comment on updated risk register including the risk assessment framework used when completed.	Dec 2018
2.3 Review and comment on the disaster recovery plan as well as a business continuity plan when completed.	Dec 2018
3. Internal Audit	
3.1 Consider and make recommendations on the scope and function of an internal audit program suitable for an operational structure and size of Council Solutions.	Dec 2018

ACTIVITY	MEETING DATE
4. External Audit	
4.1 Liaise with the Authority's external auditor on the scope and planning of annual audits, including any issues arising from audits and the resolution of such matters.	Sep 2018
4.2 Review the findings of any external audit report that raises significant issues relating to risk management, accounting, internal controls, financial reporting and other accountability or governance issues and make recommendations to the Board where appropriate.	Sep 2018
4.3 All correspondence between the Auditor and Council is to be tabled for consideration. The audit committee will review and comment on the Authority's response to, and actions taken following issues raised from any external audit.	Ongoing
4.4 Ensure compliance with Clause 22 of the Local Government (Financial Management) Regulations 1999 regarding the prohibition of auditors providing additional non-audit services.	Sep 2018
4.5 Review and recommend the engagement of the Authority's external auditor, including the appointment, reappointment, and removal of the Authority's external auditor. The review should look to satisfy the Board that the external audit services can demonstrate adequate independence from the operations of the Authority.	Jun 2019
4.6 Chair of Audit Committee to meet with the Chair of the Board to discuss on-going matters with the parties would help identify risks from a governance perspective	Sep 2018
4.7 Chair of Audit Committee to meet with the external Auditors to discuss on-going matters with the parties would help identify risks from a governance perspective	Sep 2018
5. Reporting Requirements of the Audit Committee	
5.1 Ensure that significant, urgent matters identified through the work program are formally and promptly reported to the Board.	Ongoing
5.2 Table the minutes of Audit Committee meetings held as part of the agenda of the next Board meeting, ensuring recommendations are considered and adopted as required.	Ongoing
5.3 Prepare annually a report to the Board on the Audit Committees performance over the past year and include the report in the Annual Report of Council Solutions.	Sep 2018
5.4 Review its own performance and Terms of Reference on an annual basis.	Dec 2018

ACTIVITY	MEETING DATE
6. Other	
6.1 Set Audit Committee work program and Confirm meeting dates for 2019.	Dec 2018
6.2 Audit Committee Chairperson Appointment	Jun 2019
6.3 Management Fee Audit. Update Report.	Dec 2018
6.4 Review and comment on the following policies: <ul style="list-style-type: none"> • Petty cash/credit cards • Accounting/financial management • Procurement – contract and tendering • Financial delegations 	Dec 2018

Brown Hill Keswick Creek

STORMWATER PROJECT



Annual Report 2018/19

Brown Hill and Keswick Creeks Stormwater Board

FOR THE CITIES OF ADELAIDE, BURNSIDE, MITCHAM, UNLEY AND WEST TORRENS



Annual Report 2018/19

Contents

1. Introduction	3
2. Chairperson's Report	4
3. Organisation Framework	5
3.1 History – Joint Arrangement Phase	5
3.2 Regional Subsidiary	5
3.3 Charter	6
3.4 Legislation	7
3.5 The Board	8
3.6 Audit and Risk Committee	8
3.7 Owners Executive Group	9
4. Project Schedule	9
5. 2018/19 Achievements	11
5.1 Operational	11
The Board	11
Audit and Risk Committee	12
Business Plan	12
Accountants and Auditors	12
Project Director	12
Schedule of Works	12
Finance Systems	13
2019/20 Budget	13
Policies and Procedures	13
Technical Staff & Finance Staff – Constituent Councils	13
Operational Matters	14
Workshop	14
Reporting Requirements	14
Stormwater Management Authority	15

5.2 Capital Works	16
Upper Brown Hill Creek - Hawthorn Reserve	16
South Park Lands – Victoria Park and Park 20	17
Glenside	18
Upper Brown Hill Creek – Area 1 (Everard Park)	19
5.3 Media Exposure & Community Engagement	20
6. Operating and Capital Contributions	21
7. Audited Financial Statements	21

Appendix 1 – Indicative 20 Year Works Schedule

Appendix 2 – Media Articles

Appendix 3 – Audited Financial Statements

1. Introduction

The Brown Hill Keswick Creek ('BHKC') Stormwater Project (the 'Project') is a collaborative undertaking between the Cities of Adelaide, Burnside, Mitcham, Unley and West Torrens (the 'Constituent Councils').

Brown Hill, Keswick, Glen Osmond and Park Lands Creeks are important drainage watercourses in metropolitan Adelaide. The creeks have a low standard of flood protection resulting in a history of flooding. Their combined catchment is predominantly contained within the Local Government area of the five Constituent Councils, which are home to more than 200,000 residents. The Project is designed to mitigate serious flood risks and help safeguard properties across the catchment through the implementation of a stormwater management plan ('SMP') that was approved and gazetted in February 2017.

The SMP satisfies best practice outcomes for stormwater management as set out in the Stormwater Management Planning Guidelines of the Stormwater Management Authority ('SMA').

The scope and complexity of the Project are such that it could only be delivered effectively and efficiently by the five catchment Councils working collaboratively through a single entity. The Councils have therefore established the Brown Hill and Keswick Creeks Stormwater Board (the 'Board') as a regional subsidiary under the Local Government Act to co-ordinate implementation of the SMP.

2. Chairperson's Report

This is the second annual report of the Brown Hill and Keswick Creeks Stormwater Management Board, a regional subsidiary established in February 2018 pursuant to the Local Government Act (SA).

The report in respect of the period from the appointment of the current directors in August 2018 until the appointment of the current Project Director in January 2019 reflects the focus of the Board on a variety of establishment-related matters, including the constitution of an Audit and Risk Committee, engagement of bookkeeping, accounting services and corporate secretarial services, appointment of an auditor, establishment of bank facilities, tax and other regulatory registrations and the recruitment of a permanent Project Director.

The balance of the report addresses the considerable progress achieved to date in implementing the Stormwater Management Plan. A notable achievement was the completion of the Hawthorn Reserve project, delivered by the City of Mitcham in conjunction with the Mitcham Library upgrade and officially opened on 9 May 2019. Much of the success in this regard can be attributed to the strong support of stakeholders, including the Stormwater Management Authority (SMA) and the five constituent Councils, their staff and their CEOs in particular. The works undertaken to date form a solid foundation for progress in the coming year.

It is my pleasure as Chair of the Board to deliver the 2019 Annual Report.

Judith Choate
Chairperson

September 2019

3. Organisation Framework

3.1 History – Joint Arrangement Phase

From its inception in 2007 until February 2018, the project was conducted as a joint arrangement between the Constituent Councils in accordance with a Memorandum of Agreement dated December 2008.

The Memorandum of Agreement included the following principal objectives and provisions:

- The Councils would establish a regional subsidiary in terms consistent with principles for stormwater management including implementation of works and services of the relevant SMP.
- The Councils would work collaboratively through a steering group, comprising chief executives or their delegate, with the power to employ a Project Director, engage expert advice and establish a technical support group (along with other provisions).
- The City of Unley (as 'host' Council) would provide for the administrative functions of the project, including entering into agreements with third parties, holding moneys, keeping financial and other records, and employing support staff.

During the joint arrangement phase the SMP was developed as a collaborative effort leading to its subsequent approval by the SMA and gazettal of its adoption in February 2017. Certain investigations and works of the SMP were also delivered during the joint arrangement phase, as detailed further in Section 5.2 – Capital Works.

3.2 Regional Subsidiary

A condition of the SMA approving the SMP was that a Regional Subsidiary be established within 12 months to implement the SMP and manage its works and other measures on behalf of the Constituent Councils. The Regional Subsidiary, known as 'The Brown Hill and Keswick Creeks Stormwater Board' (the 'Board') was established in February 2018 pursuant to Section 43 of and Schedule 2 to the Local Government Act 1999. The Board is governed by the Charter prepared by the five Constituent Councils and subsequently approved by the Minister for Local Government.

3.3 Charter

The Charter governs the affairs of the Board by setting out its purpose, function and powers, including governance provisions of Schedule 2 of the Local Government Act. It also provides the Constituent Councils with a legally enforceable agreement specifying their rights and obligations in achieving common interests.

Section 4.1 of the Charter sets out the purposes of the Regional Subsidiary, as follows:

- 4.1.1 to implement or oversee the construction of stormwater infrastructure for the purposes of the implementation of the Plan - subject to first obtaining the approval of the relevant Constituent Council(s) and, if necessary, the consent of the Storm Water Management Authority, in respect of any material change in the design or the cost of any works of implementation;
- 4.1.2 to oversee the maintenance and repair and/or renewal of stormwater infrastructure established through the implementation of the Plan;
- 4.1.3 to oversee the implementation of associated, adjacent and/or related infrastructure works or measures on behalf of a Constituent Council at the cost of the Constituent Council;
- 4.1.4 to hold stormwater infrastructure constructed in the implementation of the Plan on behalf of the Constituent Councils as agreed from time to time by resolution of the Constituent Councils;
- 4.1.5 to implement such other non-infrastructure measures as set out in the Plan or approved by the Constituent Councils or as determined by the Board to be necessary or convenient for or incidental to the implementation of the Plan;
- 4.1.6 to provide a forum for the discussion and consideration of the Constituent Councils' obligations and responsibilities under the Plan;
- 4.1.7 to enter into agreements with Constituent Councils for the purpose of managing the Plan;
- 4.1.8 to co-operate insofar as it is reasonably practicable with the Natural Resource Management Board in the performance of its functions under the Natural Resources Management Act 2004 and otherwise with any other agency or instrumentality of the State, any body corporate and/or natural person including but not limited to landholders; and
- 4.1.9 to exercise other powers and functions as the Board considers necessary or convenient for or incidental to the purposes for which the Regional Subsidiary has been established.

3.4 Legislation

Legislation relating to stormwater management and the powers and responsibilities of interested parties are contained in the Local Government (Stormwater Management Agreement) Amendment Act 2016, Schedule 1A of the Local Government Act 1999 and the Natural Resources Management Act 2004.

The SMA was established pursuant to the Local Government (Stormwater Management) Amendment Act 2007, with reference to the Stormwater Management Agreement between the State Government and the Local Government Association. The Stormwater Management Agreement (originally of 2006) was revised in 2013 and the Act was subsequently amended in 2016.

Functions of the SMA include the facilitation and coordination of stormwater management planning by councils involving production of stormwater management plans and administration of the Stormwater Management Fund. The fund provides assistance to Local Government organisations for stormwater management planning and works, including the Project.

The Board was established as a Regional Subsidiary pursuant to Section 43 of and Schedule 2 to the Local Government Act 1999. Section 43 allows two or more councils to form a separately incorporated entity ('Regional Subsidiary') to provide specified services and/or activities, subject to obtaining Ministerial approval. The provisions relevant to a Regional Subsidiary are set out in Schedule 2 to the Act.

3.5 The Board

The Board is responsible for the administration of the affairs of the Regional Subsidiary. It is responsible for ensuring 'the Regional Subsidiary observes the objectives set out in the Charter, that information provided to the Constituent Councils is accurate and that Constituent Councils are kept informed of the solvency of the Regional Subsidiary as well as any material developments which may affect the operating capacity and financial affairs of the Regional Subsidiary'.

The Board comprises five members appointed for a three-year term, excepting that the first appointments were made on a differential basis – two members for three years, two members for two years and one member for one year. Elected Members and officers of the Constituent Councils are precluded from board membership.

Board Members were appointed following recommendations made by a Nominations Committee, as defined in the Charter. The process required appointment of persons with demonstrable skills relevant to the purpose of the Regional Subsidiary, particularly in respect of corporate financial management, corporate governance, project management, general management, engineering, economics or environmental management. The Chairperson is determined by the Board and is appointed for a term of 1 year. The inaugural Board of the Regional Subsidiary was appointed on 3 August 2018:

- Geoff Vogt 1-year term expiring 2 August 2019
- Paul Bowler 2-year term expiring 2 August 2020
- Rachel Barratt 2-year term expiring 2 August 2020
- Judith Choate 3-year term expiring 2 August 2021
- Paul Gelston 3-year term expiring 2 August 2021

Prior to appointment of the current Board, the Owners Executive Group, as detailed in Section 3.7, acted as an interim board.

3.6 Audit and Risk Committee

An Audit and Risk Committee was formed by resolution of the Board on 9 August 2018. Board Members Geoff Vogt, Rachel Barratt and Paul Gelston were appointed to the committee by resolution of the Board on 16 August 2018 with the Charter requiring in Section 9.6 (a) that the Chairperson of the Board also 'serve as Chair of all committees established by the Board'. The first meeting of the Audit and Risk Committee was held on 27 August 2018.

On 18 October 2018, the Board resolved that 'the Board appoint to the Audit and Risk Committee an independent person whose financial qualifications are endorsed by the Councils, and who is to be paid an amount equivalent to that of independent members of other Local Government subsidiary Audit Committees'. The Board subsequently resolved on 15 November 2018 to appoint Justin Humphrey of Grant Thornton as the independent member of the Audit and Risk Committee.

3.7 Owners Executive Group

The Owners Executive Group, previously known as the Project Steering Group, consists of a representative from each of the Constituent Councils. Membership is currently:

- City of Adelaide Klinton Devenish, Executive Manager
- City of Burnside Barry Cant, Acting Chief Executive
- City of Mitcham Matt Pears, Chief Executive
- City of Unley Peter Tsokas, Chief Executive
- City of West Torrens Terry Buss, Chief Executive

Meetings between the Board and the Owners Executive Group are scheduled quarterly. Prior to appointment of the Board on 3 August 2018, the Owners Executive Group also acted as an Interim Board.

4. Project Schedule

The main objective of the SMP is to “mitigate the risk and reduce the impact of major flooding from the four major watercourses on properties within the BHKC catchment, up to and including a 100-year average recurrence interval (ARI) flood. A 100-year ARI flood is also referred to as a 1 in 100-year event and has a 1% chance of occurring in any given year. Other objectives are concerned with quality of runoff and effect on receiving waters, beneficial reuse of stormwater and effective complementary planning requirements”.

The capital works program specified within the SMP is broadly outlined as follows, with detail relating to the current status of projects provided.

PROJECT NAME	2016 SMP BUDGET	STATUS
Ridge Park Detention Dam	\$2,800,000	Complete
BHC Diversion Culvert by DPTI	\$5,000,000	Complete
South Park Lands		
- Victoria Park	\$11,565,731	In Progress
- Park 20	\$2,300,948	In Progress
- Glenside	\$3,491,319	In Progress
Lower Brown Hill Creek Capacity Upgrades		
Watson Avenue to Marion Road		
- Land Acquisition	\$1,511,328	Pending
- Watson Ave - Marion Road Upgrade	\$4,971,382	Pending

PROJECT NAME	2016 SMP BUDGET	STATUS
- Watson Ave Bridge Replacement	\$1,649,781	Pending
- Harvey Rd Bridge Replacement	\$1,459,980	Pending
Marion Road Bridge		
- Marion Rd Bridge Replacement	\$4,600,555	Pending
Marion Road to Birdwood Terrace		
- Land Acquisition	\$1,735,901	Pending
- Birdwood Tce - Marion Rd Upgrade	\$8,218,666	Pending
Birdwood Terrace to South Road		
- Land Acquisition	\$617,432	Pending
- Grassmere Res - Birdwood Tce Upgrade	\$3,225,360	Pending
- Daly Rd Bridge Replacement	\$1,583,447	Pending
- South Rd - Grassmere Res Upgrade	\$2,436,282	Pending
Anzac Highway to South Road Upgrade		
- Land Acquisition	\$1,433,013	Pending
- Anzac Hwy - South Rd Upgrade	\$4,109,527	Pending
- Farnham Rd Bridge Addition	\$1,517,542	Pending
Flow Diversions		
- Section 1 - Le Hunte Barracks	\$21,684,746	Pending
- Section 2 - Barracks	\$6,041,679	Pending
- Section 3 - Anzac Hwy	\$15,352,672	Pending
Upper Brown Hill Creek - Area 1		
- Creek Works & Easements	\$5,164,557	In Progress
- Bridge Upgrades	\$2,835,443	Pending
Upper Brown Hill Creek - Hawthorn Reserve	\$1,500,000	In Progress
Upper Brown Hill Creek (excl. Area 1)		
- Creek Works - Area 5a	\$1,514,218	Pending
- Creek Works - Areas 5B and 6	\$3,230,332	Pending
- Creek Works - Areas 2, 3 & Orphanage Pk	\$6,258,768	Pending
- Bridge Upgrades (excl Area 1)	\$5,754,028	Pending
- Creek Rehabilitation	\$1,817,062	Pending
- Easements	\$2,725,592	Pending
Glen Osmond Creek Minor Upgrade Works	\$800,000	Pending
Water Quality Works (GPTs)	\$1,000,000	Pending

The cost of delivering the capital works program was estimated at approximately \$140m in 2015/16.

An Indicative 20 Year Works Schedule detailing the estimated timing for delivery of all infrastructure projects associated with the SMP is attached herewith and marked **Appendix 1**.

5. 2018/19 Achievements

5.1 Operational

Many key operational milestones have been achieved in the reporting period including:

The Board

Appointment of the Board Members took effect on 3 August 2018 following recommendation by the Nominations Committee.

In the 2018/19 reporting period, meetings of the Board were attended as follows:

	Board Members				
Meeting Date	Geoff Vogt	Judith Choate	Paul Bowler	Paul Gelston	Rachel Barratt
3 August 2018	✓	✓	✓	✓	✓
9 August 2018	✓	✓	✓	✓	✓
16 August 2018	✓	✓	✓	✓	✓
20 September 2018	✓	✓	✓		✓
18 October 2018	✓	✓	✓	✓	✓
15 November 2018	✓	✓	✓	✓	✓
12 December 2018	✓	✓	✓	✓	✓
16 January 2019	✓	✓	✓	✓	✓
21 February 2019	✓		✓	✓	✓
21 March 2019	✓	✓	✓	✓	✓
16 May 2019	✓	✓	✓	✓	
20 June 2019	✓	✓	✓	✓	✓

Audit and Risk Committee

Establishment of the Audit and Risk Committee took effect on 9 August 2018 with the first meeting of the Committee held on 27 August 2018 and appointment of an independent Committee Member made on 15 November 2018.

In the 2018/19 reporting period, meetings of the Audit and Risk committee were attended as follows:

	ARC Members				
Meeting Date	Geoff Vogt	Judith Choate	Justin Humphrey	Paul Gelston	Rachel Barratt
27 August 2018	✓	✓	N/A	✓	✓
11 February 2019	✓	✓	✓	✓	✓
16 April 2019	✓	✓	✓	✓	✓
13 June 2019	✓	✓	✓	✓	

Business Plan

A Business Plan covering the four-year period from 2018/19 to 2021/22 was prepared and adopted by the Board in August 2018.

Accountants and Auditors

Appointments of William Buck as accountants and Galpins as auditors to the Regional Subsidiary were made by resolution of the Board on 20 September 2018.

Project Director

Peta Mantzarapis was appointed as Project Director commencing 14 January 2019 with the role of Executive Officer transferring from Michael Salkeld to Peta by resolution of the Board on 16 January 2019.

Schedule of Works

Scheduling of individual project works has been established over the life of the Project and both short-term and long-term financial planning has been considered with reference to the expected delivery schedule.

Finance Systems

Finance systems have now been established separately from the City of Unley and a reconciliation process has been completed to balance any funds owing to the City of Unley. Xero is being used as the Board's financial management system.

2019/20 Budget

The 2019/20 budget has been finalised and provided to all Constituent Councils in a format consistent with that of the Model Financial Statements. Formats have also been established to comply with the reporting requirements in accordance with Regulations 9 and 10 of the Local Government (Financial Management) Regulations 2011.

Policies and Procedures

Development of policies and procedures has been a key focus of the Audit and Risk Committee and the following policies have now been adopted by the Board:

- Media Engagement Policy
- Procurement Policy and associated forms
- Invoice Payment Policy
- Credit Card Policy
- Expense Approval and Reimbursement Policy
- Decision Making Framework for Discretionary Projects
- Public Consultation Policy
- Work Health and Safety

In addition, policies currently in progress include – Prudential Management, Terms of Reference for Technical Assessment Panel and Financial Delegations.

Technical Staff & Finance Staff – Constituent Councils

A meeting of the Project Director and technical staff of the Constituent Councils occurred on 5 May 2019 with discussion points including timing of projects, project budgets, initiation of project works, responsibility for delivery, suppliers and the Technical Assessment Group.

A meeting of the Project Director and finance staff of the Constituent Councils occurred on 28 May 2019 with discussion points including timing of projects, project budgets, finance requirements in accordance with Regs 9 and 10, timing and content of finance reports, ownership and control of assets.

Operational Matters

Various operational matters have been attended to and are now functioning efficiently including IT arrangements, banking systems, establishment of a postal address and a meeting venue separate from the City of Unley.

Workshop

A workshop attended by the Board, Project Director, Owners Executive Group, technical and finance staff of the Constituent Councils was held on 20 June 2019 to discuss the ownership and control of assets. This workshop was useful in establishing a position regarding the responsibilities for delivering project works, responsibility for ongoing care and control of assets, insurance implications, financial and accounting implications.

Reporting Requirements

The Local Government Act 1999 along with the Charter of the Board prescribe various reporting requirements with which the Board must comply. These requirements include but are not limited to:

- Maintenance of a register of Board motions and instances where the Common Seal has been affixed.
- A Key Outcomes Summary to be provided to the Constituent Councils within two weeks following each ordinary meeting of the Board.
- Budget to be prepared for the next financial year. The Budget must be adopted by the Board after 31 May but before 30 June each year and must be provided to each Constituent Council within five business days after adoption.
- Reports in accordance with Regulations 9 and 10 of the Local Government (Financial Management) Regulations 2011.
- Audited financial statements to be provided to the Chief Executive Officer of each Constituent Council before 30 September of the subsequent financial year.
- Annual report including the audited financial statements to be submitted to each Constituent Council before 30 September of the subsequent financial year.
- Business Plan to be prepared in respect of the ensuing four years and to be updated each year.
- Long-Term Financial Plan to be prepared and reviewed within 6 months of the adoption or update of the Business Plan and, in any event, to be reviewed every four years.
- Asset and Infrastructure Management Plan to be prepared and reviewed at any time and, in any event, to be reviewed every four years.

Systems and processes have been established to ensure compliance with the reporting requirements of the Regional Subsidiary.

Stormwater Management Authority

The Board has committed to ensuring a successful relationship is maintained with the Stormwater Management Authority (SMA). In this regard, Chairperson Judith Choate, Board Member Geoff Vogt and Project Director Peta Mantzarapis met with the Chairperson of the SMA Steven Haines and the General Manager David Trebilcock on 24 January 2019. Peta Mantzarapis subsequently met with David Trebilcock on 28 March 2019 and is in regular contact to discuss timing and status of project works along with funding requirements.

The SMA have provided confirmation that the required funding as set out in the Board's 10-year financial plan will be available. Further, the SMA have advised that any funding provided in the lead-up to the approval of the SMP would not be considered part of the \$70m funding commitment unless it relates to works that are very clearly capital projects defined in the SMP. As such, of the available \$70m, the following funds have been provided by the SMA to 30 June 2019:

- | | |
|--|--------------|
| • Brown Hill Creek Diversion Culvert (delivered by DPTI) | \$2,500,000 |
| • Victoria Park project works | \$35,566 |
| • Remaining funds available | \$67,464,434 |

A process for claiming funds from the SMA has been established in consultation with David Trebilcock with funds being provided biannually in arrears.

5.2 Capital Works

As previously set out herein, projects completed prior to the 2018/19 financial year include the Ridge Park Detention Dam and the Brown Hill Creek Diversion Culvert.

Project works progressed during the current 2018/19 reporting period include:

Upper Brown Hill Creek - Hawthorn Reserve

The Hawthorn Reserve project involved creek widening and upgrade works and was delivered by the City of Mitcham in conjunction with the Mitcham Library upgrade. Construction works were completed in early May and the creek works were officially opened on May 9th.



*Completed
Creek
Works*



An invoice has been submitted by City of Mitcham covering the majority of the cost with a smaller amount held over to July to allow final reconciliation of expenses. Property acquisitions and associated land transfers will be completed in the coming months.

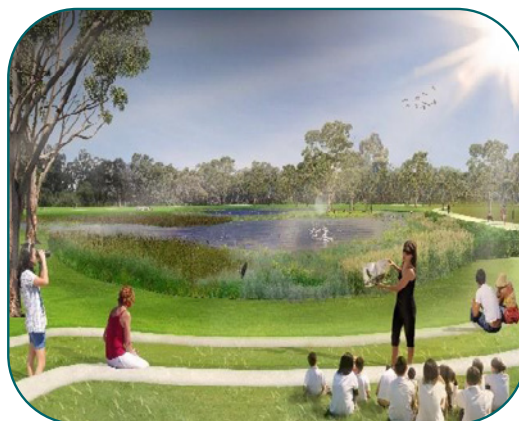
South Park Lands

Victoria Park/ Pakapakanthi (Park 16) and Blue Gum Park/ Kurangga (Park 20)



Artist's impression of the wetland

The South Park Lands project involves construction of a wetland at the southern end of Victoria Park/ Pakapakanthi (Park 16) and creek works within Blue Gum Park/ Kurangga (Park 20). A concept design has been prepared by Tonkin and public consultation on the concept commenced on 4th of June 2019 and ended on 5th of July. The consultation process included direct engagement with key stakeholders along with an advert in the City Messenger and signage erected on both sites.



Next steps include finalisation of and addressing the consultation outcomes, final revision of concept designs, Adelaide Park Lands Authority and City of Adelaide review process, lodgement of the Environment Protection and Biodiversity Conservation Act referral and commencement of the Development Application process. Preparation of final design drawings and tender documentation will be undertaken concurrently with the Development Application process.

Glenside

This project involves enlargement of an existing detention basin from a capacity of 18ML to 37ML, to limit flow to the existing capacity of the culvert under the Fullarton and Greenhill Roads intersection. The detention basin, together with other works in the South Park Lands is intended to reduce the peak stormwater flows along Park Lands Creek and further downstream.

The Glenside site is being developed by Cedar Woods and Stage 2 bulk earthworks are currently being designed. Excavation of approximately 25,000m³ of material will be required to form the detention basin in addition to providing primary water quality treatment via new large gross pollutant traps. The works will include a slight re-alignment of the existing twin 1950mm stormwater pipes to suit the layout of the development.

The infrastructure is currently being designed and Cedar Woods is liaising with the City of Burnside for necessary approvals. A design report will be produced and will be issued to Council.



Upper Brown Hill Creek – Area 1 (Everard Park)

This project involves installation of a covered culvert along the length of the creek from Anzac Highway to Third Avenue. The creek is privately owned by a single owner on the northern side (Arcadian development site) and 8 owners on the southern side. The land required from the Arcadian site is to be vested in Council's ownership and will contribute toward the open space requirements of the development. Assessments of compensation have been prepared and offers of compensation have been made to the 8 owners at the southern side. Negotiations are underway with these owners.



50% design and documentation has been completed and a quotation has been sought for the detailed design works and tender documentation. Next steps include acquisition of the required land, EPA and NRMB referrals, arboreal assessment and development application for removal of trees.

Artist's impression of the proposed shared use path

Beyond these current projects and in accordance with the Indicative 20 Year Works Schedule attached hereto as **Appendix 1**, the works scheduled to be completed in the coming 5-year period all form part of the Lower Brown Hill Creek Capacity Upgrades. Close liaison with City of West Torrens will therefore be required.

5.3 Media Exposure & Community Engagement

Media exposure during the 2018/19 reporting period included:

- Adelaide Advertiser article on 14 January 2019 regarding a River Red Gum considered to be at risk due to the Project. The project always intends to retain trees where possible and there is currently no indication that this significant tree is at risk. This has been communicated to Councillor Wright.
- Adelaide Advertiser article on 25 February 2019 regarding a destroyed garden at Hawthorn Reserve. The Hawthorn Reserve works were delivered by City of Mitcham and a council representative contacted Mr Wilson to apologise for the removal of the garden as part of the creek works.
- Westside Weekly Messenger article on 10 April 2019 regarding City of West Torrens wish-list for federal funding, including a call for funding toward the Project.
- Hawthorn Reserve – the official opening of the creek works was held onsite on 9 May 2019. In addition, Outside Ideas shared updates on the project works via their social media and a project update was shared on the City of Mitcham website in January 2019.
- The Mitcham Library and Brown Hill Creek Redevelopment Project was presented with the Institute of Public Works Engineering 2019 Excellence Award in the category of “Excellence in Design and/ or Construction of a Public Works Environmental Enhancement Project” in June 2019.
- A public consultation process was undertaken for the South Park Lands projects commencing 4 June 2019. Media exposure generated during the consultation period included:
 - The Advertiser print article
 - AdelaideNow online article
 - FIVEaa interview with Lord Mayor
 - Hit107 news update
 - Glam Adelaide online article
- Engagement with 9 adjoining land owners directly affected by the Upper Brown Hill Creek – Area 1 (Everard Park/ Forestville) works has occurred over recent months.

A copy of articles that have appeared in the media are included herewith and marked **Appendix 2**.

6. Operating and Capital Contributions

A funding model has been established to enable determination of invoices required and to capture accurate detail relating to where the funds are going.

Operational expenditure is fully funded by Constituent Councils and is invoiced biannually in advance. Each Council contributes a 20% share of the required budget.

Capital expenditure is funded equally between the Constituent Councils and the SMA. Of the 50% funded by the Constituent Councils, the percentage share is as follows:

- City of Adelaide 8%
- City of Burnside 12%
- City of Mitcham 10%
- City of Unley 21%
- City of West Torrens 49%

Invoices are issued to the Constituent Councils biannually in advance while invoices are issued to the SMA biannually in arrears. Given the SMA contribution is made in arrears, a level of capital beyond the required budget is maintained for cash flow purposes.

7. Audited Financial Statements

The 2018/19 financial statements have been audited by Galpins and are attached as **Appendix 3**.

APPENDIX 1

Indicative 20 Year Works Schedule



Brown Hill Keswick Creek
STORMWATER PROJECT

Timing Schedule

The logo for the Brown Hill Keswick Creek Stormwater Project is located in the bottom right corner. It features the text "Brown Hill Keswick Creek" in a large, bold, sans-serif font, with "STORMWATER PROJECT" in a smaller, all-caps, sans-serif font below it. To the right of the text is a stylized graphic of several white, curved lines representing water or a stormwater path, set against a blue background.

Timing Schedule

APPENDIX 2

Media Articles

Fears 800-year-old tree could be axed for stormwater project

CRAIG COOK
URBAN AFFAIRS

FORESTVILLE residents are again rallying to protect a spectacular river red gum – believed to be the oldest in the Unley district.

They fear the tree on Wilberforce Walk, which is estimated to be up to 800 years old, will be axed as part of upcoming work to floodproof Brownhill Creek.

Residents first raised concerns over the tree's future in 2015, and again highlighted the issue to newly elected Unley councillor Emma Wright while she was on the campaign trail in the lead-up to November's local government elections.

"We often walk through the area on the way to the playground so we see it all the time," said Cr Wright, a mother of two young boys.

"People have had paintings done of the tree that have pride of place in their homes. They are very passionate about it.

"Residents rightly want to know what's happening with the Brownhill Creek stormwater project and if the tree will be affected."

As well as being possibly the oldest tree in the district, with a 7m trunk circumference, it is also one of the largest.

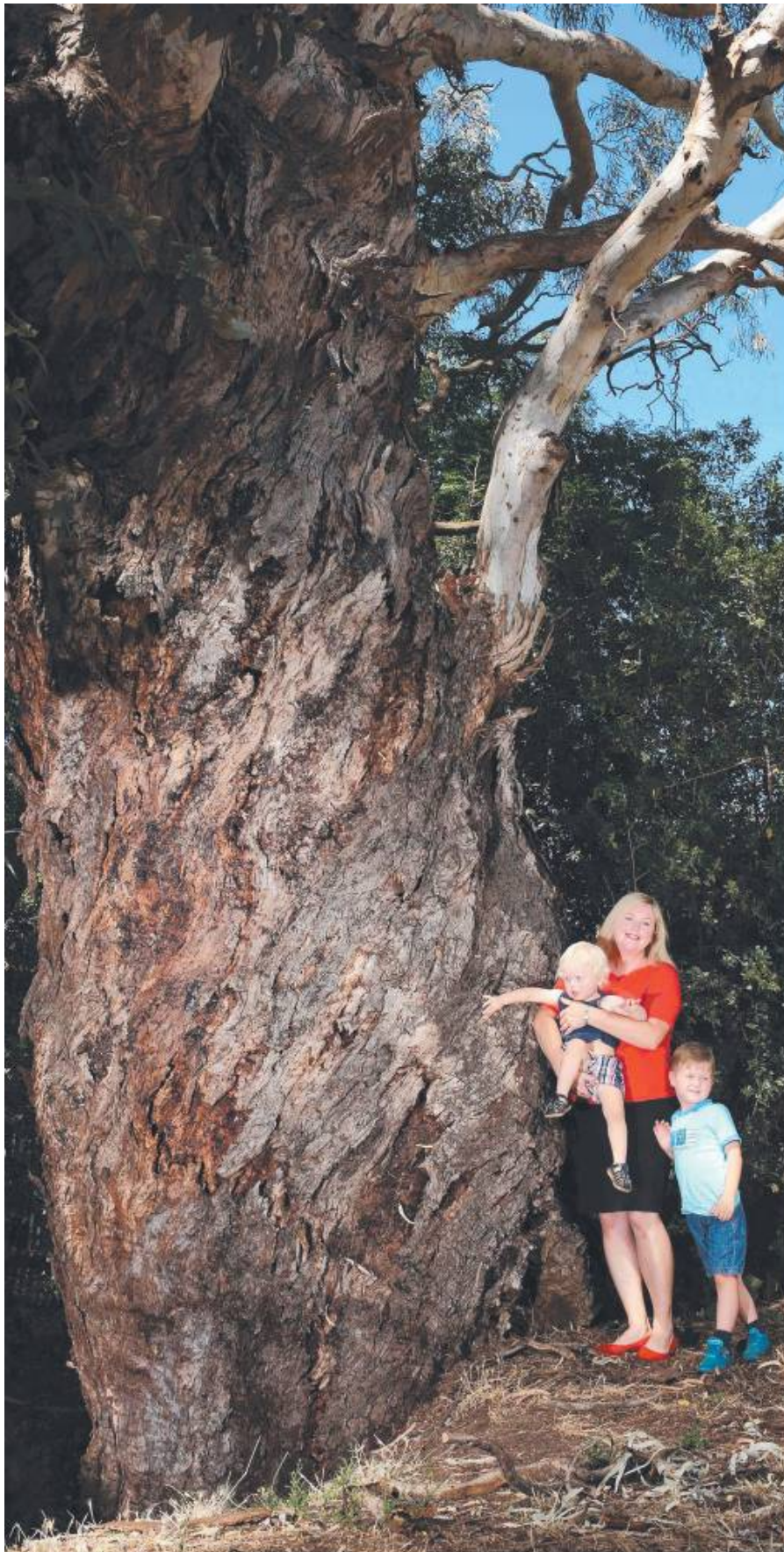
A 2014 report by arborist Dean Nicolle – completed at the request of the Brownhill Creek Forestville community group – said the tree was "highly worthy of retention".

Despite evident and extensive termite activity, Mr Nicolle stated the tree was in "a good and stable state of health".

He added there was an extremely low likelihood of structural failure and the risk to public safety was "low and acceptable".

Cr Wright said she would seek further information from council staff about the tree's future at an elected member's briefing session – on a date yet to be announced – but had already put her stake in the ground.

"If it comes to the crunch, I'll be kicking up a bit of a stink," she said.



14/01/2019

Fears 800-year-old tree could be axed for stormwater project - The Advertiser, 1/14/2019

BEHEMOTH: Unley councillor Emma Wright and sons Oliver, 5, and Jack, 2, marvel at the massive river red gum at Forestville. Picture: EMMA BRASIER/AAP



25 Feb 2019
Adelaide Advertiser, Adelaide

Section: General News • Article Type: News Item • Audience : 112,097 • Page: 6
Printed size: 84.00cm² • Region: SA • Market: Australia • ASR: AUD 1,250 • words: 145
Item ID: 1083460535

 isentia.mediaportal

Licensed by Copyright Agency. You may only copy or communicate this work with a licence.

Page 1 of 1

'Massive dummy spit' over destroyed garden

A FORMER Mitcham councillor and Citizen of the Year has lashed out at council staff who he says destroyed a volunteer-planted garden along Brownhill Creek that took years to construct.

John Wilson said he spent his own money on the project, including on an irrigation system which had been torn apart during work to flood-proof the creek.

"I did a total dummy-spit when I saw the damage done to work done by volunteers,"

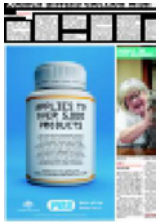
he said. "What is so annoying is just the sheer stupidity of it."

Named Mitcham's Citizen of the Year in 2013 for his work on flood mitigation at Brownhill Creek, Mr Wilson said the plants and equipment should

have been "salvaged".

In an email to Mr Wilson, Mitcham strategic projects engineer Rick Hennig apologised "for any communication short-falls" and promised more extensive irrigation in the area when works are complete.





10 Apr 2019
Westside Weekly (Adelaide), Adelaide

Author: ANTHONY JOHNSON • Section: General News • Article Type: Council News
Audience : 53,823 • Page: 14 • Printed size: 192.00cm² • Region: SA • Market: Australia
ASR: AUD 885 • words: 359 • Item ID: 1105859720

isentia.mediaportal

Licensed by Copyright Agency. You may only copy or communicate this work with a licence.

Page 1 of 1

Council unveils election wish list

POLITICS

Anthony Johnson

SEVEN capital projects have been targeted for federal funding by West Torrens Council ahead of the May election.

But two of these – women's football changerooms at Richmond Oval and flood mitigation via the Brownhill Keswick Creek Stormwater

Project – are particularly close the heart of West Torrens Mayor Michael Coxon.

"I am extremely passionate about creating safe and healthy communities and these projects need federal funding to help them to become reality," Mr Coxon said.

He said that given the "meteoric rise in the popularity" of women's football, it was necessary to build suitable changeroom facilities through an \$850,000 federal grant. "Richmond Oval is one of the top 10 AFL playing surfaces in the nation," he said.

"The ground is outstanding and council's investment in lighting for night games has been a huge success. With the development of the new facili-

ties, Richmond Oval will become the centre of women's football in the west."

For the \$140 million five-council Brownhill Keswick

Creek flood mitigation project, Mr Coxon would like to see a \$50 million federal contribution which would allow the project to be delivered in five years instead of 20 years under the current plan.

West Torrens, the council zone lowest downstream and most at risk, has to pay the lion's share – 49 per cent – of the local government cost, with the State Government chipping in \$70 million. "Fed-

eral assistance would be very welcome as it will allow us to protect more than 200,000 residents likely to be affected by a one-in-100-year flood event," Mr Coxon said.

The early phases of Kings Reserve/Thebarton Oval upgrade will require \$2.6 million.

Stage One has started with the completion of a wetland and water harvesting, while the Torrensville Bowling Club upgrade should be finished by

mid-year. A new playground and revamp to the skate park should start in 2020.

The council hopes to complete a \$7.8 million makeover of Thebarton Theatre before its centenary in 2028. "The idea is to allow it to compete with other theatres like the Entertainment Centre but this would need a significant contribution from the federal government," the council's chief, Terry Buss, said.



outsideideas • Following
Mitcham Library



outsideideas If there's one thing a dry summer is good for it's working in a creek. The guys are making the most of the weather, widening and realigning 370 metres of Brownhill Creek at the new Mitcham Memorial Library #landscaping #outsideideas #civil #construction

25w

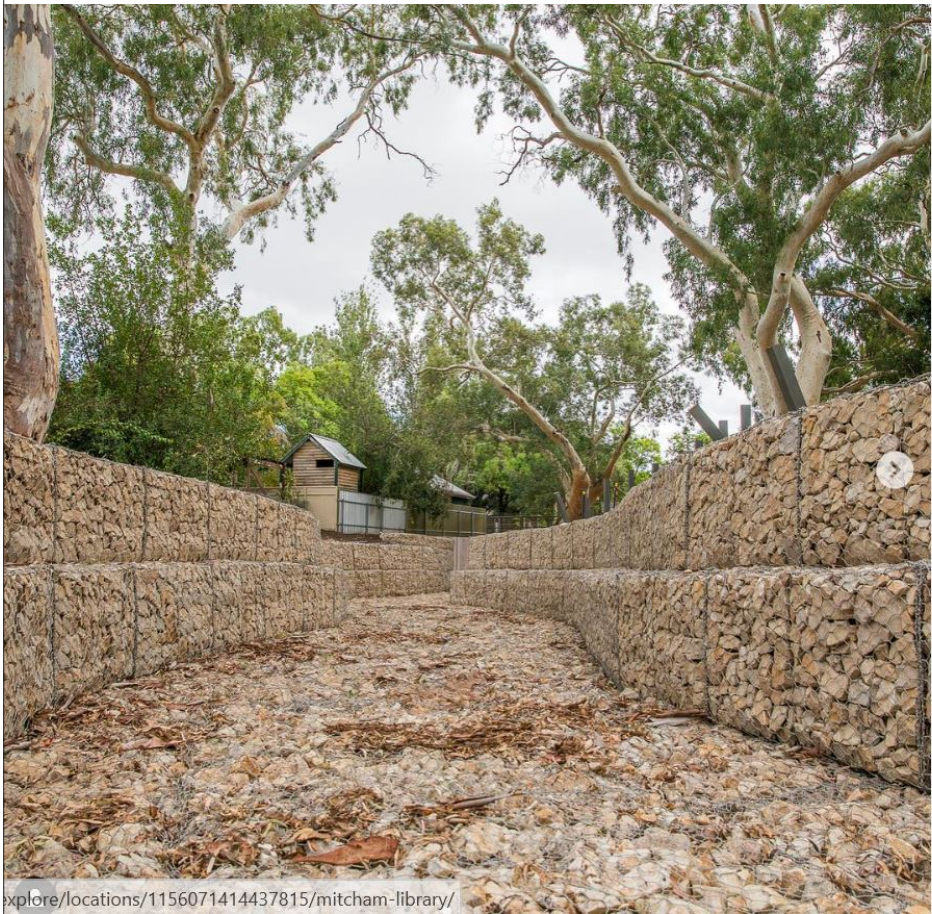


130 likes

FEBRUARY 1

Add a comment...

Post



outsideideas • Following
Mitcham Library



outsideideas We have been busy building our own gabions at Brownhill Creek. Over the past four months, we have changed the alignment and widened 370 metres of creek as part of the new Mitcham Memorial Library project #outsideideas #civil #gabions #landscaping

14w



alicepotteralice 🍷



14w Reply



jsform Neat work 🍷



14w Reply



josephinecropper Stunning!



174 likes

APRIL 13

Add a comment...

Post

WIDENING AND UPGRADING OF THE BROWN HILL CREEK IN SOLDIERS MEMORIAL GARDENS BROWNHILL CREEK

Brownhill Creek in Soldier's Memorial Garden has been widened and the geo fabric (green material) and stepping boulders (large rocks) are being installed in preparation for the plantings within the channel. Gabions (rock filled baskets) have also been installed in Brownhill Creek in JWS Morris Reserve and a floodwall constructed at George Street to constrain the creek flows and protect properties from flooding. Once construction works are completed the creek will be landscaped. It is anticipated that the project will be completed in April 2019.



Brownhill Creek Pyramat and Stepping Boulders January 2019



Brownhill Creek Upgrade Pyramat and Stepping Boulders January 2019



Brownhill Creek Upgrade JWS Morris Gabions January 2019

The upgrade works to widen and upgrade the Brown Hill Creek channel through Soldiers Memorial Gardens and JWS Morris Reserve as part of the wider approval to implement the Brown Hill Keswick Creek Stormwater Management Plan (SMP) is underway.

The upgrade of Brownhill Creek channel and landscaping will address some long standing flooding issues, restore the channel to a more natural state and beautify the reserve.

The widening of the channel is required to accommodate the 100 year flow and restore a more natural channel profile which necessarily impacts mainly exotic trees with all existing high value native trees protected.

The channel works will create a stable creek environment capable of passing significant creek flows during flood events and will also allow safe nature play spaces between creek flows.

The channel widening works are being undertaken with the adjacent Mitcham Library upgrade project. This will create an improved precinct for community enjoyment. The channel and the adjacent reserve will be landscaped to a higher standard to provide an improved vista and experience both inside and outside the upgraded library and for reserve users.

The upgraded Brownhill Creek through Soldier's Memorial Gardens and JWS Morris Reserve is now officially open and being enjoyed by the community.

Brownhill Creek in Soldier's Memorial Gardens has been widened to create a stable creek to endure flood events. Natives have been planted within the creek channel and on the banks through an innovative surface material that provides bank stability and allows plant growth. Stepping boulders and logs have also been installed to create an active nature play space for use when the creek is dry or not flowing.

Further down the creek rock filled baskets (gabions) have been installed through JWS Morris Reserve and a floodwall has been constructed at George Street to protect properties from flooding and contain creek flows.

Two new footbridges and new footpaths are now also open so the community can enjoy the creek and its landscaped surrounds.

The Brownhill Creek project cost \$2.7 million and is part of the greater \$140 million Brown Hill Keswick Creek Stormwater Plan which is a joint project between five catchment Councils and the State Government.

The City of Mitcham coordinated the Brownhill Creek upgrade with the adjacent Mitcham Memorial Library project to create an attractive precinct. Make sure you get down and take a look!



Brownhill Creek and plantings in Hawthorn June 2019





15 Jun 2019
Adelaide Advertiser, Adelaide

Author: Celeste Villani • Section: General News • Article Type: News Item
Audience : 149,005 • Page: 27 • Printed size: 470.00cm² • Region: SA • Market: Australia
ASR: AUD 9,619 • words: 287 • Item ID: 1133718534

isentia.mediaportal

Licensed by Copyright Agency. You may only copy or communicate this work with a licence.

Page 1 of 1



PARKLAND PLAN: An artist's impression of the wetlands proposed for the southern end of Victoria Park. Picture: BROWNHILL KESWICK CREEK PROJECT

CELESTE VILLANI

IT'S a scene of tranquil splendour, but this proposed wetland will have a powerful role to play in safeguarding inner-city suburbs from floods.

The proposed wetland – with a butterfly garden, picnic areas and viewing decks – is part of a \$12.5 million upgrade of Adelaide's south parklands.

The wetland – at the southern end of Victoria Park – is one of the largest developments in the \$140 million Brownhill Keswick Creek Project to mitigate the flood risk for 7000 properties.

Project director Peta Mantzarapis said the wetland development would contribute to community safety.

"Crucially, these works will lift the standard of flood protection in the south parklands and are key in mitigating flood risk across the catch-

ment, serving to safeguard properties and community spaces against major flooding events," Ms Mantzarapis said.

The entire Brownhill Keswick Creek project aims to protect properties in Adelaide, Burnside, Mitcham, Unley

and West Torrens council areas against a one-in-100-year flood. The wetland would help mitigate flooding along the Park Lands Creek and reduce water flow into Unley.

New artist impressions also include picnic areas, a shared path, a stepping stone creek and the realignment of some of the existing creek line. "The idea of creating the wetlands

and clearing up the old woody weeds has been on the agenda for a very long time," said Stephanie Johnston, a member of Adelaide Park Lands Authority and Adelaide Park

Lands Preservation Association. "I think everyone is looking forward to it."

Public consultation ends on July 5, with construction expected to begin next year.



New \$12.5m Wetlands In South Park Lands Need Design Feedback

Feedback from the public is being sought on the proposed design of a new \$12.5 million wetland in Adelaide's South Park Lands

By [Glam Adelaide](#) on Jun 17, 2019

Favourite This Post

Feedback from the public is being sought on the proposed design of a new \$12.5 million wetland in Adelaide's South Park Lands as part of the Brown Hill Keswick Creek Stormwater Project.

The new wetland will be constructed at the southern end of Victoria Park/Pakapakanthi (Park 16) and is one of the largest developments in the Project's approved Stormwater Management Plan, which is currently being implemented to improve the standard of flood protection for properties across the catchment council areas of Adelaide, Burnside, Mitcham, Unley and West Torrens.

Designed to mitigate the flooding issues along Park Lands Creek, the works will contribute to a reduction in flows entering the City of Unley under Greenhill Road, thereby reducing the flooding risk to the mainly residential areas downstream. Other benefits include improved water quality, enhanced biodiversity through diversification of plant and animal

species, and new amenity and recreational facilities for park users, including footpaths, walking trails and picnic areas.



A dedicated native grassland meadow for butterfly habitat will also be established, in addition to board walks, viewing platforms and a stepping stone creek path.

The community consultation process is also seeking public feedback on planned works in nearby Blue Gum Park/Kurangga (Park 20), located at the north western corner of the Greenhill and Unley Road intersection.

Proposed works in Blue Gum Park/Kurangga involve the construction of low-level mounding (typically less than 1m high), construction of a new shared use path, and realignment of existing creek lines in the southern section of the park.

Both projects have been designed in accordance with previous feasibility studies and consultation processes and form part of the Project's approved Stormwater Management Plan.

Peta Mantzarapis, Project Director of the Brown Hill Keswick Creek Stormwater Project, says community consultation will include distribution of information brochures to key stakeholders, local media advertising and site signage, with further information and online feedback forms available at www.bhkcstormwater.com.au.

"We've already conducted extensive consultation in developing the SMP along with site investigations and design development for these works in the South Park Lands, and are

now giving the public a final opportunity to provide any feedback on the designs before construction commences,” said Ms Mantzarapis.

“We encourage members of the public to review the designs and provide any further feedback.

“Crucially, these works will lift the standard of flood protection in the South Park Lands and are key in mitigating flood risk across the catchment, serving to safeguard properties and community spaces against major flooding events.”

Feedback on the proposed works closes at 5pm on Friday 5 July 2019, with Ms Mantzarapis anticipating construction of both projects to commence next year.

The Brown Hill Keswick Creek Stormwater Project is a collaboration between Adelaide, Burnside, Mitcham, Unley and West Torrens councils to develop and implement an effective stormwater management plan to improve the standard of flood protection for homes, businesses and public facilities across the catchment.

Extending from the Adelaide Hills in the east to Adelaide Airport in the west, the Brown Hill Keswick Creek Stormwater Project covers a catchment area of 69 square kilometres and more than 200,000 residents. Flood mitigation works detailed in the Project’s Stormwater Management Plan will reduce the number of properties affected by a one in 100-year flood event by nearly 98%.

For more information about the Brown Hill Keswick Creek Stormwater Project, visit www.bhkcstormwater.com.au.

APPENDIX 3

Audited Financial Statements

Brown Hill and Keswick Creeks Stormwater Board

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 June 2019**

Brown Hill and Keswick Creeks Stormwater Board

Contents

Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Certification of Auditor Independence	18
Statement by Auditor	19

Brown Hill and Keswick Creeks Stormwater Board

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 \$	Restated 2018 \$
INCOME			
Contributions	2	618,195	160,000
Investment Income	2	15,826	-
Total Income		<u>634,021</u>	<u>160,000</u>
EXPENSES			
Employee costs	3	234,663	125,670
Materials, contracts & other expenses	3	181,510	38,278
Depreciation	3	2,180	-
Finance costs	3	192	-
Total Expenses		<u>418,545</u>	<u>163,948</u>
OPERATING SURPLUS / (DEFICIT)		215,476	(3,948)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		<u>215,476</u>	<u>(3,948)</u>

The accompanying Notes form part of these financial statements

Brown Hill and Keswick Creeks Stormwater Board

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Notes	2019 \$	Restated 2018 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	3,966,683	-
Trade and Other Receivables	4	2,024,173	-
Total Current Assets		<u>5,990,856</u>	<u>-</u>
Non-Current Assets			
Property, Plant and Equipment	5	3,209,193	249,189
Total Non-current Assets		<u>3,209,193</u>	<u>249,189</u>
Total Assets		<u>9,200,049</u>	<u>249,189</u>
LIABILITIES			
Current Liabilities			
Trade and Other Payables	6	3,052,742	6,267
Employee Benefits	6	6,500	-
Total Current Liabilities		<u>3,059,242</u>	<u>6,267</u>
Total Liabilities		<u>3,059,242</u>	<u>6,267</u>
NET ASSETS		<u>6,140,807</u>	<u>242,922</u>
EQUITY			
Contributed Equity	9	5,929,279	246,870
Accumulated surplus	7	211,528	(3,948)
TOTAL EQUITY		<u>6,140,807</u>	<u>242,922</u>

The accompanying Notes form part of these financial statements

Brown Hill and Keswick Creeks Stormwater Board

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	Capital Contributions of Councils	Accumulated Surplus \$	TOTAL \$
2018				
Balance at the beginning of the year	7	-	-	-
Deficit for the year <restated>		-	(3,948)	(3,948)
Capital Contributions of Councils <restated>	8	246,870	-	246,870
Balance at the end of year <restated>		246,870	(3,948)	242,922
2019				
Balance beginning of the year <restated>	7	246,870	(3,948)	242,922
Surplus for the year		-	215,476	215,476
Capital Contributions of Councils	8	5,682,409	-	5,682,409
Balance at the end of year		5,929,279	211,528	6,140,807

The accompanying Notes form part of these financial statements

Brown Hill and Keswick Creeks Stormwater Board

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 \$	Restated 2018 \$
Cash from operating activities			
Operating receipts from constituent councils		1,246,839	160,000
Receipts from interest		15,634	-
Payments to employees		(228,163)	-
Payments to suppliers		(171,597)	(157,681)
		(330,942)	-
Net cash provided from operating activities	9	531,771	2,319
Cash from investing activities			
Expenditure on new / upgraded assets		(223,324)	(249,189)
Net cash provided from / (used in) investing activities		(223,324)	(249,189)
Cash from financing activities			
Contributions from constituent councils		3,658,236	246,870
Net cash provided from investing activities		3,658,236	246,870
Net increase in cash held		3,966,683	-
Cash at beginning of financial year		-	-
Cash at end of financial year		3,966,683	-

The accompanying Notes form part of these financial statements

Brown Hill and Keswick Creeks Stormwater Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1 - Statement of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (IFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group Interpretations (UIGs) and relevant South Australian legislation.

The Brown Hill and Keswick Creeks Stormwater Board (the Board) is a Local Government Regional Subsidiary established under Section 43 of and Schedule 2 to the Local Government Act 1999. The Regional Subsidiary is under the control of City of Adelaide, City of Burnside, City of Unley, City of Mitcham and City of West Torrens.

The Board was established by a Gazettal dated 27 February 2018. The Board has been established to implement the construction and maintenance of infrastructure and other measures for the purposes of a stormwater management plan prepared by the constituent councils and approved by the Stormwater Management Authority.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected noncurrent assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates, some of which are relevant to the Board. The amended pronouncements adopted and amended pronouncements that have been decided not to be early adopted are set out below:

Adoption of amended standards

AASB 9 Financial Instruments

AASB 9 Financial Instruments establishes principles to account for and report financial assets and financial liabilities and introduces a new approach to accounting for hedges together with a new approach to accounting for impairment of financial assets. The standard has a mandatory application date for financial years commencing on or after 1 January 2018. This is not expected to materially impact the financial statements.

Accounting Standards issued but not effective

AASB 16 Leases (applicable to annual reporting periods beginning on or after 1 January 2019)
AASB 16 Leases removes the current distinction between operating and finance leases and requires recognition of a right-to-use asset and a financial liability to pay rentals, resulting in the recognition of tenancy leases on the balance sheet. The only exemptions from these requirements are short-term and low-value leases. The income statement will also be affected, as operating expenses are reclassified as interest expense and depreciation expense, affecting EBITDA performance metrics. The new standard requires more extensive qualitative and quantitative disclosures. The standard has a mandatory application date for financial years commencing on or after 1 January 2019. This is not expected to materially impact the financial statements.

Brown Hill and Keswick Creeks Stormwater Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

AASB 15 Revenue from contracts with customers (applicable to annual reporting periods beginning on or after 1 January 2019)

AASB 15 Revenue from contracts with customers applied to all contracts with customers, except for contracts covered by other standards. The standard stipulates how and when revenue is recorded, requiring the Board to provide users of financial statements with more information and reporting disclosures. The core principle is the recognition of revenue for the transfer of goods or services, at a value that reflects the consideration to which the Board expects to be entitled, in return for meeting performance obligations. This is not expected to materially impact the financial statements.

AASB 1058 Income of Not-for-profit Entities (applicable to annual reporting periods beginning on or after 1 January 2019)

The standard applies to transactions of not-for-profit (NFP) entities where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives. It also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions, however AASB 1058 supersedes the existing requirements in AASB 1004. This is not expected to materially impact the financial statements.

The financial statements were authorised for issue on by the members of the Board.

(a) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Following clarification in the current financial year of the entity's policy on capital contributions by constituent councils amounts previously recognised in the Statement of Comprehensive Income have been reclassified to contributed equity.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less.

(c) Income taxes

The activities of the Board are exempt from taxation under the Income Tax Assessment Act 1997.

(d) 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 Taxation 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 statement of financial position are shown inclusive of GST.

Brown Hill and Keswick Creeks Stormwater Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(e) Impairment

At the end of each reporting period, the Board assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset where it is not possible to estimate the recoverable amount of an individual asset, the Board estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(g) Revenue

Operating revenue from constituent Councils is recognised as income as and when the Board becomes entitled to receive the funds. This is outlined within the Boards Annual Business Plan which is agreed with all constituent Councils.

Capital Contributions received from Constituent Councils are recognised as Contributions by Owners directly to equity.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

(h) Trade and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Board during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Brown Hill and Keswick Creeks Stormwater Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(i) Trade and other receivables

These include amounts due from ATO and accrued interest on deposits in financial institutions. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(j) Critical Accounting Estimates and Judgments

Key estimates

Impairment - general

The Board assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Board that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(k) Property Plant and Equipment

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

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred.

The cost of non-current assets constructed by the Board includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

The Board considers that it controls the infrastructure assets in accordance with its Charter. The constructed infrastructure assets may be located on land owned by Constituent Councils.

Materiality

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

Infrastructure – Stormwater \$10,000

Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. All assets are currently held at cost.

Brown Hill and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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 Board, best reflects the consumption of the service potential embodied in those assets. Office equipment consists of IT equipment and is depreciated at 50%.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually. Depreciation periods for infrastructure assets have been estimated based on the best information available to Board, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

(I) Employee Benefits

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

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

No accrual is made for sick leave. The Board does not make payment for untaken sick leave.

Superannuation

All superannuation schemes to which the Board makes contributions on behalf of employees are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Board.

Brown Hill and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 2 - INCOME

	2019	2018
	\$	\$
CONTRIBUTIONS		
<u>Operating Contributions</u>		
City Of Mitcham	123,639	32,000
City Of Burnside	123,639	32,000
City Of West Torrens	123,639	32,000
The Corporation of the City of Adelaide	123,639	32,000
Corporation of the City of Unley	123,639	32,000
Subtotal Operating Contributions	<u>618,195</u>	<u>160,000</u>
 INVESTMENT INCOME		
Interest on investments		
Banks	15,826	-
	<u>15,826</u>	<u>-</u>
 Total Income	<u>634,021</u>	<u>-</u>

In accordance with the Charter of the Brownhill and Keswick Creeks Stormwater Board Schedule 1, operating contributions are received equally from each of the constituent councils at an agreed rate. The total value of operating contributions to be received is agreed in the annual business plan prepared by the Board.

Note 3 - EXPENSES

	2019	2018
	\$	\$
EMPLOYEE COSTS		
Salaries and Wages - Board	60,000	125,670
Salaries and Wages - Employee	155,595	-
Reimbursements - Board	5,207	-
Superannuation	12,619	-
Workers' Compensation Insurance	1,242	-
	<u>234,663</u>	<u>125,670</u>
 Total Number of Employees	1	0
<i>(Full time equivalent at end of reporting period)</i>		

Brown Hill and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 3 - EXPENSES (cont)

	2019	2018
	\$	\$
MATERIALS, CONTRACTS & OTHER EXPENSES		
<u>Prescribed Expenses</u>		
Auditor's Remuneration		
- Auditing the financial reports	3,870	-
Subtotal - Prescribed Expenses	<u>3,870</u>	<u>-</u>
<u>Other Materials, Contracts & Expenses</u>		
Administration	30,360	829
Entertainment & Catering	4,298	90
Contractor & Consultant Services	28,720	17,609
Human Resources	12,800	-
Insurance - Mutual Liability Scheme	52,784	10,500
IT Expenses	7,047	-
Legal Expenses	10,853	3,818
Professional Services	30,532	-
Sundry	246	5,432
Subtotal - Other Materials, Contracts & Expenses	<u>177,640</u>	<u>38,278</u>
	<u>181,510</u>	<u>38,278</u>
 DEPRECIATION		
Office Equipment	2,180	-
Total Depreciation	<u>2,180</u>	<u>-</u>
 FINANCE COSTS		
Bank Fees	174	-
Interest Charges	18	-
	<u>192</u>	<u>-</u>
 Total Expenses	<u><u>418,545</u></u>	<u><u>163,948</u></u>

Note 4 - CURRENT ASSETS

	2019	2018
	\$	\$
CASH & CASH EQUIVALENT		
Cash at Bank	3,966,683	-
	<u>3,966,683</u>	<u>-</u>
 TRADE & OTHER RECEIVABLES		
Contributions Recivable	1,938,650	-
GST Refundable	85,523	-
	<u>2,024,173</u>	<u>-</u>

Brown Hill and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 5 - NON-CURRENT ASSETS

	2019	2018
	\$	\$
Work In Progress		
South Parklands Stormwater - design (Victoria Park)	183,335	80,060
Hawthorn Reserve Creek upgrade	2,884,985	169,129
Upper Brown Hill Creek - Area 1 Creek Works	101,195	-
Upper Brown Hill Creek - Area 1 Land Acquisition	30,065	-
Discretionary Projects	7,300	-
Total Work In Progress	3,206,880	249,189
Office Equipment		
Office Equipment	4,493	-
Less: Accumulated Depreciation on Office Equipment	(2,180)	-
Total Office Equipment	2,313	-
Total Property Plant and Equipment	3,209,193	249,189

Property Plant and Equipment Reconciliation		
	Work In Progress	Office Equipment
	\$	\$
Opening Balance	249,189	-
Additions	2,957,691	4,493
Disposals	-	-
Depreciation	-	(2,180)
Closing Balance	3,206,880	2,313

Note 6 - CURRENT LIABILITIES

	2019	2018
	\$	\$
TRADE & OTHER PAYABLES		
Trade Payables	3,045,090	6,267
Credit Card	257	-
PAYG Payable	5,665	-
Superannuation Payable	1,730	-
Subtotal Trade & Other Payables	3,052,742	6,267

Brown Hill and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 6 - CURRENT LIABILITIES (Cont)

	2019	2018
	\$	\$
EMPLOYEE BENEFITS		
Annual Leave Provision	6,500	-
Subtotal Employee Benefits	<u>6,500</u>	<u>-</u>

Note 7 - ACCUMULATED SURPLUS

	2019	2018
	\$	\$
Opening Balance	(3,948)	-
Surplus for the year	215,476	(3,948)
Balance at year end	<u><u>211,528</u></u>	<u><u>(3,948)</u></u>

Note 8 - CAPITAL CONTRIBUTIONS OF COUNCILS

	2019	2018
	\$	\$
CAPITAL CONTRIBUTIONS OF COUNCILS		
City Of Mitcham	592,928	24,687
City Of Burnside	711,513	29,624
City Of West Torrens	2,905,346	120,966
The Corporation of the City of Adelaide	474,343	19,750
Corporation of the City of Unley	1,245,149	51,843
Subtotal Contributions by owner	<u><u>5,929,279</u></u>	<u><u>246,870</u></u>

Capital Contributions Movement Table

	Opening Balance	Received 2019	Closing Balance
City Of Mitcham	24,687	568,241	592,928
City Of Burnside	29,624	681,889	711,513
City Of West Torrens	120,966	2,784,380	2,905,346
The Corporation of the City of Adelaide	19,750	454,593	474,343
Corporation of the City of Unley	51,843	1,193,306	1,245,149
	<u><u>246,870</u></u>	<u><u>5,682,409</u></u>	<u><u>5,929,279</u></u>

Capital contributions of Councils are capital payments received from Constituent Councils for investing in Infrastructure. The rates of contribution are agreed in the Charter of the Board.

Brown Hill and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 9 - Reconciliation of cash flow

	2019	2018
	\$	\$
Net surplus for the year	215,476	(3,948)
<i>Changes in assets and liabilities</i>		
Decrease/(Increase) in Trade and Other Receivables	-	-
Increase in Depreciation	2,180	-
Increase/(Decrease) in Trade and Other payables	307,615	6,267
Increase/(Decrease) in Employee Benefits	6,500	-
Net cash provided from operating activities	<u>531,771</u>	<u>2,319</u>

Brown Hill and Keswick Creeks Stormwater Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 10 - Financial Instruments

Details of the significant accounting policies and methods adopted including the criteria for the recognition, the basis of measurement and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 Summary of Significant Account Policies.

Categorisation of Financial instruments

	Note	2019		2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities		\$	\$	\$	\$
Trade and other Payables	6	3,045,347	3,045,090	6,267	6,267
Total Financial liabilities		3,045,347	3,045,090	6,267	6,267
Financial Assets					
Cash and cash equivalents		3,966,683	3,966,683	-	-
Total Financial Assets		3,966,683	3,966,683	-	-

Receivable and payable amounts disclosed exclude amounts relating to statutory receivables and payables.

The fair values disclosed in the table above have been based on cash and cash equivalents, trade and other receivables and trade and other payables short term instruments in a nature whose carrying value is equal to fair value.

i. Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligation that could lead to a financial loss to the Board.

Credit risk is managed through maintaining procedures to regularly monitor the financial stability of customers and counterparties and by investing surplus funds in financial institutions that maintain a high credit rating.

There is no collateral held by the Board securing trade and other receivables.

ii. Liquidity Risk

Liquidity risk arises from the possibility that the Board might accounting difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Board manages this risk by preparing and monitoring budgets, only investing surplus cash with major financial institutions and proactively monitoring the recovery of unpaid debts.

No assets have been pledged as security for any liabilities.

Brown Hill and Keswick Creeks Stormwater Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

iii. Market Risk

Exposure to interest rate risk arises on financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows.

The following table illustrates sensitivities to the Board's exposure to changes in interest rates.

	2019		2018	
	Weighted Average	Carrying Value	% Weighted Average Interest rate	Carrying Value
Financial liabilities	\$	\$	\$	\$
Trade and other Payables	0%	3,045,347	0%	6,267
Financial Assets				
Cash at bank	0%	3,966,683	0%	-

Note 11 - Contingent Liabilities and Contingent Assets

At 30 June 2019, the Board is unaware of any liability, contingent or otherwise, which has not already been recorded elsewhere in this financial report.

Note 12 - Commitments for Expenditure

Capital Commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities

	2019	2018
	\$	\$
Infrastructure	169,000	-
Total Capital Commitments	169,000	-

These expenditures are payable:

Not later than one year	169,000	-
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	169,000	-

Brown Hill and Keswick Creeks Stormwater Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 13 - Events after the end of the reporting period

Since the reporting date, there have been no events that would materially impact on the contents of this report.

Note 14 - Economic Dependence

Brown Hill and Keswick Creeks Stormwater Board is dependent on its constituent councils and other funding bodies for the majority of its revenue used to achieve its objectives. At the date of this report, the Board believe that the Member Councils and other bodies will continue to support the Board.

Note 15 - Related Party Transactions

The total remuneration paid to key management personnel of Brown Hill and Keswick Creeks Stormwater Board Incorporated during the year was as follows:

Key management personnel include the former Project Director employed by the City of Unley, the current Project Director employed by the Board and the members of the Board appointed under section 112 of the Local Government Act 1999.

The key management personnel were paid the following total compensation:

Salaries and wages	\$ 221,714.00
--------------------	---------------

Other related parties includes close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members. There were no transactions with other related parties.

Note 16 - Board details

The registered address of the Board:

Brown Hill and Keswick Creeks Stormwater Board
PO Box 124 Unley SA 5061

Brown Hill and Keswick Creeks Stormwater Board

**CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

In the opinion of the committee, the Financial Statements comprising of the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Members' Funds, Statement of Cash Flows and Notes to the Financial Statements:

1. Presents a true and fair view of the financial position of Brown Hill and Keswick Creeks Stormwater Board as at 30 June 2019 and its performance for the year ended on that date in accordance with Accounting Standards and other mandatory professional reporting requirements.
2. At the date of this statement, there are reasonable grounds to believe that Brown Hill and Keswick Creeks Stormwater Board will be able to pay its debts as and when they fall due.

The Board is responsible for the reliability, accuracy and completeness of the accounting records and the disclosure of all material and relevant information.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:


Judith Choate

Name: Judith Choate
Position: Chairperson
Date: Sep 5, 2019


g t vogt (Sep 6, 2019)

Name: g t vogt
Position: Board Member
Date: Sep 6, 2019

Brown Hill and Keswick Creeks Stormwater Board

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Brown Hill and Keswick Creeks Stormwater Board for the year ended 30 June 2019, the Board's Auditor, **Galpins**, 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*.

Judy Choate
Judy Choate (Aug 29, 2019)

Name: Judith Choate
Position: Chairperson
Date: Aug 29, 2019

G T VOGT
G T VOGT (Aug 30, 2019)

Name: G T VOGT
Position: Board Member
Date: Aug 30, 2019

Brown Hill and Keswick Creeks Stormwater Board

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of Brown Hill and Keswick Creeks Stormwater Board for the year ended 30 June 2019, 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*.



Name of Auditor Luke Williams
Name of Audit Firm Galpins Accountants, Auditors & Business Consultants
Date:



CITY OF
ADELAIDE

25 Pirie Street Adelaide
South Australia 5000
cityofadelaide.com.au