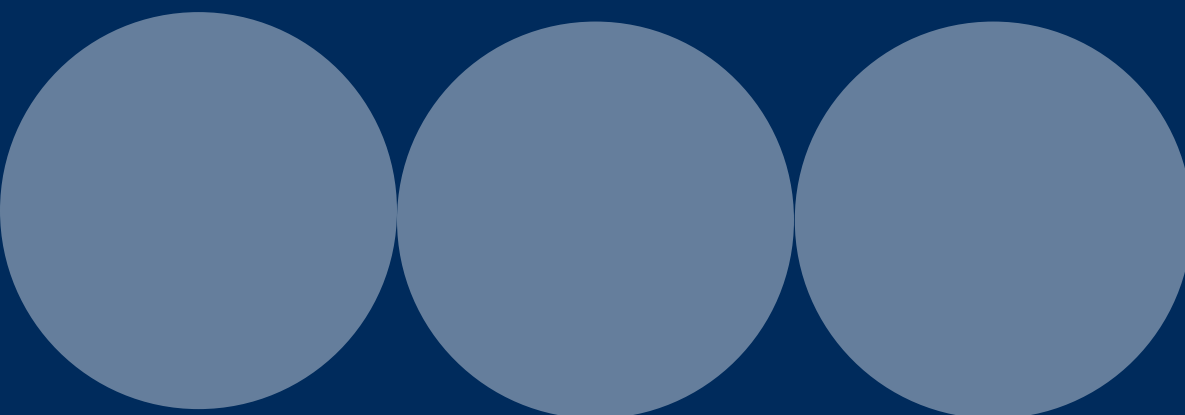


ADELAIDE CITY COUNCIL AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014



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Adelaide City Council

General Purpose Financial Statements for the year ended 30 June 2014

Certification of Financial Statements

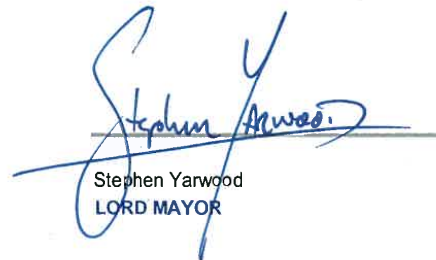
We have been authorised by the Council to certify the financial statements in their final form.

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 2014 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.



Peter Smith
CHIEF EXECUTIVE OFFICER



Stephen Yarwood
LORD MAYOR

Date: 21st October 2014

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2014

		Consolidated	Consolidated
		2014	2013
	Notes	\$'000	\$'000
INCOME			
Rates Revenues	2a	91,845	88,215
Statutory Charges	2b	17,417	16,889
User Charges	2c	60,625	60,095
Grants, Subsidies and Contributions	2g	3,998	4,425
Investment Income	2d	570	942
Reimbursements	2e	1,109	959
Other Income	2f	383	766
Net Gain – Equity Accounted Council Businesses	19	61	61
Total Income		176,008	172,352
EXPENSES			
Employee Costs	3a	62,493	59,150
Materials, Contracts and Other Expenses	3b	70,357	93,109
Depreciation, Amortisation and Impairment	3c	33,783	31,717
Finance Costs	3d	489	255
Net loss – Equity Accounted Council Businesses	19	78	85
Total Expenses		167,200	184,316
OPERATING SURPLUS / (DEFICIT)		8,808	(11,964)
Asset Disposal and Fair Value Adjustments	4	(7,192)	(6,315)
Amounts Received Specifically for New or Upgraded Assets	2g	559	2,253
Physical Resources Received Free of Charge	2i	13,259	–
Net Surplus / (Deficit)		15,434	(16,026)
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus	9a	(5,815)	–
Share of Other Comprehensive Income – Equity Accounted Council Businesses	19	120	–
Net Actuarial Gains on Defined Benefit Plan	9b	342	326
Total Other Comprehensive Income		(5,353)	326
TOTAL COMPREHENSIVE INCOME		10,081	(15,700)

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

		Consolidated	Consolidated
		2014	2013
	Notes	\$'000	\$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	8,403	11,650
Trade and Other Receivables	5b	9,705	9,442
Other Financial Assets	5c	190	–
Inventories	5d	425	459
Subtotal		18,723	21,551
Non-Current Assets Held for Sale	7a	5,156	6,747
Total Current Assets		23,879	28,298
Non-current Assets			
Financial Assets	6a	1,294	–
Equity Accounted Investments in Council Businesses	6b	187	85
Investment Property	7a	2,527	3,067
Infrastructure, Property, Plant and Equipment	7a	1,280,737	1,259,598
Total Non-Current Assets		1,284,745	1,262,750
TOTAL ASSETS		1,308,624	1,291,048
LIABILITIES			
Current Liabilities			
Trade and Other Payables	8a	24,043	27,027
Borrowings	8b	11,843	1,182
Provisions	8c	11,766	11,200
Total Current Liabilities		47,652	39,409
Non-current Liabilities			
Trade and Other Payables	8a	118	–
Borrowings	8b	1,736	2,255
Provisions	8c	1,013	1,360
Total Non-Current Liabilities		2,867	3,615
TOTAL LIABILITIES		50,519	43,024
Net Assets		1,258,105	1,248,024
EQUITY			
Accumulated Surplus		823,660	808,106
Asset Revaluation Reserve	9a	433,777	439,592
Other Reserves	9b	668	326
TOTAL COUNCIL EQUITY		1,258,105	1,248,024

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
		\$'000s	\$'000s		\$'000s
2014					
Balance at end of previous reporting period		808,106	439,592	326	1,248,024
a. Net Surplus for Year		15,434	–	–	15,434
b. Other Comprehensive Income					
» Loss on Revaluation	7a	–	(5,815)	–	(5,815)
» Share of OCI – Equity Accounted Council Businesses	19	120	–	–	120
» Defined Benefit Actuarial Gain	18	–	–	342	342
Other Comprehensive Income		120	(5,815)	342	(5,353)
Total Comprehensive Income		15,554	(5,815)	342	10,081
BALANCE AT END OF PERIOD		823,660	433,777	668	1,258,105
2013					
Balance at end of previous reporting period		824,132	439,592	–	1,263,724
a. Net Deficit for Year		(16,026)	–	–	(16,026)
b. Other comprehensive income					
» Defined Benefit Actuarial Gain	18	–	–	326	326
Other Comprehensive Income		–	–	326	326
Total Comprehensive Income		(16,026)	–	326	(15,700)
BALANCE AT END OF PERIOD		808,432	439,592	326	1,248,024

CASH FLOW STATEMENT

for the year ended 30 June 2014

		Consolidated 2014	Consolidated 2013
	Notes	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Operating Receipts		176,504	169,306
Investment Receipts	2	570	921
Payments			
Operating Payments to Suppliers and Employees		(137,036)	(116,629)
Finance Payments		(489)	(255)
Net Cash provided by (or used in) Operating Activities	11b	39,549	53,343
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Amounts Received Specifically for New/Upgraded Assets	2	559	2,253
Sale of Replaced Assets	4	0	547
Sale of Surplus Assets	4	2,968	2,200
Sale of Real Estate Developments		17,954	–
Payments			
Expenditure on Renewal/Replacement of Assets		(19,794)	(37,164)
Expenditure on New/Upgraded Assets		(46,160)	(23,813)
Development of Real Estate for Sale		(8,990)	–
Net Cash provided by (or used in) Investing Activities		(53,463)	(55,977)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from Borrowings		10,529	–
Proceeds from Bonds and Deposits		526	–
Payments			
Repayments of Borrowings		(521)	(3,687)
Net Cash provided by (or used in) Financing Activities		10,534	(3,687)
Net Increase (Decrease) in cash held		(3,380)	(6,321)
Cash and cash equivalents at beginning of period	11a	10,961	17,282
Cash and cash equivalents at end of period	11a	7,581	10,961

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 1 – 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 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 1.4 Rounding

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

2 The Local Government Reporting Entity

Adelaide City Council 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

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 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

5 Inventories

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

5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

5.2 Other Real Estate Held for Resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

6 Infrastructure, Property, Plant and Equipment

6.1 Initial Recognition

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

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current 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 the materiality threshold 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 and Equipment

Office Furniture and Equipment	3 to 10 years
Vehicles and Road-making Equip	2 to 8 years
Other Plant and Equipment	5 to 15 years

Building and Other Structures

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

Infrastructure

Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 80 years
Bridges – Concrete	80 to 100 years
Paving and Footpaths	15 to 60 years
Kerb and Gutter	80 to 100 years
Drains	100 years
Culverts	80 years
Flood Control Structures	80 to 100 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	25 to 75 years
Pumps and Telemetry	15 to 25 years
Traffic Signals	15 to 25 years
Lighting and Electricals	20 to 75 years
Bus Shelters	20 years
Parking Machines	10 years
Sports Fields	7 to 45 years
Trees	20 to 100 years
Green Assets	5 Years

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Other Assets	
Library Books	4 to 7 years
Artworks	indefinite

6.5 Impairment

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

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

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

6.6 Borrowing Costs

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

7 Investment Property

Investment property comprises 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 Income Statement 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 30/06/2014.

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 and 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, Retentions and 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 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 and 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 3.55% (2013, 3.11%)

Weighted avg. settlement period 5 years (2013, 5 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 Local 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% 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 Scheme

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 18.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)

11 Provisions

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.

11.2 Provision for Carbon Tax

Council operates a landfill whose receivables are deemed to exceed 25,000 tonnes of carbon dioxide equivalent (CO₂e) emissions annually. In assessing Council's future liability to "carbon tax" regard has been had to the quantity and types of refuse received, estimated future CO₂e type gas emissions, estimates of the likely timing of such emissions, the potential offsets by collection of emitted gases and other methods, and estimates of future CO₂e permit prices. The resulting estimated liability and timing of future payments has been converted to present value using government guaranteed securities rates with similar terms.

12 Construction Contracts

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

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

13 Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

14 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.

15 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods and 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 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)

16 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 2014.

Council has not adopted any of these standards early.

Council's assessment of the impact of these new standards and interpretations is set out below.

Applicable to Local Government with implications:

AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
(effective from 1 January 2017)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

Applicable to Local Government but no implications for Council;

AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets
(effective for 30 June 2015 Financial Statements)

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

Applicable to Local Government but not relevant to Council at this stage;

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
(effective for 30 June 2015 Financial Statements for not-for-profit entities)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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 2014

NOTE 2 – INCOME

	Consolidated 2014 \$'000	Consolidated 2013 \$'000
A) RATES REVENUES		
General Rates	91,109	87,894
Less: Mandatory Rebates	(3,861)	(3,905)
Less: Discretionary Rebates, Remissions and Write Offs	(353)	(322)
Total General Rates	86,895	83,667
Other Rates		
Natural Resource Management Levy	1,375	1,232
Rundle Mall Separate Levy	3,298	3,112
Total Other Rates	4,673	4,344
Other Charges		
Penalties for Late Payment	277	175
Legal and Other Costs Recovered	–	29
Total Other Charges	277	204
TOTAL RATES REVENUES	91,845	88,215
B) STATUTORY CHARGES		
Development Act Fees	1,123	1,144
Animal Registration Fees and Fines	21	21
Parking Fines / Expiation Fees	15,077	14,675
Encroachments Fees	268	308
Food Inspections Fees / Fines	55	33
Outdoor Dining Fees	419	322
Residential Parking Permits	39	32
Section 7 Searches	70	68
Temporary Parking Control Permits	237	143
Water Systems Fees	49	55
Other Fees, Fines, Penalties and Expiations	59	88
TOTAL STATUTORY CHARGES	17,417	16,889

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 2 – INCOME (CONT.)

	Consolidated 2014 \$'000	Consolidated 2013 \$'000
C) USER CHARGES		
Adelaide Aquatic Centre Charges	5,404	5,906
Adelaide Golf Links Charges	1,762	1,785
Adelaide Town Hall Charges	790	1,154
Bus Ticket Sales	–	83
Business Development	–	90
Compost Sales	549	440
Event Fees	480	400
Library Centre	24	79
Off-Street Parking	30,144	29,055
Parking Fees	10,558	10,009
Park Lands Events Fees	490	147
Property Recovery	2,042	2,181
Property Rental	7,763	7,972
Rundle Mall	406	311
Sundry	3	33
Waste Management Fees	210	471
TOTAL USER CHARGES	60,625	60,116
D) INVESTMENT INCOME		
Interest on investments		
Local Government Finance Authority	6	4
Banks and Other	388	744
Investment Property Rental Income	176	173
TOTAL INVESTMENT INCOME	570	921

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 2 – INCOME (CONT.)

	Consolidated 2014 \$'000	Consolidated 2013 \$'000
E) REIMBURSEMENTS		
Private Works	935	727
Other	174	232
Total Reimbursements	1,109	959
F) OTHER INCOME		
Sundry	383	766
Total Other Income	383	766
G) GRANTS, SUBSIDIES, CONTRIBUTIONS		
Amounts Received Specifically for New or Upgraded Assets	559	2,253
Other Grants, Subsidies and Contributions	3,998	4,425
Total Grants, Subsidies, Contributions	4,557	6,678
<i>The functions to which these grants relate are shown in Note 12.</i>		
i) Sources of grants		
Commonwealth Government	1,326	2,268
State Government	2,792	4,140
Other	439	270
Total	4,557	6,678

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 2 – INCOME (CONT.)

	Consolidated	Consolidated
	2014	2013
Notes	\$'000	\$'000
H) Conditions over grants and 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	80	393
Less: Expended during the current period from revenues recognised in previous reporting periods – Infrastructure		(569)
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions – Infrastructure	1	256
Unexpended at the close of this reporting period	81	80
Net increase (decrease) in assets subject to conditions in the current reporting period	1	(313)
i) PHYSICAL RESOURCES RECEIVED FREE OF CHARGE		
Roads, Bridges and Footpaths	13,259	–
TOTAL PHYSICAL RESOURCES RECEIVED	13,259	–

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 3 – EXPENSES

		Consolidated	Consolidated
		2014	2013
Notes		\$'000	\$'000
A) EMPLOYEE COSTS			
Salaries and Wages		60,903	57,552
Employee Leave Expense		2,394	2,271
Superannuation – Defined Contribution Plan Contributions	18	5,507	5,087
Superannuation – Defined Benefit Plan Contributions	18	180	(4)
Superannuation – Unfunded Superannuation Liability	18	(462)	495
Workers' Compensation Insurance		1,453	1,711
Income Protection Insurance		248	161
Less: Capitalised and Distributed Costs		(7,730)	(8,123)
Total Operating Employee Costs		62,493	59,150
Total Number of Employees			
Number of Employees (full time equivalent at end of reporting period)		657	659
Number of Employees (temporary full time equivalent at end of reporting period)		118	97
B) MATERIALS, CONTRACTS AND OTHER EXPENSES			
i) Prescribed Expenses			
Auditor's Remuneration			
Auditing the Financial Reports		43	41
Other Services		32	16
Bad and Doubtful Debts		97	13
Carbon Tax Expense		24	28
Elected Members' Expenses		386	337
ii) Operating Lease Rentals			
Minimum Lease Payments	17	5,630	5,779
Subtotal – Prescribed Expenses		6,212	6,214

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 3 – EXPENSES (CONT.)

	Consolidated	Consolidated
	2014	2013
	\$'000	\$'000
ii) Other materials, contracts and expenses		
Advertising and Promotion	2,876	2,886
Bank Charges and Cash Collection	967	883
Catering	401	467
Cleaning	2,123	1,917
Communications	532	650
Contractors	10,816	10,022
Contractual Expenses	142	1,430
Energy and Water	7,896	7,935
Entertainment – Council and Civic Events	59	55
External Plant Hire	897	1,271
Insurance	2,299	2,274
Investment Property Expenses	127	129
Legal Expenses	1,725	1,789
Levies Paid to Government – Including NRM Levy	1,655	1,522
Maintenance	4,857	4,423
Minor Plant and Equipment	406	489
Parts, Accessories and Consumables	4,977	5,279
Printing, Freight and Postage	559	642
Professional Services	5,141	6,105
Project Related Expenditure		
Drainage and Waterways	2	1,391
Initiation and Data Collection	651	685
IT Corporate System	499	982
Lighting and Electrical	(70)	88
Park Lands and Squares	2,859	10,085
Plant and Equipment	(133)	999
Property	1,916	5,776
Roads and Footpaths	54	3,156
Street Furniture	639	2,559
Rates and Taxes	617	703
Registrations	174	182
Searches	520	636
Security	1,595	1,591
Sponsorships, Contributions and Donations	4,305	5,743
Subscriptions	594	660
Training and Development	672	834
Waste Services	954	958
Other	143	81
Less: Capitalised and Distributed Costs	(301)	(382)
Subtotal – Other Material, Contracts and Expenses	64,145	86,895
Total Materials, Contracts and Other Expenses	70,357	93,109

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 3 – EXPENSES (CONT.)

	Consolidated 2014 \$'000	Consolidated 2013 \$'000
C) DEPRECIATION, AMORTISATION AND IMPAIRMENT		
(i) Depreciation and Amortisation		
Park Land Improvements	3,086	1,526
Buildings and Other Structures	8,952	8,451
Bridges	775	706
Footpaths	5,554	4,657
Kerb and Watertable	854	806
Public Lighting	2,898	2,770
Roads	2,482	2,195
Statues and Fountains	117	92
Stormwater and Drainage	1,151	1,084
Ticket Machines	257	263
Traffic Signals	1,604	1,246
Street Furniture	497	226
Library Books	371	1,164
Equipment, Furniture and Fittings	2,150	2,178
Plant and Equipment	1,390	1,490
Subtotal	32,138	28,854
ii) Impairment		
Impairment on Transfer to Assets Held for Sale	–	2,863
Sports Fields and Park Land Improvements	1,320	–
Lighting	169	–
Fountains and Statues	156	–
Subtotal	1,645	2,863
Total Depreciation, Amortisation and Impairment	33,783	31,717
D) FINANCE COSTS		
Interest on Loans	489	255
Total Finance Costs	489	255

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 4. ASSET DISPOSAL AND FAIR VALUE ADJUSTMENTS

	Consolidated 2014 \$'000	Consolidated 2013 \$'000
INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT		
<i>i) Assets Renewed or Directly Replaced</i>		
Proceeds from Disposal	–	547
Less: Carrying Amount of Assets Sold	(1,672)	(5,964)
Gain (Loss) on Disposal	(1,672)	(5,417)
<i>ii) Assets Surplus to Requirements</i>		
Proceeds from Disposal	2,968	2,200
Less: Carrying Amount of Assets Sold	(2,727)	(3,098)
Gain (Loss) on Disposal	241	(898)
<i>Real Estate Development Assets</i>		
Proceeds from Disposal	19,438	–
Less: Carrying Amount of Assets Sold	(24,753)	–
Gain (Loss) on Disposal	(5,315)	–
<i>Fair Value Adjustments</i>		
Investment Property Revaluation Decrements Expensed	(446)	–
Total Fair Value Adjustments	(446)	–
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	(7,192)	(6,315)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 5 – CURRENT ASSETS

	Consolidated 2014 \$'000	Consolidated 2013 \$'000
A) CASH AND EQUIVALENT ASSETS		
Cash on Hand at Bank	7,966	11,223
Deposits at Call	437	426
Total Cash and Cash Equivalents	8,403	11,649
B) TRADE AND OTHER RECEIVABLES		
Rates – General and Other	1,661	2,609
Accrued Revenues	793	814
Debtors – General	5,104	3,622
GST Recoupment	1,419	1,619
Prepayments	836	878
Subtotal	9,813	9,542
Less: Allowance for Doubtful Debts	(108)	(100)
Total Trade and Other Receivables	9,705	9,442
C) OTHER FINANCIAL ASSETS (INVESTMENTS)		
Ergo Apartments – Shared Equity Loans	190	–
Total Other Financial Assets (Investments)	190	–
<i>Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13.</i>		
D) INVENTORIES		
Stores and Materials	169	230
Trading Stock	206	205
Other	50	24
Total Inventories	425	459

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 6 – NON-CURRENT ASSETS

		Consolidated	Consolidated
		2014	2013
	Notes	\$'000	\$'000
A) FINANCIAL ASSETS			
Other Financial Assets (Investments)			
Ergo Apartments – Shared Equity Loans		1,294	–
Total Other Financial Assets (Investments)		1,294	–
Total Financial Assets		1,294	–
B) EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES			
Council Solutions Regional Authority	19	122	61
Waste Care SA	19	65	24
Total Equity Accounted Investments in Council Businesses		187	85

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 7 – INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

A)

Consolidated \$ '000	as at 30/6/2013				
	Fair Value Level	At Fair Value	At Cost	Accumulated Dep'n	Carrying Value
Non-Current Assets Held for Sale					
Buildings Held for Sale	2	1,148	–	–	1,148
Land Held for Sale	2	5,599	–	–	5,599
Capital Work in Progress		–	51,176	–	51,176
Land					
Land – Crown		–	388,400	–	388,400
Land – Other	2	135,225	–	–	135,225
Land – Other	3	4,290	–	–	4,290
Buildings					
Buildings	2	291,365	–	165,743	125,622
Buildings	3	144,914	–	9,149	135,765
Park Land Improvements	3	62,734	–	34,101	28,633
Infrastructure					
Bridges	3	50,991	–	25,489	25,502
Footpaths	3	111,554	–	40,026	71,528
Footpath Landscaping	3	–	–	–	–
Kerb and Watertable	3	29,792	–	4,453	25,339
Public Lighting	3	80,691	–	27,672	53,019
Roads	3	110,431	–	12,812	97,619
Statues and Fountains	3	11,371	–	711	10,660
Stormwater and Drainage	3	87,690	–	46,581	41,109
Ticket Machines	3	2,947	–	1,391	1,556
Traffic Signals	3	20,007	–	5,618	14,389
Street Furniture	3	22,183	–	1,198	20,985
Other					
Civic Collection		–	11,282	–	11,282
Equipment, Furniture and Fittings		–	26,956	19,684	7,272
Library Books		–	6,033	4,353	1,680
Plant and Equipment		–	15,975	7,427	8,548
Total Infrastructure, Property, Plant and Equipment		1,172,932	499,822	406,408	1,266,346
Comparatives		1,105,387	633,093	466,641	1,271,839
Note 7a (ii). Investment Property					
Buildings and Structures	2	4,542	–	1,475	3,067
Total Investment Property		4,542	–	1,475	3,067
Comparatives		4,542	–	1,383	3,159

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 7 – INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT (CONT.)

Asset Movements during the Reporting Period

Consolidated \$ '000	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Project Related Expenditure (Note 3b)	Impairment Loss (recognised in P/L) (Note 3c)"	Adjustments and Transfers	"Net Revaluation Increments/ Decrements to Equity (ARR) (Note 9)"
Non-Current Assets Held for Sale								
Buildings Held for Sale	–	–	(1,148)	–	–	–	–	–
Land Held for Sale	–	–	(7,883)	–	–	–	7,440	–
Capital Work in Progress	61,567	19,793	(18,275)	–	(6,420)	–	(80,506)	–
Land								
Land – Crown	–	–	–	–	–	–	–	–
Land – Other	–	–	–	–	–	–	(8,135)	(22,706)
Land – Other	–	–	–	–	–	–	–	–
Buildings								
Buildings	–	–	(1,362)	(5,378)	–	(35)	12,026	35,631
Buildings	–	–	–	(3,480)	–	(110)	5,545	(54,691)
Park Land Improvements	425	–	13	(3,086)	–	(1,320)	11,617	–
Infrastructure								
Bridges	3,173	–	–	(775)	–	–	–	–
Footpaths	1,789	–	(190)	(5,554)	–	–	15,083	(2,326)
Footpath Landscaping	–	–	–	–	–	–	2,831	–
Kerb and Watertable	418	–	(199)	(854)	–	–	280	20,076
Public Lighting	1,812	–	7	(2,898)	–	(169)	6,222	–
Roads	4,215	–	(47)	(2,482)	–	–	6,161	15,586
Statues and Fountains	–	–	(741)	(117)	–	(8)	3,336	–
Stormwater and Drainage	505	–	938	(1,151)	–	–	4,984	2,615
Ticket Machines	–	–	–	(257)	–	–	–	–
Traffic Signals	923	–	(48)	(1,604)	–	–	1,957	–
Street Furniture	–	–	1	(497)	–	–	6,721	–
Other								
Civic Collection	–	–	–	–	–	–	–	–
Equipment, Furniture and Fittings	–	–	(3)	(2,150)	–	–	3,205	–
Library Books	–	–	–	(371)	–	–	365	–
Plant and Equipment	–	–	(215)	(1,390)	–	–	868	–
Total Infrastructure, Property, Plant and Equipment	74,827	19,793	(29,152)	(32,044)	(6,420)	(1,642)	–	–
Comparatives	23,813	37,164	(9,062)	(28,764)	(25,783)	(2,863)	–	–

Note 7a (ii). Investment Property

Buildings and Structures								
Total Investment Property	–	–	–	(94)	–	–	–	–
Comparatives	–	–	–	(94)	–	–	–	–
	–	–	–	(92)	–	–	–	–

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 7 – INFRASTRUCTURE, PROPERTY,
PLANT AND EQUIPMENT (CONT.)

Consolidated \$ '000	as at 30/6/2014				
	Fair Value Level	At Fair Value	At Cost	Accumulated Dep'n	Carrying Value
Non-Current Assets Held for Sale					
Buildings Held for Sale	2	–	–	–	–
Land Held for Sale	2	5,156	–	–	5,156
Capital Work in Progress		–	27,336	–	27,336
Land					
Land – Crown		–	388,400	–	388,400
Land – Other	2	104,384	–	–	104,384
Land – Other	3	4,290	–	–	4,290
Buildings					
Buildings	2	286,035	–	119,532	166,503
Buildings	3	164,003	–	80,974	83,029
Park Land Improvements	3	73,045	–	36,763	36,282
Infrastructure					
Bridges	3	54,164	–	26,264	27,900
Footpaths	3	115,023	–	34,693	80,330
Footpath Landscaping	3	2,831	–	–	2,831
Kerb and Watertable	3	62,126	–	17,066	45,060
Public Lighting	3	88,318	–	30,325	57,993
Roads	3	215,469	–	94,417	121,052
Statues and Fountains	3	13,958	–	828	13,130
Stormwater and Drainage	3	104,358	–	55,358	49,000
Ticket Machines	3	2,947	–	1,648	1,299
Traffic Signals	3	22,813	–	7,196	15,617
Street Furniture	3	28,904	–	1,694	27,210
Other					
Civic Collection		–	11,282	–	11,282
Equipment, Furniture and Fittings		–	29,978	21,654	8,324
Library Books		–	6,398	4,724	1,674
Plant and Equipment		–	16,260	8,449	7,811
Total Infrastructure, Property, Plant and Equipment		1,347,824	479,654	541,585	1,285,893
Comparatives		1,097,038	663,103	493,796	1,266,345
Note 7a (ii). Investment Property					
Buildings and Structures	2	2,527	–	–	2,527
Total Investment Property		2,527	–	–	2,527
Comparatives		4,542	–	1,475	3,067

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 7 – INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT (CONT.)

B)

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, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- » The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- » The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 7 – INFRASTRUCTURE, PROPERTY,
PLANT AND EQUIPMENT (CONT.)

B)

Valuation of Assets (cont.)

Asset Type	Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity
Land – other	Market based, direct comparison approach	Extent and impact of restriction of use	Easements, converted roadways, limited development potential	An increase or decrease in the extent of restriction/s will result in a significantly higher or lower fair value.
Buildings	Depreciated current replacement cost	Cost per square metre	\$665 – \$4,217	An increase or decrease in the direct cost per square metre rate will result in a significantly higher or lower fair value.
		Useful life of building	13 – 245 years	An increase or decrease in the useful life of the asset will result in a significantly higher or lower fair value.
		Remaining useful life of building	0 – 98 years	An increase or decrease in the remaining life of the asset will result in a significantly higher or lower fair value. The relationships between the useful life and remaining useful life can result in a magnification or de-magnification of fair value.
Infrastructure	Depreciated current replacement cost	Unit cost rates	\$14 – \$4,144	An increase or decrease in the direct unit cost rate will result in a significantly higher or lower fair value.
		Useful life of infrastructure	5 – 100 years	An increase or decrease in the useful life of the asset will result in a significantly higher or lower fair value.
		Remaining useful life of infrastructure	1 – 120 years	An increase or decrease in the remaining life of the asset will result in a significantly higher or lower fair value.
				An increase or decrease in the remaining life of the asset will result in a significantly higher or lower fair value.
				The relationships between the useful life and remaining useful life can result in a magnification or de-magnification of fair value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 7 – INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT (CONT.)

B)

Valuation of Assets (cont.)

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 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, fair value is taken to be the current replacement cost.

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 written down replacement cost during the reporting period ended 30 June 2003.

Land

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.

Land assets were valued using the market approach during the reporting period ended 30 June 2014 by independent valuers.

Buildings

Building assets were valued using either the market or written down current replacement cost approach during the reporting period ended 30 June 2014 by independent valuers.

Infrastructure

Infrastructure assets including, roads, footpaths, stormwater drainage, kerb and water table were valued by Council officers at written down current replacement cost during the reporting period ended 30 June 2014. The remaining classes within infrastructure assets were valued by Council officers at written down current replacement cost during the reporting period ended 30 June 2007. For assets such as significant bridges where internal expertise is not available external valuers are utilised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 7 – INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT (CONT.)

B)

Valuation of Assets (cont.)

Investment Property

The basis of valuation of investment properties 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 17.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 8 – LIABILITIES

	Consolidated		Consolidated	
	2014		2013	
	\$'000		\$'000	
A) TRADE AND OTHER PAYABLES	Current	Non-current	Current	Non-current
Goods and Services	13,510	118	14,770	–
Payments Received in Advance	2,189	–	758	–
Accrued Expenses – Employee Entitlements	1,025	–	1,408	–
Accrued Expenses – Other	5,650	–	6,723	–
Deposits, Retentions and Bonds	526	–	–	–
Other	1,143	–	3,368	–
Total Trade and Other Payables	24,043	118	27,027	–

B) BORROWINGS

Bank overdraft	822	–	688	–
Loans	11,021	1,736	494	2,255
Total Borrowings	11,843	1,736	1,182	2,255

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

C) PROVISIONS

Employee Entitlements (including oncosts)	11,297	1,624	10,731	1,190
Employee Entitlements (unfunded superannuation liability)	7	(659)	7	146
Provision for Taxation – Carbon Tax	4	48	4	24
Other	458	–	458	–
Total Provisions	11,766	1,013	11,200	1,360

2014 (current and non-current)	Carbon Tax	Other Provision
Opening Balance	28	458
(Less) Payments	(4)	–
Add Remeasurement Adjustments	28	–
Closing Balance	52	458

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 9 – RESERVES

A) ASSET REVALUATION RESERVE	1/7/2013	Increments (Decrements)	Transfers	Impairments	30/6/2014
	\$'000	\$'000	\$'000	\$'000	\$'000
Land and Buildings	295,932	(41,766)	–	–	254,166
Infrastructure	142,657	35,951	–	–	178,608
Other	1,003	–	–	–	1,003
Total Asset Revaluation Reserve	439,592	(5,815)	–	–	433,777
Comparatives	439,592	–	–	–	439,592
B) OTHER RESERVES					
Defined Benefit – Unfunded Superannuation Liability	326	342	–	–	668
Total Other Reserves	326	342	–	–	668

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 and 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 2014

NOTE 10 – ASSETS SUBJECT TO RESTRICTIONS

	Consolidated	Consolidated
	2014	2013
Notes	\$'000	\$'000
CASH AND FINANCIAL ASSETS		
Unexpended Amounts Received from Federal Government		
Open space contributions	81	80
Other	360	360
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS	441	440

The following liabilities, included in Note 8, may be discharged from restricted assets in the first instance.

Trade and Other Payables	441	440
Total	441	440

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 11 – RECONCILIATION TO CASH FLOW STATEMENT

		Consolidated	Consolidated
		2014	2013
Notes		\$'000	\$'000
(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 and Equivalent Assets	5	8,403	11,649
Less: Short-Term Borrowings	8	(822)	(688)
Balances per Statement of Cash Flows		7,581	10,961

(b) Reconciliation of change in net assets to cash from operating activities

Net Surplus/(Deficit)		15,434	(16,026)
Non-Cash Items in Income Statements			
Depreciation, Amortisation and Impairment		33,783	31,717
Fair Value Adjustments for Investments Properties		446	–
Movements in Equity Accounted Investments		17	23
Non-Cash Asset Acquisitions		(13,259)	–
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(559)	(2,253)
Net Loss on Disposals		6,746	6,315
Project Related Expenditure		–	25,783
		42,608	45,559
Changes in net current assets			
Net Increase in Receivables		(279)	(2,064)
Net Decrease in Inventories		34	(89)
Net Decrease in Other Current Assets		359	326
Net Increase in Trade and Other Payables		(3,392)	9,381
Net Decrease in Unpaid Employee Benefits		1,000	–
Net Increase in Other Provisions		(781)	230
Net Cash provided by (or used in) operations		39,549	53,343

(c) Non-cash financing and investing activities

Acquisition of assets by means of:			
Physical Resources Received Free of Charge	2i	13,259	–
Amounts recognised in Income Statement		13,259	–
Total Non-Cash Financing and Investing Activities		13,259	–

(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
Asset Finance – Leasing		500	500
Short Term Draw Down Facilities		60,000	40,000

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 12 – FUNCTIONS

A)

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.
Details of these Functions/Activities are provided in Note 12(b).

Functions/ Activities	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT and NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL				
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
City of Great Places	2,390	1,772	37,957	39,346	(35,567)	(37,574)	382	103	–	–
Accessible City	50,770	50,836	12,342	17,766	38,428	33,070	–	420	143,634	124,481
Creative City	1,829	2,130	5,690	6,144	(3,861)	(4,014)	21	965	375,335	351,804
Liveable City	9,719	10,412	21,241	20,108	(11,522)	(9,696)	1,080	1,067	598,474	622,833
Prosperous City	3,759	3,529	6,024	6,491	(2,265)	(2,962)	152	47	130,554	130,857
Environmentally Sustainable City	81	15	5,291	1,425	(5,210)	(1,410)	81	115	–	–
Corporate	107,399	103,658	78,577	92,709	28,822	10,623	2,841	3,960	60,627	61,073
TOTALS	175,947	172,352	167,122	183,990	8,825	(11,964)	4,557	6,677	1,308,624	1,291,048

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

B) COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

CITY OF GREAT PLACES

City Design and Transport, City Planning and Public Realm

ACCESSIBLE CITY

City Parking and Business Services, Adelaide Park Lands Authority

CREATIVE CITY

Vibrant City

LIVEABLE CITY

City Community, Active City, City Safety and Customer Services

PROSPEROUS CITY

City Growth and Investment, Rundle Mall Management Authority

ENVIRONMENTALLY SUSTAINABLE CITY

City Sustainability and Park Lands

CORPORATE

Adelaide Central Market Authority, Office of the CEO, Media Relations, City and Corporate Governance, GM City Culture and Community Services, Marketing and Creative Services, Capital Works, GM City Infrastructure and Public Works, Infrastructure Management, Public Realm, City Design and Transport, City Planning and Development, City Sustainability and Park Lands, GM City Planning and Design, Rundle Mall Management Authority, Finance and Risk, GM Finance and Business Services and Property Development

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 13 – FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms and conditions: Deposits are at call and returning variable interest rates. Short-term deposits are invested in the LGFA or, in at call bank accounts depending on the interest rates at the time of investment.</p> <p>Carrying amount: Approximates fair value due to the short term to maturity.</p>
Receivables – Rates and Associated Charges (including legals and penalties for late payment) <small>Note: These receivables do not meet the definition of “financial instruments” and have been excluded from the following disclosures.</small>	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms and conditions: Secured over the subject land, arrears attract interest of 8% (2013: 8.25%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council’s boundaries in the State.</p> <p>Carrying amount: Approximates fair value (after deduction of any allowance).</p>
Receivables – Fees and Other Charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms and 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.</p> <p>Carrying amount: Approximates fair value (after deduction of any allowance).</p>
Receivables – Other Levels of Government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms and conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: Approximates fair value.</p>
Receivables – Shared Equity Contribution	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms and conditions: Calculated at fair value taking into consideration the fair value of the respective properties at balance date.</p> <p>Carrying amount: Approximates fair value.</p>
Liabilities – Creditors and Accruals	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms and conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: Approximates fair value.</p>
Liabilities – Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms and conditions: Secured over future revenues, loans may be either, repayable by equal six monthly instalments of principal and interest, or interest only. Loans are procured via a tender process and interest rates are secured at drawdown.</p> <p>Carrying amount: Approximates fair value.</p>
Liabilities – Finance Leases	<p>Accounting Policy: Accounted for in accordance with AASB 117.</p>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 13 – FINANCIAL INSTRUMENTS (CONT.)

	Due < 1 year \$'000	Due > 1 year ≤ 5 years \$'000	Due > 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Value \$'000
Consolidated 2014					
Financial Assets					
Cash and Equivalents	7,580	–	–	7,580	7,580
Receivables	8,869	–	–	8,869	8,869
Other Financial Assets	1,909	–	–	1,909	1,909
Total Financial Assets	18,358	–	–	18,358	18,358
Financial Liabilities					
Payables	21,972	–	–	21,972	21,972
Current Borrowings	11,134	–	–	11,134	11,021
Non-Current Borrowings	–	1,901	–	1,901	1,736
Total Financial Liabilities	33,106	1,901	–	35,007	34,729
Consolidated 2013					
Financial Assets					
Cash and Equivalents	11,223	–	–	11,223	11,223
Receivables	9,442	–	–	9,442	9,442
Other Financial Assets	459	–	–	459	459
Total Financial Assets	21,124	–	–	21,124	21,124
Financial Liabilities					
Payables	26,269	–	–	26,269	26,269
Current Borrowings	1,321	–	–	1,321	1,182
Non-Current Borrowings	–	2,534	–	2,534	2,255
Total Financial Liabilities	27,590	2,534	–	30,124	29,706

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 13 – FINANCIAL INSTRUMENTS (CONT.)

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

	30 June 2014		30 June 2013	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Overdraft	3.5	822	3.8	688
Other Variable Rates	3.5	11,021	–	–
Fixed Interest Rates	3.5	2,257	5.3	2,751
		14,100		3,439

Net Fair Value

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

Risk Exposures

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 14 – COMMITMENTS FOR EXPENDITURE

	Consolidated	Consolidated
	2014	2013
	\$'000	\$'000
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Drainage and Waterways	19	95
Initiation and Data Collection	80	282
IT Corporate System	15	25
Lighting and Electrical	16	68
Park Lands and Squares	10	298
Plant and Equipment	555	2
Property	1,546	3,104
Property Investments	925	9,987
Strategic Priorities	13,674	45,698
Streetscapes	198	676
Transportation	103	17
Urban Elements	177	–
	17,318	60,252
These expenditures are payable:		
Not later than one year	17,318	60,252

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 15 – FINANCIAL INDICATORS

Amounts	Indicator	Prior periods	
2014	2014	2013	2012

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	8,808	10%	(13%)	5%
Rates – general and other less NRM levy	90,470			

This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.

1a. Adjusted Operating Surplus Ratio

8,808	10%	(14%)	5%
90,470			

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	30,927	18%	13%	7%
Total Operating Revenue less NRM levy	174,633			

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 (excluding NRM levy).

3. Asset Sustainability Ratio

Net Asset Renewals	19,793			
Infrastructure and Asset Management Plan required expenditure	33,783	59%	115%	77%

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 2014

NOTE 16 – UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.

	Consolidated	Consolidated
	2014	2013
	\$'000	\$'000
Income	176,008	172,352
<i>less Expenses</i>	(167,200)	(184,316)
Operating Surplus / (Deficit)	8,808	(11,964)
<i>add Project Related Expenditure</i>	6,417	25,783
Funding Surplus before Capital Amounts	15,225	13,819
<i>less Net outlays on existing assets</i>		
Capital Expenditure on New and Upgraded Assets (including Investment Property and Real Estate Developments)	19,793	37,164
<i>less Amounts Received Specifically for New and Upgraded Assets</i>	(33,783)	(31,717)
<i>less Proceeds from Sale of Surplus Assets</i> (including Real Estate Developments)	–	(547)
Subtotal	(13,990)	4,900
<i>less Net outlays on new and upgraded assets</i>		
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	60,821	23,813
<i>less Amounts received specifically for New and Upgraded Assets</i>	(559)	(2,253)
<i>less Proceeds from sale of surplus assets</i> (including investment property and real estate developments)	(22,406)	(2,200)
Subtotal	37,856	19,360
Net lending / (borrowing) for financial year	(8,641)	(10,441)
Net Financial liabilities at beginning of year	(22,259)	(11,752)
<i>less / (add) net gain / loss joint ventures and associates</i>	(61)	23
<i>less / (add) decrease / increase in inventories</i>	34	(89)
Net financial liabilities at end of year	(30,927)	(22,259)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 17 – OPERATING LEASES

Leases providing revenue to the Council

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

i) Investment Property

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

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

	Consolidated	Consolidated
	2014	2013
	\$'000	\$'000
Not later than one year	2,727	4,918
Later than one year and not later than 5 years	5,028	9,586
Later than 5 years	27,286	30,219
	35,041	44,723

ii) Lease payment commitments of Council

These lease obligations are predominantly for the operating lease of buildings. Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.

Contingent rental payments exist in relation to the lease of one grader if utilisation exceeds 250 hours during any month. No contingent rentals were paid during the current or previous reporting periods.

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

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

No lease contains any escalation clause.

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

	Consolidated	Consolidated
	2014	2013
	\$'000	\$'000
Not later than one year	5,906	4,920
Later than one year and not later than 5 years	25,208	20,260
Later than 5 years	48,482	46,219
	79,596	71,399

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 18 – SUPERANNUATION

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 Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9.25% in 2013/14; 9% in 2012/13). 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) 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 Trustee based on advice from the appointed Actuary. This rate is currently 6.3% (6.3% in 2012/13) of 'superannuation' salary.

In addition, Council makes a separate contribution of 3% of salary for Salarylink members to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in 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 Fund'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 full actuarial investigation conducted by the Scheme's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2011. 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.

Corporation of the City of Adelaide Superannuation Plan (sub-plan)

The Scheme, closed to new members, supports Defined Benefit membership only. As at 30 June 2014 there were 7 active members.

Following an updated actuarial assessment, the asset recorded in the 2013/14 Financial Statements as per AASB119 requirements is \$659,000. The asset reflects the present value of future benefit payments expected to be made to the sub-plan's defined benefit members in respect of their membership as at 30 June 2014.

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 2014

NOTE 18 – SUPERANNUATION (CONT.)

Statewide Super – Corporation of the City of Adelaide Superannuation

Plan: AASB119 disclosures

	Year ending 30 June 2014	Year ending 30 June 2013
	\$'000s	\$'000s
Amount recognised in the balance sheet		
Defined Benefit Obligation	2,877	2,695
Fair Value (MV) of Assets	(3,437)	(2,819)
Funded Status	(560)	(124)
Unrecognised (Gain)/Loss	–	–
Net (Asset)/Liability	(560)	(124)
Contributions Tax Reserve	(99)	(22)
Net (Asset)/Liability Recognised in Balance Sheet (Grossed up for Contributions Tax)	(659)	(146)
Expense Recognised in the Income Statement for the year to 30 June 2014		
Current Service Cost	72	63
Member Contributions	(22)	(21)
Interest Cost	65	116
Expected (Return)/Loss on Assets	(128)	(177)
Actuarial (Gain)/Loss	(241)	393
Plan Expenses	15	16
Net Expense	(239)	390
Contributions Tax	(42)	69
Net Expense Recognised in the Income Statement (Grossed up for Contributions Tax)	71	87
Projected Expense to be Recognised in the Income Statement for the year to 30 June 2015		
Current Service Cost	66	71
Member Contributions	(19)	(19)
Net Interest on the Net Defined Benefit Liability/(Asset)	(18)	(2)
Plan Expenses	7	17
Net Expense	36	67
Contributions	6	12
Net Expense Recognised in the Income Statement (Grossed up for Contributions Tax)	42	79
Reconciliation of Defined Benefit Obligation		
Defined Benefit Obligation at Start of Year	2,695	2,567
Service Cost	82	86
Interest Cost	81	65
Actuarial (Gain)/Loss	19	(23)
Defined Benefit Obligation at End of Year	2,877	2,695
Reconciliation of Fair Value of Plan Assets		
Fair Value of Plan Assets as start of year	2,819	2,299
Employer Contributions	195	180
Member Contributions	26	22
(Plan Expenses)	(17)	(15)
Contribution Tax	(29)	(27)
Expected Return on Assets	83	56
Asset Gain/(Loss)	360	304
Fair Value of Plan Assets as End of Year	3,437	2,819

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 18 – SUPERANNUATION (CONT.)

Financial Assumption

Discount rate (gross) at 30 June 2014:	2.99% p.a. (3.11% at 30 June 2013)
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As the expected future term of the liabilities is 5 years, the discount rate is based on the 5 year Government Bond Rates as at 30 June 2014.

Average Salary Increases:	4% p.a.
----------------------------------	---------

Taken from the last actuarial investigation as at 30 June 2011.

Expenses:	0.06% of assets
------------------	-----------------

This is based on advice from Statewide Super in August 2013.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 19 – JOINT VENTURES AND ASSOCIATED ENTITIES

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

JOINT VENTURE ENTITIES

(a) Carrying Amounts

Name of entity	Principal Activity	2014	2013
Council Solutions Regional Authority	Promotion of procurement and service delivery	122	61
Waste Care SA	Operation of a Resource Recovery Waste Transfer Station (RRWTS)	67	25
Total Carrying Amounts – Joint Venture Entities		189	86

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 amongst the constituent councils.

Waste Care SA

Waste Care SA was established by a number of constituent councils comprising the Cities of Charles Sturt, Campbelltown, Adelaide, Prospect, Norwood Payneham and St Peters and the Town of Walkerville in conjunction with Waste Management Pacific (SA) Pty Ltd to operate a Resource Recovery Waste Transfer Station (RRWTS) on leased land at Wingfield.

(b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2014	2013	2014	2013	2014	2013
Council Solutions Regional Authority	17%	17%	17%	17%	17%	17%
Waste Care SA	24%	24%	24%	24%	17%	17%

(c) Movement in Carrying Amounts

	Council Solutions Regional Authority		Waste Care SA	
	2014	2013	2014	2013
Opening Balance	61	–	25	110
Share in Operating Result	61	35	(78)	(85)
Share in Other Comprehensive Income	–	–	120	–
New Capital Contributions	–	26	–	–
Council's Equity Share in the Joint Venture Entity	122	61	67	25

(d) Share of Joint Venture Entities Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities.

(e) Operating Expenditures Payable

Not later than one year	26	51
	26	51

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 20 – SUBSIDIARIES

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.

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.

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.

	Interest in Outputs	Interest in Ownership	Proportion of Voting Power
Council's respective interests are:			
Adelaide Central Market Authority (ACMA)	100%	100%	100%
Adelaide Park Lands Authority (APLA)	100%	100%	100%
Rundle Mall Management Authority (RMMA)	100%	100%	100%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 21 – CONTINGENCIES AND ASSETS AND LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

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

1. LAND UNDER ROADS

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

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. LEGAL 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.

4. LAND COMPULSORY ACQUISITION

The Corporation has received proceeds from Renewal SA (formerly Land Management Corporation) in relation to the compulsory acquisition of land at the Wingfield site. The Corporation is pursuing an increased settlement amount based on an appropriate fair value of its interests in the land.

NOTE 22 – CAPITAL CITY DEVELOPMENT AND ECONOMIC DEVELOPMENT

Expenditure of \$42.74m was incurred in relation to Council's commitments under the Capital City Development Program. This represents 22.4% of total expenditure for the year ended 30 June 2014.

In accordance with the requirements of the City of Adelaide Act 1998, expenditure of \$18.6m was incurred for works, services and activities that directly related to Council's economic development program. This represents 9.66% of the total expenditure for the year ended 30 June 2014.



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AUSTRALIA

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

We have audited the accompanying financial report of Adelaide City Council, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Chief Executive Officer and the Lord Mayor, for the consolidated entity comprising the Council and the entities it controlled at the year's end or from time to time during the financial year.

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.

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the consolidated entity as at 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards, the Local Government Act 1999, and the Local Government (Financial Management) Regulations 2011.

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

BDO Audit Partnership (SA)

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

G K Edwards
Partner

Adelaide, 24th October 2014



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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 City Council for the year ended 30 June 2014, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

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

G K Edwards
Partner

BDO Audit Partnership (SA)

Adelaide, 24 October 2014

BDO Audit Partnership (SA) ABN 21 903 784 597 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Partnership (SA) 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 (other than for the acts or omissions of financial services licensees).

Attachment B

Adelaide City Council
ABN 20 903 762 572
Customer Centre
25 Pirie Street, Adelaide
GPO Box 2252 Adelaide
South Australia 5001
Tel 08 8203 7203
Fax 08 8203 7575
city@adelaidecitycouncil.com

21 October 2014

Mr Geoff Edwards
 Partner
 BDO
 7/420 King William Street
 ADELAIDE SA 5000

This representation letter is provided in connection with your audit of the financial report of the Adelaide City Council for the year ended 30 June 2014 for the purpose of expressing an opinion as to whether the financial report is, in all material respects, presented fairly in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999*, *City of Adelaide Act 1998* and the *Local Government (Financial Management) Regulations 2011*.

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

Financial report

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, with regard to the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999*, *City of Adelaide Act 1998* and the *Local Government (Financial Management) Regulations 2011*
2. The selection and application of accounting policies is appropriate.
3. We acknowledge our responsibility for the design and implementation of internal controls to prevent and detect error. We have established and maintained adequate internal controls to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards.
6. All events subsequent to the date of the financial report and for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
7. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial report as a whole. A list of the uncorrected misstatements is attached to the representation letter.

Information provided

8. We have provided you with:
 - a) Access to all information of which we are aware, that is relevant to the preparation of the financial report such as records, documentation and other matters;
 - b) Additional information that you have requested from us for the purpose of the audit; and
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
9. Minutes of all Council meetings and other relevant committees held prior to the date of this letter have been included in the minute books and have been made available to you. All material agreements entered into and guarantees given by Adelaide City Council have been minuted or otherwise recorded.
10. All transactions have been recorded in the accounting records and are reflected in the financial report.
11. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
12. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
13. We have disclosed to you all information in relation to fraud, allegations of fraud or suspected fraud that we are aware of and that could have a material effect on the financial report.
14. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, analysts, regulators or others.
15. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report. We understand that the entity must be in compliance at all times with the following laws and regulations:
 - *Local Government Act 1999*
 - *City of Adelaide Act 1998*
 - *Local Government (Financial Management) Regulations 2011*
16. We have disclosed to you all communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.

Accounting standards

- The major accounting policies adopted are set out in the financial report. The accounting policies remained unchanged from the previous year.
17. The accounting policies comply with all the requirements of each applicable Australian equivalent to International Financial Reporting Standards as they relate to not-for-profit entities and each applicable approved interpretation.

Assets

18. We have considered the requirements of AASB 136 – Impairment of Assets when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.

19. We have considered the projects held the Capital WIP and considered that all of these assets will meet the recognition criteria of AASB 116 – Property, Plant and Equipment.
20. The entity has satisfactory title to all assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have abandoned or are otherwise unusable.
21. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

Liabilities and commitments

22. All liabilities at the reporting date have been included in the financial report, and have been correctly classified between non-current and current. Adequate provision has been made for liabilities that are known to exist but the amount of which cannot be accurately determined.
23. Adequate provision has been made for an onerous contracts, ie. where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.
24. At the date of the statement of financial position there were no commitments under contracts placed for capital expenditure or amounts of capital expenditure authorised by the directors which have not been contracted for, other than those provided for or noted in the financial report.
25. We confirm it is our view that the responsibility for any capping costs in relation to the Wingfield property have been effectively transferred to Adelaide Resource Recovery.

Contingent liabilities

26. At the date of the statement of financial position there were no material contingent or potential liabilities under claims or for any other matter, including liabilities in respect of guarantees, discounted bills of exchange, breach of software and other licensing agreements etc. other than those provided for or shown in the financial report.
27. Adelaide City Council has not entered into guarantees, warranties or other financial commitments relating to any associates, affiliates or any other body or person.
28. Adelaide City Council has complied with all aspects of contractual agreements that could have a material effect on the financial report in the event of non-compliance.
29. Adequate provision has been made where a material loss is expected to result from any litigation or claim against Adelaide City Council. All other material contingent liabilities at the balance sheet date, none of which are expected to result in a loss to the Adelaide City Council or in commitments which it cannot meet, have been disclosed in the financial report, including litigation and claims for which no provision is considered necessary.

Events after the reporting date

30. We have considered events arising since the reporting date. Nothing has occurred since the reporting date which necessitates revision of the figures included in the financial report or inclusion of a note thereto. Should any material events occur, which may necessitate revision of the figures included in the financial report or inclusion of a note thereto, we will advise you accordingly.
31. In addition no events (other than those disclosed) have occurred which, though properly excluded from the statement of financial position and statement of comprehensive income and related notes, are of such importance that they need to be disclosed to the shareholders.

Publication on web site

32. With respect to publication of the financial report on our website, we acknowledge that:

- we are responsible for the electronic presentation of the financial report;
- we still ensure that the electronic version of the audited financial report and the auditor's report on the web site will be identical to the final signed hard copy version;
- we will clearly differentiate between audited and unaudited information in the construction of the entity's web site as we understand the risk of potential misrepresentation;
- we have assessed the controls over the security and integrity of the data on the web site and that adequate procedures are in place to ensure the integrity of the information published; and
- we will not present the auditor's report on the full financial report with any document other than the full financial report.

Other

33. The disclosures of financial indicators per Note 15 have been prepared and presented in conformity with *Local Government (Financial Management) Regulations 2011*.

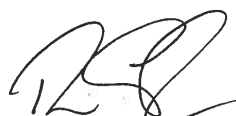
34. The disclosures of financial information per Note 20 have been prepared and presented in conformity with *City of Adelaide Act 1998*.

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

Managements reviewed the financial report, the contents of which have been approved by the appropriate officers of this Authority. Further, all material facts known to us which could affect the financial report have been made communicated to you.

There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.

Yours faithfully



Chief Executive Officer



General Manager Strategic Finance & Business Services

Adelaide City Council

General Purpose Financial Statements for the year ended 30 June 2014

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Adelaide City Council for the year ended 30 June 2014, 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*.



Peter Smith
CHIEF EXECUTIVE OFFICER

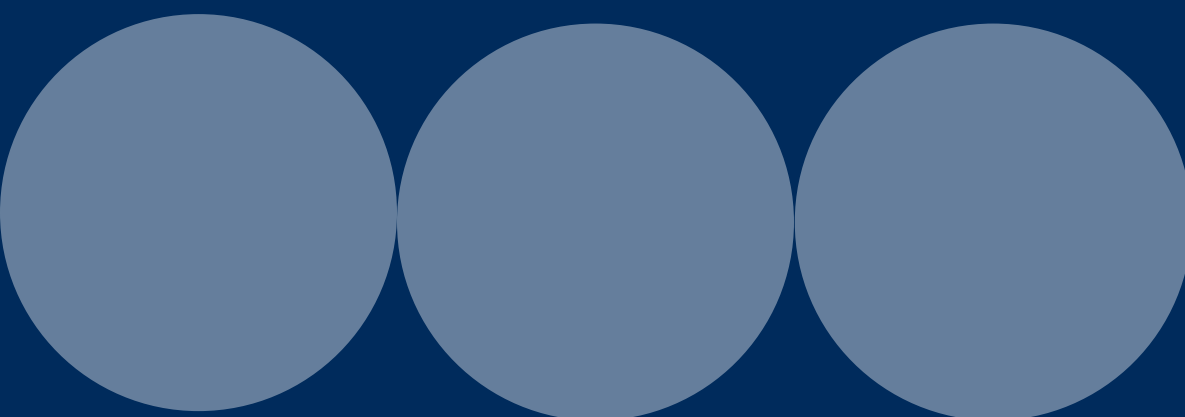


Ross Haslam
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 21st October 2014

ADELAIDE CENTRAL MARKET AUTHORITY

ANNUAL REPORT 2013–14



CEO'S REPORT

There was no Board in place from 17th March 2014 therefore this Report does not contain a report from the

The second half of 2013–14 was focused on operational business as usual. Gavin Webster was appointed as Acting CEO on the 23rd of January 2014 to manage the day to day running of the Market and also ensure that the Adelaide Central Market Authority (ACMA) team was fully supported through a difficult period. The appointment of the Acting CEO remained in place for the remainder of the financial year. ACMA was managed with the endorsed interim governance measures from May – Year end after the resignation of the Board on the 17th of March.

The Finance Report to year end (Table 1) shows an income result that is (\$149k) (14%) adverse to the net surplus budget; this is due to the income budget being (\$112k) (1.32%) below budget and an expenditure result that is (\$37k) (0.5%) adverse to budget. This is predominantly due to a lower than budget UPark income being (\$118k) (2.3%) and expenditure being overspent due to a reallocation of cost for items that were capitalised that should have been expensed with a value of (\$74k) and increased salary costs throughout the last 6 months during the period of interim governance. The year-end balance sheet shows an increase of \$880k for the year from \$1,008k to \$1,888k.

Throughout the second half of the year, actions were put in place in April to minimise the downturn in transactional and financial performance of the Market UPark however the end of year position was still unfavourable by (\$118k) versus budget as reported above.

The Annual Audit is planned for early September and if required a budget reconsideration will be submitted to adjust the assumed year-end balance position when the ACMA budget was endorsed in December.

At year end there were two empty stalls with both having signed commitments from new tenants with one that was in the process of being fitted out. Both stalls are targeted to be trading in the first quarter of the 2014–15 financial year.

The year-end progress against its Business Plan objectives is detailed in the Business Plan in the following pages. The Business Plan sets out four main strategies and these have driven the Market's activity. The draft 2014–2018 Market Strategy was presented to Council in May 2014 with it being endorsed as a draft with the expectation that the final version will be submitted for approval after the new Board has amended and altered as appropriate. All business plan objectives have been progressed with a number being carried into next year for completion.

The relationship between the ACMA and the traders has significantly improved over the second half of the year with a readily accepted and welcomed collaborative approach and joint accountability applied to the Trader's Advisory Group (TAG) meetings and associated decisions based on ACMA recommendations. Meetings are held with the TAG each month. The Market team engages with individual traders around development issues using the TAG group as a communication conduit. Visual merchandising and design support has been provided to a number of stalls to ensure they have a market

look and feel and to improve their revenue position by having visuals that connect to and support the demands of customers. Focus continues on positive engagement with all stakeholders and running successful marketing programs to drive towards improving the Market's retail outlook. Two new sub-committees have also been formed from the TAG group with a focus on marketing & advertising and Market infrastructure and core trading hours.

The appearance, look and feel of Market has noticeably changed – i.e. coordinated signage and marketing banners throughout, defined seasonal signage, black ceiling to lower customers eye lines, improved public seating, some upgraded lighting, regular trader and customer news, an active media and e-campaign. As we work closer with TAG and stall owners, this is anticipated to be reflected in the individual stall image and presentation. To improve the Market comfort in extreme low and high temperature periods air curtains have been installed on doors ways to minimise the impact on the internal temperature.

Trading hours are recognised by the ACMA and the traders as a priority to ensure that the customer experience and product / stall offering is consistent on all trading days. A sound base has been established and positive outcomes in trader processes, shopper experience and condition of the infrastructure have been observed. On the optional trading day there is a reduced offering and experience to customers who shop on that day. It is anticipated that a proposal to mitigate this issue will be finalised next year and be presented to the Traders for a ballot.

The ACMA team have remained focused on all day to day operational aspects of the Market and have worked to complete the requirements under the Business Plan and Budget. Through a difficult period for the ACMA team moral has remained positive and they are appreciative of the support provided by Adelaide City Council.

During June and July the Board selection panel chaired by Peter Smith started to recruitment process for the new Board Members which concluded successfully in July.

[Gavin Webster](#)

Chief Executive Officer

ACMA BUSINESS PLAN 2013–2014 SECOND QUARTER REPORT TO COUNCIL

The ACMA Business Plan 2013-2014 was reviewed by Adelaide City Council (ACC) as part of its process for approval of the ACMA Budget for 2013-2014. The ACMA Business Plan 2013-2014 has a series of milestones and performance indicators which were the subject of the First Quarterly Report to ACC. This is the report on second quarter progress against the business plan.

The ACMA Business Plan is structured around four strategies – Venue, Product, Engagement and Leadership.

Strategy One – VENUE

Uphold and develop the Adelaide Central Market as Australia's premier fresh food market by offering a rewarding and unique shopping experience, which is conducive to improving customer numbers and spending.

Objectives	Strategies/actions	Milestones and Performance Indicators	
1.1 Build upon the Market's authenticity and uniqueness and confirms its reputation as Australia's premier fresh food market	Develop a master plan which provides for: – » improved retail offering through Tenancy mix and product offering » best use of floor space » enhance customer's experience » Improve Market entrances and façade	» Finalisation of Master Plan December 2013 agreed by Board » Development of Mix Policy	» Master Plan. Policies and work on underpinning processes are being finalised » Draft Mix Policy presented to the Board. » To be redrafted by the new Board in 2014/15
1.2 Ensure authenticity and uniqueness of Market is maintained and enhanced.	Develop a 'user friendly' Style guide for Traders that instructive and informative about style and construction requirements.	» Style Guide finalised September 2014 agreed by Board » Trader's workshop held	» Design (Fit Out) Guide finalised and distributed. Corporate (Common Area) Design Guide adopted. » Workshop held November 2013
1.3 Market trading hours meets customers' needs while maintaining the uniqueness of the Market.	» Research and consult re trading hours and change of customer spending habits » Consult and work with Tag and Traders on trading hours for 2014/15	» Revised trading hours advised early 2014 to be implemented 2014/15	» Proposal developed in conjunction with TAG in June 2014. On hold pending report on days and Hours to the new Board in 14/15
1.4 Implement an effective marketing and promotional strategy using a variety of media to showcase the Market experience to customers.	Develop a comprehensive Marketing and Communications Plan which will: » Increase visitation to Market and spend » Build Market brand and product awareness » Include the events program for Market kitchen and demonstration kitchens. » Consider Market customer loyalty programs » Build a comprehensive data base of customers » Market the Car Park to increase usage 24/7	Plan completed by September 2013 and to include: » Increase weekly shopping frequency to 70% (^ from 63%) » Benchmarking visitor numbers » Increasing average household spend to 45% (^ from 40%) » Establish customer surveys » Develop benchmark usage indicator	» Draft Marketing Strategy and Plan approved in Q2. To be re-visited in 2014/15 » Surveys completed include – car park survey, exit survey (including spend and weight), traders confidence survey, pricing survey and mystery shopper survey of traders.

1.5 Improve customer accessibility to and within the Market.	<ul style="list-style-type: none"> » Progress Car Park automation » Review Car Park pricing and accessibility » Review Market drop off and collection points. » Research customer barriers to shopping and develop actions to remedy » Review needs of people accessing Market other than by car 	<ul style="list-style-type: none"> » Staffed booths reduced to 1 in 2013 » Fully automated by 2014/15 » Completed mid 2014 » Research completed early 2014, and action plan » Bike racks as required etc installed 	<ul style="list-style-type: none"> » Proposal for automation of the UPark agreed with ACC for implementation in 14/15 » Car park access at the traffic junction on Gouger has undergone a rephrase to improve vehicle entry and exit performance » Bike rack installed in Grote, relocation inside car park; racks in Grote Street design, under discussion with ACC
1.6 Provide an excellent facility that is safe for all users, clean, well lit and inviting.	<ul style="list-style-type: none"> » Implement and monitor policies and procedures in all areas of safety. » Review and monitor contractors providing key services » Master Plan to address physical improvements 	<ul style="list-style-type: none"> » Agree with Traders WHS measures for 2013/14 » Increased customer satisfaction – Survey 	<ul style="list-style-type: none"> » Agreed with TAG, cleaning improved, entrances clear, physical improvements identified and discussed with TAG. » WHS Policy and compliance check to be undertaken in second half of 2013/14
1.7 Provide an informative, engaging information service for visitors to the Market.	<ul style="list-style-type: none"> » Review purpose and utilisation of visitor information booth with stakeholders. 	<ul style="list-style-type: none"> » Review completed by May 2014 » Agreement reached with stakeholders on implementation by June 2014 	<ul style="list-style-type: none"> » Discussion with ACC staff and proposal for relocation to be consolidated with the ACC and SATC Visitor Information Centre. » Agreed relocation at end of the Q2 of 2014/15

Strategy Two – PRODUCT

Deliver a high quality, diverse and unique fresh food offering through a knowledgeable, innovative and dynamic range of Traders.

Objectives	Strategies/actions	Milestones and Performance Indicators	
2.1 Ensure that the Market offers a product range of high quality fresh fruit, vegetables, smallgoods, seafood, bakery, meat and dairy products that optimise the authenticity and uniqueness of the Market experience.	<ul style="list-style-type: none"> » Research relevant food/ product and food lifestyle experiences. » Determine most effective communication method agreed and frequency with Traders. » Implement Master Plan (see Goal 1) 	<ul style="list-style-type: none"> » Research commencing July 2013 and ongoing » Agreed communication strategy commenced August 2013 	<ul style="list-style-type: none"> » Draft Marketing Strategy and Plan place food at centre. Regular public relations placements in print media. » Strategy embedded in Marketing Plan.
2.2 Ensure the Market Café experience aligns with Market objectives and complements the Market experience.	<ul style="list-style-type: none"> » Review of current offerings and identify gaps » Incorporate strategies into the Mix Policy » Work with current cafes to provide customer feedback, food trends, opportunities etc 	<ul style="list-style-type: none"> » Gaps identified by December 2013 » Working group of Café Traders established by August 2013 » Customer feedback sought and incorporated into planning process 	<ul style="list-style-type: none"> » Mix Policy identifies gaps, discussions with prospective traders re tenancies reflect changes, food trends monitored. » Close consultation with café traders – reservations about need for a working group. » Completed as per survey.
2.3 Develop a Marketing strategy to raise product awareness	<ul style="list-style-type: none"> » Include product information to disseminate information through a range of communication channels including social media and other media » Use the Market's demonstration kitchen facilities strategically and linked to Market programs, e.g. seasonal product initiatives » Develop a rolling 12 month Marketing calendar to promote the Market (see strategy 3.2) » Measure and benchmark customer perceptions » Leverage and develop strong relationships with media 	<ul style="list-style-type: none"> » Marketing strategy drafted by July 2013 » Kitchen facilities linked to programs from July 2013 and ongoing » Annual calendar developed by December 2013 » Customer perceptions benchmarked by July 2014 	<ul style="list-style-type: none"> » Marketing Strategy returns products, producers and stalls to core; photographer assembling 'stories', visual merchandisers addressing product labels, Design Guide addresses labels. To be re-visited when the Market Strategy is finalised in 14/15 » Calendar developed and subject to update.

2.4 Increase the number of Traders who excel in customer needs, knowledge of their product and are passionate.	<ul style="list-style-type: none"> » Identify training needs in consultation with Market Trader's » Encourage and assist Traders to provide customer focussed, knowledgeable and committed staff » Introduce Trader's and staff awards in partnership with TAG to recognise and celebrate excellence 	<ul style="list-style-type: none"> » Interactive training implemented by March 2014 » Attendance numbers exceed 60% of places provided » Award program announced to commence in 2014 	<ul style="list-style-type: none"> » Training program elements identified for December quarter – visual merchandising, local economy and digital media. Visual merchandising support » Further core customer service training being sought and will be rolled out in Q2 of 14/15
2.5 Increase and add to the Market experience through activation and diversity of offerings.	<ul style="list-style-type: none"> » Introduction of Pop Up stalls » Improve and increase activity of kitchens » Identify producers, makers of food product and wine suppliers that 'fit' the Market brand 	<ul style="list-style-type: none"> » Guidelines for use of and designs completed for roll out 2014 » Kitchen utilised more than 50% of availability » Partnerships/offerings increased by 10% first year 	<ul style="list-style-type: none"> » Activation Plan in evidence – includes non-retail activities like Jungle, OzHarvest, tours. » Partnership redeveloped with Rawson's Electrical Appliances.

Strategy Three – ENGAGEMENT

Build on the Adelaide Central Market's already strong community awareness by providing new opportunities to enhance its standing as a vital shopping, tourism and entertainment precinct within the City of Adelaide.

Objectives	Strategies/actions	Milestones and Performance Indicators	
3.1 Customer access supported through signage, enhanced entrances and branding.	<ul style="list-style-type: none"> » Develop a way finding plan aligned with the Market brand that maps all entry points and how to navigate Market stalls » Develop actions that align entrances and facades of Grote and Gouger Street with Market and its goal 	<ul style="list-style-type: none"> » New Signage erected by December 2013 » Customer feedback incorporated into decisions » Action Plan developed by Nov 2013 » Implementation strategy/timeframe agreed 	<ul style="list-style-type: none"> » Entrances cleared, signage simplified (removed), new signs designed. Banners introduced » Shopper survey completed. » Part of Marketing Plan, Mix Policy and Activation Plan. » As per Marketing Plan
3.2 An annual calendar of food and entertainment events and activities that adds to the experience that retains and attracts customers.	<ul style="list-style-type: none"> » Develop an annual food and events program with Traders, food industry, precinct etc. 	<ul style="list-style-type: none"> » Program developed by August 2013 » Stakeholder feedback measured and actioned commencing 2014 	<ul style="list-style-type: none"> » Food and events program is part of Marketing Calendar. Example, Market Week events
3.3 ACM is recognised by the local precinct and neighbours for its leadership in programs that draw people to the city area.	<ul style="list-style-type: none"> » Establish relationships and collaborations with precinct and Traders Groups » Establish a Market events and program calendar in collaboration with precinct and Traders 	<ul style="list-style-type: none"> » Collaborative precinct events initiated by December 2013 for ongoing consultation » Increased industry partnerships 	<ul style="list-style-type: none"> » Deferred to 14/15
3.4 Identify and engage with ACC and State Government on initiatives that contribute to ACM.	<ul style="list-style-type: none"> » Identify partners. Consult and engage. » Implement programs that leverage from partnerships » Position the Market as a significant partner of Tasting Australia » Identify opportunities and partnerships with » Launch of Vic Square development and activity. 	<ul style="list-style-type: none"> » Regular meetings established with Precincts » 50% increase in partnered activity with precincts » Joint activity with ACC (Splash etc.) and SATC, Vibrant City, etc » Market activity aligned to Vic Square opening and programs 	<ul style="list-style-type: none"> » Precinct meetings (Gouger and Grote Traders, Plaza traders/owners, Chinatown). » Partnering with Grote/Gouger Trader Associations and Chinatown – formation of Market Quarter Committee. » Vic Square future programing and activation plans to be discussed with ACC

Strategy Four – LEADERSHIP

Ensure that through the strong and robust leadership of the Adelaide Central Market Authority that all of the Market's operations are professionally and effectively managed.

Objectives	Strategies/actions	Milestones and Performance Indicators	
4.1 Ensure the financial sustainability of the Market and car park through the provision of a professional and commercial environment.	<ul style="list-style-type: none"> » Review current leases and develop new master lease » Negotiate all new Market Leases with an increase of at least the CPI » Review car park fees to meet needs of Market while ensuring positive budget result » Establish accountable business practices 	<ul style="list-style-type: none"> » Completed by May 2014 » New master lease agreed by Board April 2014 » Budget income achieved » Zero non-compliance in audits 	<ul style="list-style-type: none"> » Revaluation complete. Master lease under discussion with lawyers and Board. » To be re-visited in 14/15
4.2 Ensure continued compliance to public health and safety regulations.	<ul style="list-style-type: none"> » Conduct regular audits to ensure trader compliance to Food Act and Workplace Health and Safety legislation » Implement policies and procedures » Ensure health and safety complaints and incidents are responded to promptly » Develop Asset Man't Plan to maintain public facilities 	<ul style="list-style-type: none"> » 100% trader compliance with Food Act » Policies/procedures implemented FY 2013/14 » Complaints and incidents reduced » Plan implemented FY 2013/14 	<ul style="list-style-type: none"> » Engagement with ACC Env Health staff; distribution of Env Health guidelines. » Live HandS Policy is ACC's » Plan to be developed in early 14/15 to ensure Market and Traders are HandS compliant
4.3 Capital Enhancement and Renewal Program to manage and maintain facility.	<ul style="list-style-type: none"> » Develop a multi-year works program for high priority projects. » Produce quarterly performance reports 	<ul style="list-style-type: none"> » Plan developed in FY 2013/14 » Provision of quarterly reports 	<ul style="list-style-type: none"> » Capital works program for 2013/14 significantly reduced. Spend reduced by circa \$390k on original plan. » Large infrastructure items deferred until the Vitoria Arcade plans are understood
4.4 Ensure sustainable waste management.	<ul style="list-style-type: none"> » Review current process and actions identified with Traders in line with the ACC Sustainable City Program. » Establish waste reduction measurements 	<ul style="list-style-type: none"> » Plan established FY 2013/14 » Waste reduced in line with ACC goals 	<ul style="list-style-type: none"> » Cleaning contract tendered and awarded with effect from December 2013. Waste streams and processing under review – including redesign of waste room

4.5 Reduce energy and water use in the Market and car park, embracing best practice in sustainability	<ul style="list-style-type: none"> » Develop an energy and water efficient plan in consultation with ACC Sustainable City Program 	<ul style="list-style-type: none"> » Plan established in FY 2013/14 » Energy and water consumption reduced as per ACC goals 	<ul style="list-style-type: none"> » Work commenced on relocating compressors to roof. Design for doors to reduce energy use. » All new store and Market lighting to be reviewed with the intent for all to be converted to LED over time. » Review of increased solar panels on rooftop highlighted as a potential energy generation initiative
4.6 Ensure that all communication with Traders employs genuine consultation and contributes to a strong working relationship.	<ul style="list-style-type: none"> » Support and work collaboratively with the Trader's Advisory Group to develop good communication practices through regular TAG meetings » Agree communication method with traders » Establish professional governance and communications practices with clear policies and authorities 	<ul style="list-style-type: none"> » No less than 6 meetings per annum with greater than 70% attendance » Response from Trader's survey » Annual staff performance reviews 	<ul style="list-style-type: none"> » Monthly meetings, well attended, document sharing, agendas, minutes. » Trader news distributed in hard copy as well as soft; every two weeks min. » 2 sub committees created to look at infrastructure and trading times and marketing and Advertising.
4.7 Undertake research that informs ACMA, Traders and stakeholders in all areas that can improve customers' experience and trader's ability to provide excellent experience.	<ul style="list-style-type: none"> » Identify research priorities and timeframe. » Undertake research to improve customers' experience » Inform Traders and stakeholders of relevant research outcomes » Implement action from research 	<ul style="list-style-type: none"> » Research completed early 2014 » Actions identified and action plan commenced 	<ul style="list-style-type: none"> » Survey's completed in December. » Further surveys and customer trend analysis to be completed in 14/15

Adelaide Central Market Authority
General Purpose Financial Reports
for the year ended 30 June 2014
Certification of Financial Statements

We have been authorised by the Authority to certify the financial statements in their final form. In our opinion:

the accompanying financial statements comply with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards.

the financial statements present a true and fair view of the Authority's financial position at 30 June 2014 and the results of its operations and cash flows for the financial year.

internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.

the financial statements accurately reflect the Authority's accounting and other records.



Gavin Webster
Chief Executive Officer
ADELAIDE CENTRAL MARKET AUTHORITY



Peter Smith
Chief Executive Officer
ADELAIDE CITY COUNCIL
(Interim Governance Model)

3rd November, 2014
Dated

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2014

	Note	2013-14 \$000's	2012-13 \$000's
Income			
Commercial Activities	2	8,834	6,485
Investment Income		88	32
Total Income		8,922	6,517
Expenditure			
Materials, Contracts, Depreciation and Other Services	3	7,996	5,509
Total Expenditure		7,996	5,509
Net Surplus (Deficit) – Transferred to Equity Statement		926	1,009
Other Comprehensive Income		–	–
Total Comprehensive Income		926	1,009

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

Balance Sheet

	Note	2013-14 \$000's	2012-13 \$000's
Current Assets			
» Cash and Cash Equivalents	4	1,670	982
» Trade and Other Receivables	4	164	372
Total Current Assets		1,834	1,354
Non-Current Assets			
» Plant, Furniture and Equipment	5	224	56
» Accumulated Depreciation Plant, Furniture and Equipment		(25)	(2)
» Lease Holder Improvements		101	–
» Accumulated Depreciation Lease Holder Improvements		(3)	–
Total Non-Current Assets		297	54
Total Assets		2,131	1,409
Liabilities			
Trade and Other Payables	6	297	400
Total Liabilities		2,131	400
Net Assets		1,935	1,009
Current Year Surplus		926	1,009
Accumulated Surplus		1,009	–
Total Equity		1,935	1,009

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

	Total Equity 30 June 14 \$000's	Total Equity 30 June 13 \$000's
2013		
Balance at end of previous reporting period	1,009	–
Net Surplus for Year	926	1,009
Balance at end of period	1,935	1,009

CASH FLOW STATEMENT

for the year ended 30 June 2014

	Note	2014–13 \$000's	2012–13 \$000's
Cash Flows from Operating Activities			
Operating Receipts		9,054	6,242
Interest Income		88	
Operating Payments to Suppliers and Contractors		(8,186)	(5,457)
Net Cash Provided by (or used in) Operating Activities	7	956	785
Cash Flows from Investing and Financing Activities			
Expenditure on Renewal/Replacement of Assets		(268)	(56)
Net Cash provided by (or used in) Financing Activities		–	253
Net Increase (Decrease)		688	982
Cash and Cash Equivalents at Beginning of Period		982	–
Cash and Cash Equivalents at end of Period		1,670	982

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below

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

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

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

2 The Local Government Reporting Entity

The Adelaide Central Market Authority is incorporated under the SA 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 Plant, Furniture and Equipment

5.1 Initial Recognition

All assets are initially recognised at cost.

All non-current assets purchased 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

5.2 Materiality

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 infrastructure and plant and equipment are capitalised.

5.3 Depreciation of Non-Current Assets

Plant, Furniture 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.

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

Plant, Furniture and Equipment

Office Furniture and Equipment	3 to 4 years
Other Plant and Equipment	5 to 15 years
Benches, Seats, etc	10 to 20 years

5.4 Impairment

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

6 Payables

6.1 Goods and 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 from date of invoice. No interest is payable on these amounts.

6.2 Payments Received in Advance, Deposits, Retentions and Bonds

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.

7 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.

Lease income from operating leases is recognised in the Income Statement on a straight-line basis over the lease term.

The authority has not entered into and does not hold any finance leases.

8 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods and 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 2014

NOTE 2 – INCOME

	2013–14	2012–13
	\$000's	\$000's
Income		
Car Park User Charges	5,097	3,667
Lease Holder Income	3,054	2,256
Recoverable Charges	648	546
Commercial Contributions	34	16
Total	8,834	6,485

NOTE 3 – EXPENDITURE

	2013–14	2012–13
	\$000's	\$000's
Materials, Contracts and Other Services		
Prescribed Expenses		
Auditor's Remuneration	4	3
Board Fees	53	64
Operating Leases	2,739	2,279
Subtotal – Prescribed Expenses	2,795	2,346
Other Materials, Contracts and Other Services		
Employee Costs	690	–
Contractors	1,857	1,508
Cleaning	771	511
Energy	595	482
Security	260	199
Council Rates	176	156
Waste Removal	160	109
Materials	37	110
Other	655	88
Subtotal – Other Materials, Contracts and Other Services	5,201	3,163
Total	7,996	5,509

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 4 – CURRENT ASSETS

	2013–14	2012–13
	\$000's	\$000's
Cash and Cash Equivalents		
Cash on Hand and at Bank	1,670	982
Total	1,670	982
Trade and Other Receivables		
Accrued Revenue	83	146
Debtors	1	108
Prepaid Expenses	27	78
Net GST Receivable	53	40
Total	164	372

NOTE 5 – NON CURRENT ASSETS

	2013–14	2012–13
	\$000's	\$000's
Non Current Assets		
Plant Furniture and Equipment	224	56
Accumulated Depreciation on Plant, Furniture and Equipment	(25)	(2)
Lease Holder Improvements	101	–
Accumulated Depreciation on Lease Holder Improvements	(3)	–
Total	297	54

NOTE 6 – CURRENT LIABILITIES

	2013–14	2012–13
	\$000's	\$000's
Trade and Other Payables		
Accrued Expenses	51	128
Inter-Entity Loan Account	106	221
Revenue Received in Advance	–	47
Other Current Liabilities	39	4
Total	196	400

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 7 – RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET SURPLUS RESULTING FROM OPERATIONS

	2013–14	2012–13
	\$000's	\$000's
Net Surplus (Deficit) Resulting from Operations		1,008
Net Surplus (Deficit) Resulting from Operations	926	1,009
(Increase)/Decrease in Debtors	207	(108)
Change in Operating Assets and Liabilities	(191)	(45)
Increase/(Decrease) in GST Receivable	13	(40)
Investment Income	–	(32)
Depreciation Charge	–	2
Depreciation Charge	956	2

NOTE 8 – LEASING COMMITMENTS**Leases providing revenue to the Authority**

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

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

	2013–14	2012–13
	\$000's	\$000's
Not later than one year	1,984	2,681
Later than one year and not later than 5 years	2,328	3,633
Later than 5 years	–	59
	4,312	6,373

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 2013/14 in accordance with the above mentioned 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:

	2013–14	2012–13
	\$000's	\$000's
Not later than one year	864	843
Later than one year and not later than 5 years	1,806	2,684
Later than 5 years	–	–
	2,670	3,527

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 9 – FINANCIAL INSTRUMENTS

	Weighted Average Interest Rate	Fair Value of variable interest rate instruments	Fair Value of non-interest bearing instruments
Financial Assets			
Cash	3.25%	1,670	–
Receivables	0.0%	–	27
Total Financial Assets		1,670	27

(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 outlined above.

(b) Credit Risk

Credit risk represents the loss that would be recognised if other entities failed to perform as contracted. The Authority's maximum exposure to credit risk in the majority relates to lease arrangements with third parties and is in part secured by bank and directors' guarantees.

(c) Net Fair Value

The net fair value of a financial instrument is defined as its value net of costs to settle the asset or liability. The financial assets 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 the financial instruments held by the Authority, the costs associated with their settlement would not be material, and hence, have not been considered.



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

We have audited the accompanying financial report of Adelaide Central Market Authority, which comprises the balance sheet as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Chief Executive Officers of Adelaide Central Market Authority and Adelaide City Council.

Management's Responsibility for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Finance Management) Regulations 2011*, and for such internal controls as management 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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.

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 77 050 110 275, 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.



Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Adelaide Central Market Authority as at 30 June 2014, and its financial performance and cash flows for the period then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Finance Management) Regulations 2011*.

A handwritten signature in blue ink, appearing to read 'BDO', is written above the printed name of the firm.

BDO Audit (SA) Pty Ltd

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

G K Edwards
Director

Adelaide, 6th November 2014



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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 2014, 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.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'G K Edwards', is written over a faint, light blue circular stamp.

G K Edwards
Director

Adelaide, 6th November 2014

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Adelaide Central Market Authority

General Purpose Financial Reports for the year ended 30 June 2014

Certification of Audit 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 2014, 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.



Gavin Webster
Chief Executive Officer
ADELAIDE CENTRAL MARKET AUTHORITY



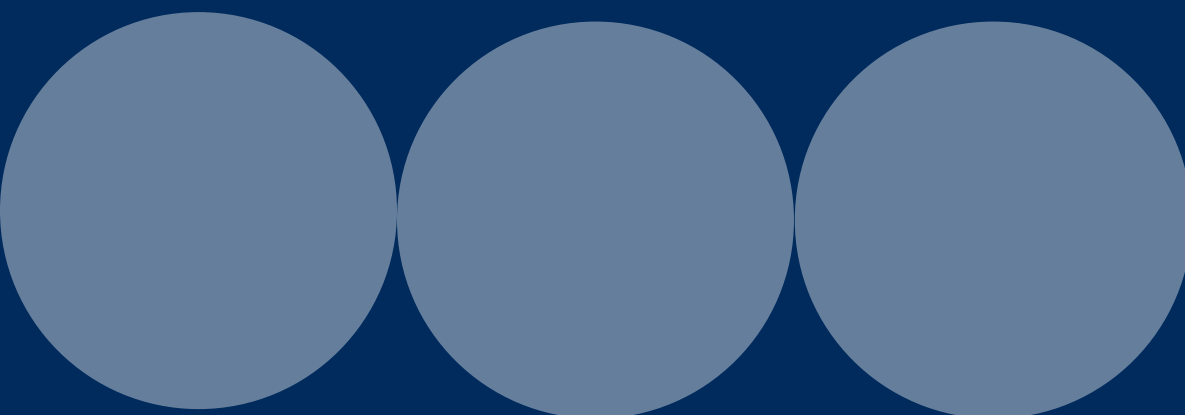
Karen Rodda
Management Accountant
ADELAIDE CENTRAL MARKET AUTHORITY



Dated

ADELAIDE PARK LANDS AUTHORITY

ANNUAL REPORT 2013–14



Principal policy advisor for the protection and enhancement of the Adelaide Park Lands –
for the benefit of all South Australians

A statutory body established by the Adelaide Park Lands Act 2005, as a subsidiary of Adelaide City Council



Artwork by C J Taylor, winner of the Adelaide Park Lands Art Prize, an initiative of the Adelaide Parklands Preservation Association, supported by the Adelaide Park Lands Authority and Adelaide City Council

At 930 ha, the Adelaide Park Lands are by far the largest Urban Park system in Australia – followed by Kings Park in Perth at 400 ha and then Albert Park in Melbourne at 225 ha.

INTRODUCTION

The Adelaide Park Lands Authority was established by the Adelaide Park Lands Act 2005 as a subsidiary of the Adelaide City Council under Chapter 4 Part 1 Division 3 of 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 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 Council, on behalf of the communities of the City of Adelaide and the State, is committed to ensuring that the Authority delivers maximum benefit for the future of Adelaide's Park Lands as the City of Adelaide's defining feature.

Within the Governance and Planning Framework, shown in Figure 1, the Authority was established to undertake the following Functions, as set out at section 9 of the Adelaide Park Lands Act 2005:

- » to undertake a key policy role with respect to the management and protection of the Adelaide Park Lands;
- » 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;
- » 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;

- » 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;
- » 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;
- » to promote public awareness of the importance of the Adelaide Park Lands and the need to ensure that they are managed and used responsibly;

- » 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;
- » to administer the Adelaide Park Lands Fund; and
- » 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.

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

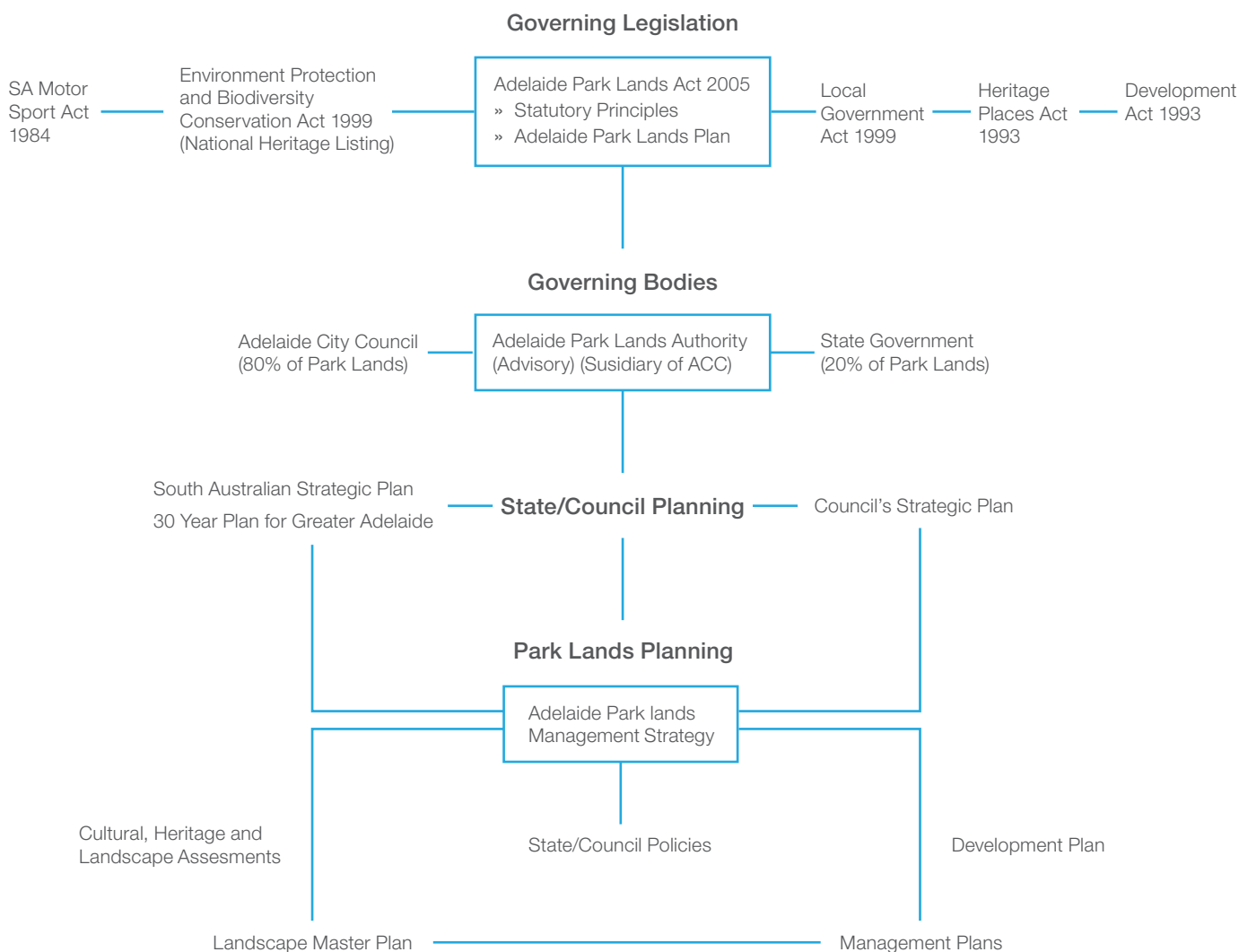
This document reports on the work undertaken by the Authority during its sixth financial year from 1 July 2013 through to 30 June 2014.

Estimated Visits to the Adelaide Park Lands (2012/13)

Category	Estimated Visits	Percentage of Total Visits
Informal Uses	1,870,000	21%
Organised Sport and School Use	1,752,000	20%
Events	1,683,000	19%
Adelaide Botanic Garden and Park and West Terrace Cemetery	1,325,000	15%
Adelaide Aquatic Centre and North Adelaide Golf Links	784,000	9%
Squares	654,000	7%
Adelaide Oval (2010/11 numbers due to current redevelopment)	423,000	5%
Adelaide Zoo	272,000	3%
Other – Commercial	110,000	1%
Total	8,872,000	100%

Adelaide parklands Visitor Study 2014

Figure 1: Governance and Planning Framework for the Adelaide Park Lands



STATUTORY REQUIREMENTS FOR ANNUAL REPORT

The Adelaide Park Lands Authority must, in accordance with its Charter (established under Schedule 2 Part 1 (3) of the Local Government Act 1999), submit to Council by 30 September in each financial year an annual report on its work and operations during the preceding financial year.

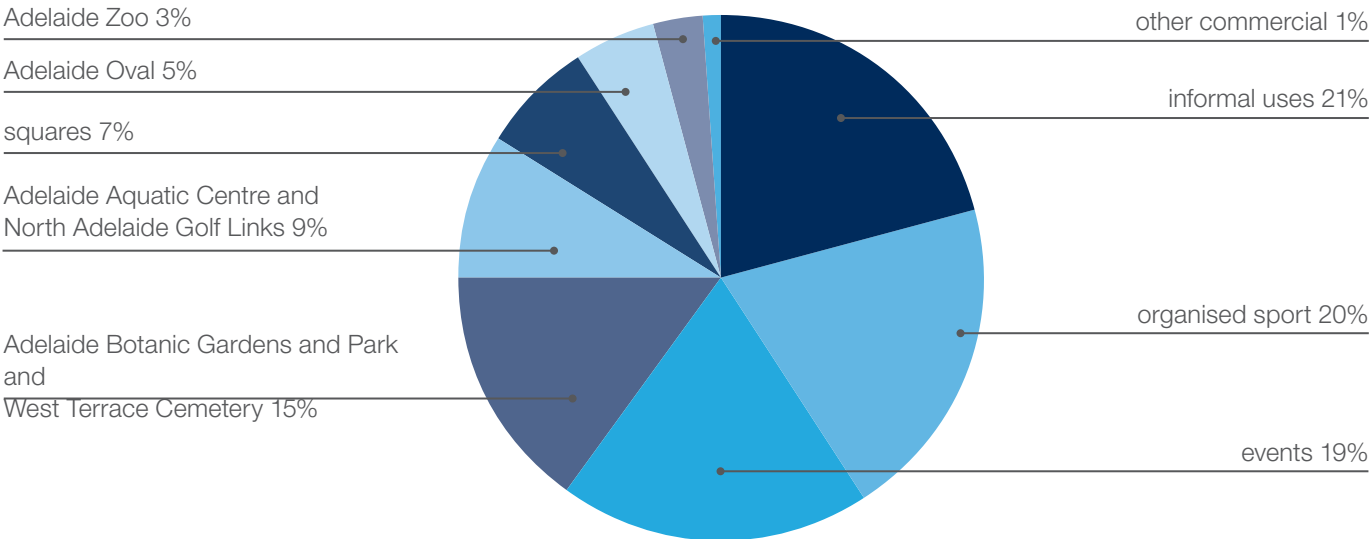
The annual report must detail the Authority's achievements against the aims and objectives of its Business Plan and incorporate the audited Financial Statements of the Authority and any other reports required by Council.

In accordance with Section 12 (2) of the Adelaide Park Lands Act 2005, the Authority must, at the time it furnishes its annual report to the Adelaide City Council, also furnish a copy of the report to the Minister responsible for that Act.



Artwork by Neil Huggett from the Park Lands Art Prize

Adelaide Park Lands Visits: Percentage of Total Visits by Category



MEMBERSHIP AND MEETINGS

Membership of the Adelaide Park Lands Authority comprises:

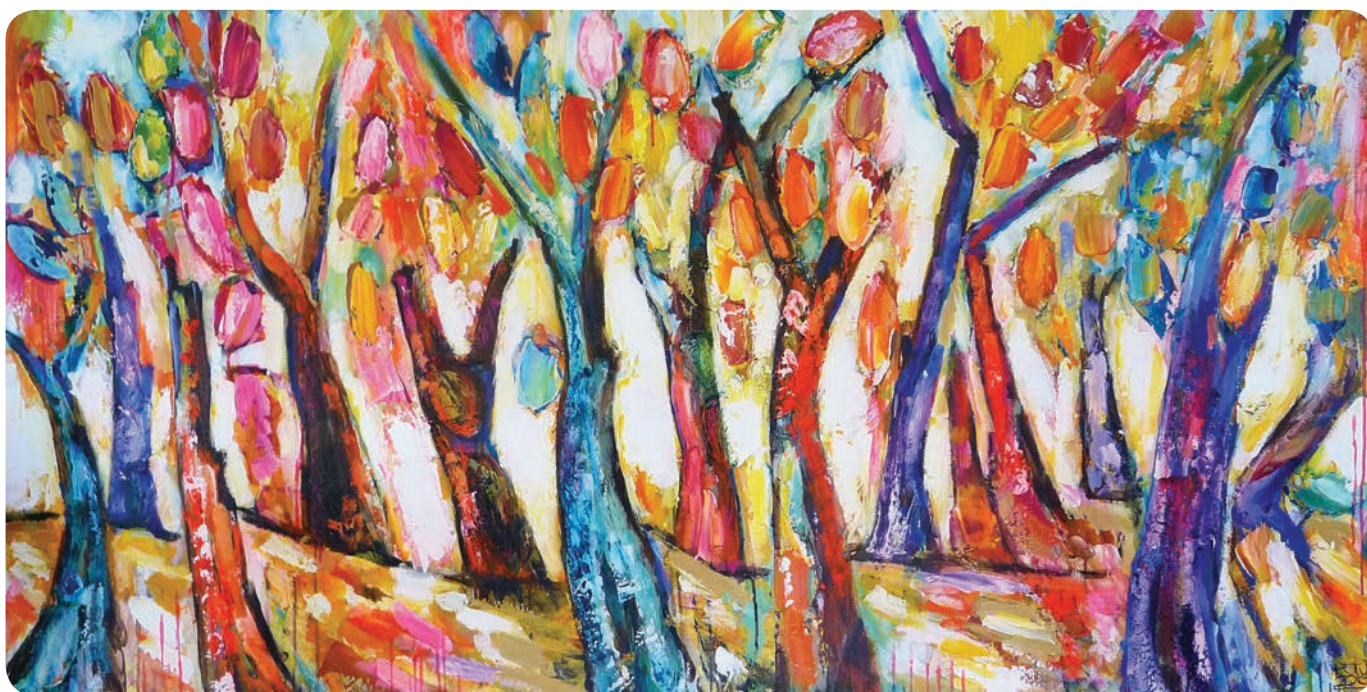
- » The Lord Mayor; and
- » Four other members appointed by Council; and
- » Five members appointed by the Minister responsible for the Adelaide Park Lands Act 2005.

During the 2013/14 financial year the following individuals served as members of the Authority:

Member	Appointed by
The Right Honourable the Lord Mayor Stephen Yarwood (Presiding Member) Appointment commenced 6 December 2010 with the first meeting of the current Council.	Statute (Section 6 (1) of the <i>Adelaide Park Lands Act 2005</i>)
Ms Mary Marsland PSM (Deputy Presiding Member) Appointment commenced 12 February 2009 and re-appointed 13 February 2012 (expiring 12 February 2015)	Minister
Councillor David Plumridge AM Appointment commenced 10 December 2011 and re-appointed 1 December 2012 (expiring 30 November 2014)	Council
Councillor Anne Moran Appointment commenced 10 December 2011 and re-appointed 1 December 2012 (expiring 30 November 2014)	Council
Councillor Michael Henningsen Appointment commenced 10 December 2011 and re-appointed 1 December 2012 (expiring 30 November 2014)	Council
Councillor Anthony Williamson Appointment commenced 10 December 2011 and re-appointed 1 December 2012 (expiring 30 November 2014)	Council
Ms Jane Chapman Appointment commenced 12 February 2009 and re-appointed 13 February 2012 (expiring 12 February 2015)	Minister
Dr Rosemary Anne Sharp Appointment commenced 18 February 2010 (expired 15 February 2013) and re-appointed 31 October 2013 (expiring 12 February 2016)	Minister
Ms Stephanie Johnston Appointment commenced 31 October 2013 (expiring 12 February 2016)	Minister
Mr Roger Zubrinich Appointment commenced 31 October 2013 (expiring 12 February 2016)	Minister
Mr James Daly (deputy to Ms Johnston) Appointment commenced 31 October 2013 (expiring 12 February 2016)	Minister
Ms Elaine Bensted (deputy to Mr Zubrinich) Appointment commenced 31 October 2013 (expiring 12 February 2016)	Minister

The nominations of Dr Rosemary Sharp and Ms Stephanie Johnston were supported by Council on 12 February 2013. These nominations, together with the nominations of Mr Roger Zubrinich, Mr James Daly (deputy to Ms Johnston) and Ms Elaine Bensted (deputy to Mr Zubrinich), were not gazetted until 31 October 2013.

The Adelaide Park Lands are important to the Kaurna people and contain over 70 sites of cultural importance.



Artwork by Katie Wyatt from Park Lands Art Prize

Meetings

The Authority is required to hold at least one ordinary meeting each calendar month. During 2013/14, the Authority held 12 ordinary meetings and three special meetings (on 5 September and 12 November 2013 and 13 February 2013). The ordinary meeting scheduled for 26 September 2013 was adjourned (due to the lack of a quorum) and re-convened on 17 October 2013 (followed by the scheduled meeting on 31 October 2013).

Attendance at meetings was recorded as follows:

Authority Member	Ordinary Meetings Eligible to Attend	Ordinary Meetings Attended	Special Meetings Eligible to Attend	Special Meetings Attended
Presiding Member, Lord Mayor Stephen Yarwood	12	8	3	3
Ms Mary Marsland (Dep. Presiding Member)	12	11	3	3
Councillor David Plumridge AM	12	8	3	2
Councillor Michael Henningsen	12	12	3	2
Councillor Anthony Williamson	12	9	3	3
Councillor Anne Moran	12	11	3	3
Dr Anne Sharp (re-appointed 31 October 2013, attended 2 meetings subject to appointment)	9	8	2	1
Ms Jane Chapman	12	10	3	3
Ms Stephanie Johnston (re-appointed 31 October 2013, attended 3 meetings subject to appointment)	9	8	2	2
Mr Roger Zubrinich	9	7	2	1
Ms Elaine Bestead (deputy for Roger Zubrinich)	2	2	1	1
Dr James Daly (deputy for Stephanie Johnston)	1	0	0	0

Dr Anne Sharp (as a re-nominee) attended meetings on 29 August and 5 September (special meeting) and Stephanie Johnston (as a nominee) attended ordinary meetings on 29 August and 17 October, and a special meeting on 5 September, as non-voting participants, while waiting for finalisation of their appointments.

The Authority also undertook some informal activities, including a Park Lands Tour on 12 December 2013 and received a presentation from Minister Rau, Minister for Planning in February 2014.

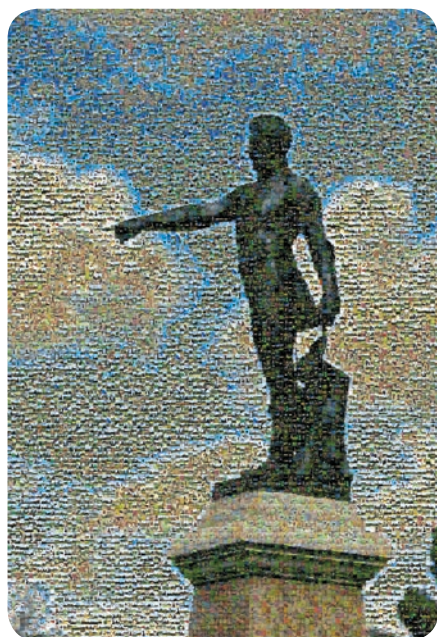
ACHIEVEMENT OF AIMS AND OBJECTIVES

CORE RESPONSIBILITY – PROVISION OF ADVICE ON PARK LANDS MATTERS

During 2013/14, the Authority dealt with a range of business relating to its core responsibility of providing advice to Council and the State Government on Park Lands matters, as follows.

Britannia Intersection Upgrade

Landscaping and interpretative signage for Victoria Park / Pakapakanthi were supported by the Authority to complement the upgrade to the roundabout. This interpretation based around the survey marker is now in place.



Artwork by Morne De Klerk from Park Lands Art Prize

Greater Riverbank Precinct and Old RAH Site

Recognising the potential impact on National Heritage Listing values, the Authority recommended that the implementation plan for the Riverbank Precinct be referred to the Federal Minister for Environment, Heritage and Water for assessment. Mary Marsland served as the Authority's representative on the Project Reference group for the Royal Adelaide Hospital Design competition, which shortlisted six submissions.

Planning System Reform – Adelaide Park Lands

The Authority noted the report as a basis for developing a future position on planning reform as it relates to the Park Lands.

Riverbank Health and Entertainment Areas Development Plan Amendment

The Riverbank Health and Entertainment Areas Development Plan Amendment was developed by the State Government to support the vision of the Greater Riverbank Precinct Implementation Plan. Supportive of Council's submission on the Amendment, the Authority reaffirmed the statutory principles in the Adelaide Park Lands Act 2005 regarding building large commercially orientated buildings on the Park Lands, instead focussing on improving natural features and values of the remaining open space.

Park Lands Community Land Management Plan (CLMP)

The final chapters (Section 3) the Park Lands CLMP which cover the central and eastern Park Lands, as well as the Squares, were endorsed by the Authority, and subsequently by Council.

Adelaide Oval

This Community Land Management Plan (CLMP) for Adelaide Oval has been dealt with separately from the rest of the Park Lands CLMP due to the redevelopment of the Oval. The Authority has been involved in development of this CLMP and made recommendations for Council to negotiate with the Minister for Transport and Infrastructure. The Authority's recommendations also responded to the public engagement process which was undertaken by Council. This CLMP has not yet been finalised with the Minister.

The Authority also received a presentation on the Adelaide Oval On-street Event Parking Management Plan.

The Adelaide Park Lands are, on average, 6 degrees cooler than the adjacent CBD (Flinders University Research 2013)

Map 1: Spatial Distribution of Total Visitation



Cricket and Tennis SA Summer Events Temporary Car Parking

While it noted the objective of removing car parking from Pinky Flat (next to the River Torrens) in the long-term, the Authority supported a request to use Pinky Flat for limited parking due to the limited car parking available in the area.

State Government announcement regarding the Park Lands

On Sunday 3 November 2013, the Premier, Jay Weatherill and Deputy Premier John Rau, Minister for Planning, made an announcement regarding the future of the Park Lands (see Attachment A). In recognition of the relevance of the Adelaide Park Lands Management Strategy, the Authority advised the State Government and Council that it is commencing a review of the Adelaide Park Lands Management Strategy (APLMS) which will:

- » Re-establish a shared and long-term vision for the Park Lands;
- » Determine the community's aspirations, values and requirements for the enhancement, protection and management of the Park Lands;
- » Establish short, medium and long term priorities for the Park Lands; and
- » Assist the State Government in determining priorities for the allocation of future funding.

The Authority also advised that State partnerships and funding are supported and, while it welcomed the commitment of additional funding, it viewed the announcement as a significant and concerning departure from the statutory processes for the governance of the Park Lands.

Proposal for the Local Government Association to restructure the Board of the Authority

The Local Government Association requested consideration of a restructure to the Board of the Authority as it is conscious of the importance of the Park Lands to all South Australians and the need for management of the Park Lands to reflect this. The Authority responded by explaining that it supported broad participation in the Authority, the existing membership provisions in the Adelaide Park Lands Act 2005 allow the Minister and/or Council to appoint persons from adjoining Councils, there are additional mechanisms in place to ensure the Park Lands are managed for all South Australians, and Council exercises an inclusive, partnership approach when developing any Park Lands strategy, policy, project or program.

Clipsal 500

The Authority sought further information from the SA Motor Sport Board about the impacts of this major event on the Park Lands. In particular, it enquired about the time taken to dismantle the Clipsal 500 event, access through Victoria Park, protecting fauna, third party advertising, signage and the appropriate boundaries for the declared areas of the event. (Note: this presentation is planned for later in 2014.)

West Terrace Cemetery Management Plan

In its referral role under the Adelaide Park Lands Act 2005, the Authority supported the management plan for the Cemetery, but did not support the expansion of the cemetery into the adjacent Park Lands as proposed by the Adelaide Cemeteries Authority.

Urban Renewal Amendment Act

The Authority received a staff presentation on the Urban Renewal Amendment Act to learn more about the establishment of a new framework for precinct planning in the State.

Review of the Adelaide Park Lands Management Strategy

Recognising its role in undertaking the review of the Strategy under the Adelaide Park Lands Act 2005, the Authority endorsed:

- » an approach to commencing the review;
- » the establishment of a Project Advisory Group including its Terms of Reference;
- » the appointment of Authority members (Councillor Anne Moran, Ms Stephanie Johnston and Mr Roger Zubrinich) to this Group (with proxies Anne Sharp (for Stephanie Johnston), Mary Marsland (for Roger Zubrinich) and Councillor Anthony Williamson (for Councillor Anne Moran)); and
- » the external appointments to this Group, being Allison Bretones of the City of Charles Sturt, David Litchfield of the City of Unley, Suzy Stiles of the City of West Torrens, Andrew McKeegan of the Department of Planning, Transport and Infrastructure, Richard McLachlan of Renewal SA and Stephen Forbes, Director of the Botanic Gardens, as well as Adrian Stokes of Adelaide City Council as Chair.

Park Lands 10 Year Action Plan

The Authority received an update on the Park Lands Ten Year Action Plan which monitors the actions from the existing Adelaide Park Lands Management Strategy.

Princess Elizabeth Playground Masterplan

The redesign of this playspace in Mirnu Wirra (Park 21 West) was endorsed by the Authority, and subsequently by Council.

Victoria Park Heritage Grandstand DDA Access

Construction of new viewing stands and the relocation of existing stands were endorsed by the Authority, and subsequently by Council.

Sports Infrastructure Master Plan for South and West Park Lands

In response to two separate presentations from the consultants preparing this Master Plan over the course of the year, the Authority expressed support for measures such as the use of non-bitumen surfaces, increased lighting and use of the Park Lands Building Design Guidelines, but did not support the use of the Park Lands for sports administration or storage.

The Authority noted that the Master Plan is consistent with the Adelaide Park Lands Management Strategy, supported the Master Plan in principle, and noted that the Master Plan is unfunded and an appropriate funding model for implementation of the Master Plan will need to be identified.

The Sports Master Plan received in principle support from Council subject to receiving further advice from the Authority. Council also amended the title of the Masterplan to the "Sports Infrastructure Master Plan – West and South Park Lands Regional Sports Areas" (to recognise the scope of the Master Plan).

There were approximately 1.8 million visits to the Park Lands in 2012/13 associated with organised sport.

To put this figure in context, it is equivalent to each person living in South Australia (1.67 million) visiting the Park Lands once a year to participate in organised sport.

Over 20 different organised sports are played in the Park Lands.

Top five sports are:

- 1 Physical education and sport played by schools (30% of all sports use)**
- 2 Soccer (28%)**
- 3 Netball (12%)**
- 4 Australian football (6%)**
- 5 Cricket (4%)**

City and Park Lands Wayfinding Strategy

Signage in the Park Lands is being upgraded through this Strategy. The Authority received a presentation and noted Rymill Park as the first stage in its implementation.

Wilderness School Lease

The Authority supported in principle a 5-year lease with the right to renew for 4 years, over the land and buildings in Nantu Wama (Park 6) for the Wilderness School. Public consultation was undertaken for four weeks. The Authority later received consultation results on the lease proposal.

Adelaide High School Matters

The Authority advised Council that it supported a 21 year lease for the School's Rowing Club on the River Torrens / Karrawirra Pari, subject to public consultation.

Separately, the Authority also supported an upgrade of sports courts to the rear of the school.

Rymill Park/Murlawirrapurka Public Car Park

Supporting changes to the parking provisions to the car park adjacent to the Adelaide Bowling Club, the Authority recognised the need to facilitate visitor access to the Club, while maintaining adequate public access to the Park. This advice was later noted and supported by Council and those changes have now been implemented.

Victoria Park/Pakapakanthi

Community engagement to seek feedback on changes to the dog off-leash area and use of model aircraft in the Park, was supported by the Authority. The Authority also recommended to Council that the establishment of an additional fenced dog park in the Park Lands be addressed through the review of the Adelaide Park Lands Management Strategy. This was later noted by Council. The Authority also considered lease options for the buildings in the Park.

Emigration Square

The Authority received a presentation from staff about a recently-discovered brick-lined well in Tampawardli (Park 24), learning more about Adelaide's first point of settlement after Holdfast Bay.

Climate Change and Tree Population in the Park Lands

As a result of a motion without notice, the Authority sought a long-term strategic approach to this topic and recommended to Council that it make an allocation of funds to implement the Climate Change Adaptation Action Plan endorsed in December 2013. This advice was later noted by Council.

Adelaide Park Lands Visitation Research Study

The Authority received a research study on the numbers and types of visitors to the Park Lands, and noted the role of this Study in informing the review of the Adelaide Park Lands Management Strategy. This report was later noted by Council.

Park Lands Naming Project

Naming protocols, unnamed areas and naming anomalies are to be examined by a naming committee established by the Authority, comprising Councillor Henningsen, Dr Rosemary Anne Sharp and Mr Roger Zubrinich, with Ms Stephanie Johnston as proxy.

Garden of Unearthly Delights

The Authority received a submission from the Adelaide Park Lands Preservation Association regarding the use of Rundle Park / Kadlitpina for the Garden of Unearthly Delights.

As a result, the Authority advised Council that it:

"considers that the accumulative impacts of leasing the area annually for over 9 weeks for such intensive use, and the impacts and implications of restricting public access through Rundle Park/Kadlitpina for the lease period should be investigated, and recommendations made for improved future management and rehabilitation of the site."

That advice was presented to Council in June 2013. An undertaking was also given by the Administration to:

"research similar Park Land use by other Capital Cities [particularly Melbourne] and to consider researching impacts of activity on fauna as well as flora."



Artwork by Don Oswald from Park Lands Art Prize

The Adelaide Park Lands are home to 8 species of native mammals, including 5 species of bats, 2 species of possums and the native water rat

Monthly Update Reports

The Authority received monthly reports providing updates on ongoing and new matters, particularly in relation to the outcomes of advice presented to Council and the State Government.

Site Visits

The Authority undertook a site visit in December 2013 to the events site in Tampawardli (Park 24), Narnungga (Park 25), Bonython Park playground, new wetlands in Botanic Garden, and Rundle Park/Kadlitpina.

Estimated Uses of the Adelaide Park Lands for Events

Category	Number of Events	Estimated Attendance	Percentage of Total Event Attendance	Average Attendance
Major Events	29	1,445,000	85.9%	49,828
Medium Events	32	131,000	7.8%	4,094
Minor Events	414	99,000	5.8%	239
Wedding Ceremonies	102	8,000	0.5%	78
Total	577	1,683,000	100%	

In 2012/13 more people attended events in the Park Lands than the combined attendance at the Royal Adelaide Showgrounds and Adelaide Entertainment Centre

Adelaide parklands Visitor Study 2014

SUPPORTING RESPONSIBILITIES

The Authority dealt with various statutory and administrative matters relating to its operation and responsibilities under the Adelaide Park Lands Act 2005 and its Charter, including the following.

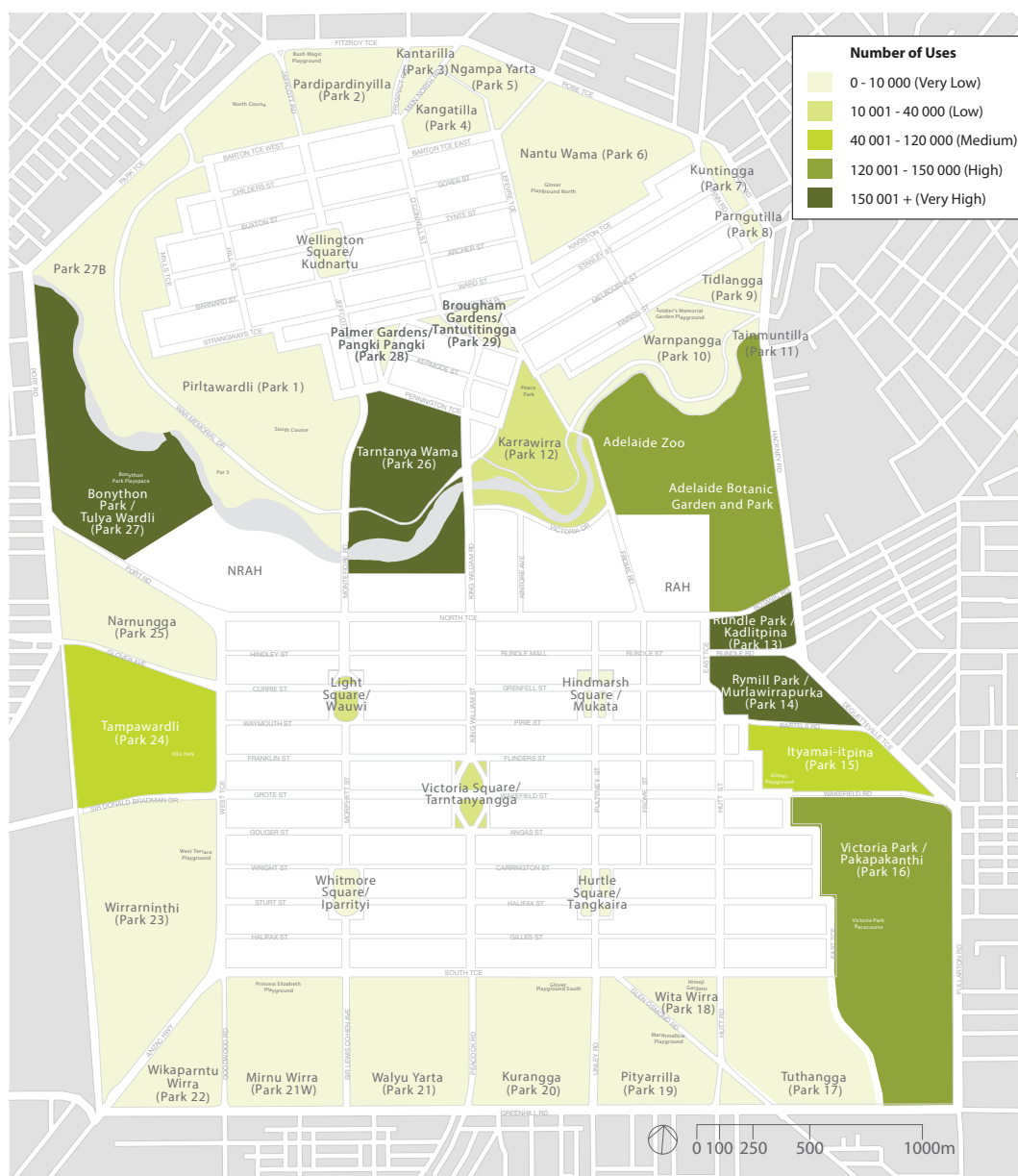
Annual Report 2012/13

In October 2013, the Authority adopted its Annual Report for 2012/13 and forwarded a copy to the Adelaide City Council and the Minister for Sustainability, Environment and Conservation.

Business Plan and Budget for the Authority – 2014/15

In June 2014, the Authority adopted a Business Plan and Budget for the 2014/15 financial year, which was subsequently endorsed by Council.

Map 3: Spatial Distribution of Events Attendance



PERFORMANCE AGAINST THE 2013/14 BUSINESS PLAN AND BUDGET

The Authority is required to prepare a Business Plan and Budget in accordance with Schedule 2 Part 1 (8 and 9) of the Local Government Act 1999 and its Charter.

The Authority's Business Plan and Budget for the period July 2013 to June 2014 was adopted at its meeting held on 27 June 2013.

The following table summarises the Authority's achievements against its Business Plan.

The operations of the Authority are funded by Adelaide City Council.

The Authority also operates the Adelaide Park Lands Fund which as of 30 June 2014 contained \$1000, being a donation from the Adelaide Park Lands Preservation Association.

It is estimated that in 2012/13, there were approximately 1.9 million visits to the Park Lands for informal activities



Artwork by Rudi Lange from Park Lands Art Prize

PERFORMANCE AGAINST 2013/2014 BUSINESS PLAN

OUTCOMES	PERFORMANCE TARGETS	PERFORMANCE MEASURES	ACHIEVEMENTS
CORE RESPONSIBILITY			
Advice provided to Council and / or the State Government on strategic matters relating to the Adelaide Park Lands, primarily preparation and implementation of policies, management plans and projects.	Provide advice as required to Council and the State Government on key matters relating to the Adelaide Park Lands.	<ol style="list-style-type: none"> 1. At least 12 meetings of the Authority held per year 2. Advice provided to Council and State Government in a timely manner 3. Receive at least two presentations on Park Lands planning and management related matters per year 	<p>The Authority held 12 ordinary meetings and three special meetings (on 5 September and 12 November 2013 and 13 February 2014).</p> <p>Advice was provided on a range of matters including the following:</p> <ul style="list-style-type: none"> » matters relating to the redevelopment of Adelaide Oval including parking and the Community Land Management Plan; » A range of leasing matters for Park Lands properties; » A range of State Government matters in the Park Lands, such as proposals for the Riverbank Precinct; and » Operations of the Clipsal 500 motor race. <p>Presentations were provided on a number of those matters listed above.</p>
Implementation of Park Lands marketing initiatives which focus on the promotional targets.	<p>Promotion of the Park Lands which focuses on:</p> <ul style="list-style-type: none"> » Raising public awareness of their importance; » Increased, appropriate use; and » Responsible management. 	<p>Input into further refinement / development of existing program.</p> <p>Subject to availability of Council financial support.</p>	Supported the production of a Visitor Research Study and a new suite of signs for the Park Lands.

PERFORMANCE AGAINST 2013/2014 BUSINESS PLAN

OUTCOMES	PERFORMANCE TARGETS	PERFORMANCE MEASURES	ACHIEVEMENTS
SUPPORTING RESPONSIBILITIES			
Authority operates according to its required performance targets and measures, processes and budgetary constraints	Business Plan and Budget is in place	New Business Plan and Budget is adopted prior to the expiry of that currently in operation	Business Plan and Budget for 2013/14 adopted 27 June 2013
General purpose accounts are operational	Operation of General Purpose Accounts	Council's accounting procedures met	Council's General Purpose Accounts are used to manage the Authority's budget allocation
Authority makes appropriate use of available finances provided by Council	Quarterly Financial Reports	Reports adopted and presented to Council	Budget updates now provided through the Monthly Report
The Fund is operational	Operation of the Adelaide Park Lands Fund	Monies are received and expended according to the provisions of the Authority's Charter	The fund is operational
The Authority is audited according to the requirements of its Charter	Auditing required by the Authority's Charter	Council's external auditor and Audit Committee are satisfied the requirements are met	Auditing was carried out prior to the finalisation of the Annual Report
Annual Report is prepared	Preparation of Annual Report	Annual Report is submitted to Council by 30 September each financial year	Annual Report for 2011/12 was adopted prior to 30 September 2013
The Authority is insured according to the requirements of the Local Government Mutual Liability Scheme	Insurance Requirements	The Local Government Mutual Liability Scheme insures the Authority	Insurance cover is current

Attachment A – State Government Media Release regarding its position on the future of the Park Lands



NEWS RELEASE

Premier Jay Weatherill

Deputy Premier John Rau
Minister for Planning

Sunday, November 3, 2013

Making the Parklands a place for everyone

More South Australians will visit and use Adelaide's famous Parklands, under a plan unveiled today by the State Government.

Premier Jay Weatherill has launched a major public engagement process to help ensure the city's Parklands become a place where everyone in the community wants to spend time.

"The Parklands belong to all South Australians – they shouldn't be the playground of just a few," Mr Weatherill said.

"They are one of our city's greatest assets but they are vastly under-used. Rather than being seen as a moat around the city, the Parklands should be a place everyone wants to enjoy."

The State Government last week announced a Housing in the City policy, under which more people will be living in homes close to the Parklands. Today it has launched plans for the Parklands that complement the housing policy.

"Adelaide needs a new vision for our parklands," Mr Weatherill said.

"As we move to a new way of living in and along the city's edge, the Parklands will become the new backyards and meeting places for locals and visitors.

"Revitalising the Parklands will attract more people to meet family and friends, play sport, exercise and visit playgrounds and cafes.

"This in turn will make the Parklands a safer place for everyone to enjoy."

Under the plans, the State Government will commit \$20 million over four years for Parklands revitalisation projects through the Planning and Development Fund, which will receive the necessary funds through increased development activity in the city.

WEB: www.premier.sa.gov.au

TWITTER: @sa_press_sec



Government of
South Australia



ADELAIDE PARK LANDS AUTHORITY AUDITED FINANCIAL STATEMENTS

for the year ended 30 June 2014

ADELAIDE PARK LANDS AUTHORITY

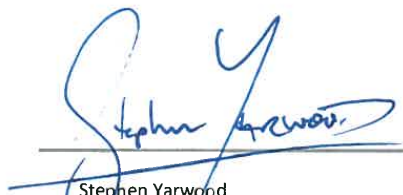
General Purpose Financial Statements
for the year ended 30 June 2014

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 2014 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.



Stephen Yarwood
LORD MAYOR

Date: 21st October 2014

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Income			
Grants, Subsidies and Contributions	2	159	133
Total Income		159	133
Expenses			
Materials, Contracts and Other Expenses	3	159	133
Total Expenses		159	133
OPERATING SURPLUS/(DEFICIT)		—	—
Total Other Comprehensive Income		—	—
TOTAL COMPREHENSIVE INCOME		—	—

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
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

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

	Accumulated Surplus \$'000	TOTAL EQUITY \$'000
2014		
Balance at end of previous reporting period	1	1
Net Surplus for Year	–	–
Balance at end of period	1	1
2013		
Balance at end of previous reporting period	1	1
Net Surplus for Year	–	–
Balance at end of period	1	1

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

CASH FLOW STATEMENT

for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Operating receipts		159	133
Payments			
Operating payments to suppliers and employees		(159)	(133)
Net Cash provided by (or used in) Operating Activities		–	–
Net Increase (Decrease) in cash held		–	–
Cash and cash equivalents at beginning of period		1	1
Total Cash, Cash Equivalents and Investments		1	1

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 1 – 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 and 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, Adelaide City Council.

6 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods and 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 2014.

The Authority has not adopted any of these standards early.

Applicable to Local Government with implications:

AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
(effective from 1 January 2017)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

Applicable to Local Government but no implications for Council;

AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets
(effective for 30 June 2015 Financial Statements)

There are no changes to reported financial position or performance from AASB 2013 – 3; however additional disclosures may be required.

Applicable to Local Government but not relevant to Council at this stage;

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
(effective for 30 June 2015 Financial Statements for not-for-profit entities)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 2 – INCOME

	2014 \$'000	2013 \$'000
GRANTS, SUBSIDIES, CONTRIBUTIONS		
Other grants, subsidies and contributions	159	133
	159	133
Sources of grants		
Adelaide City Council	159	133
	159	133

NOTE 3 – EXPENSES

	2014 \$'000	2013 \$'000
MATERIALS, CONTRACTS and OTHER EXPENSES		
Prescribed Expenses		
Auditor's Remuneration		
Auditing the financial reports	2	2
Subtotal – Prescribed Expenses	2	2
Other Materials, Contracts and Expenses		
Contractors	133	61
Advertising	1	21
Insurance	13	12
Sitting Fees	8	11
Sponsorship	–	10
Consultants	–	7
Legal Expenses	1	3
Membership Fees	–	6
Sundry	1	–
Subtotal – Other Materials, Contracts and Expenses	157	131
Total Materials, Contracts and Other Expenses	159	133

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 4 – CURRENT ASSETS

	2014 \$'000	2013 \$'000
Cash and Cash Equivalents		
Cash on Hand at Bank	1	1
Total Cash and Cash Equivalents	1	1

NOTE 5 – 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.

	Notes	2014 \$'000	2013 \$'000
Total Cash and 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	–	–

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

NOTE 6 – UNIFORM PRESENTATION OF FINANCES

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.

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.

	2014 \$'000	2013 \$'000
Income	159	133
less Expenses	(159)	(133)
Operating Surplus / (Deficit)	–	–
Net Lending/(Borrowing) for Financial Year	–	–



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AUSTRALIA

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

We have audited the accompanying financial report of the Adelaide Park Lands Authority "(the Authority)", which comprises the balance sheet as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Lord Mayor.

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.

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Adelaide Park Lands Authority as at 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards, the Local Government Act 1999, and the Local Government (Financial Management) Regulations 2011.

A handwritten signature in blue ink, appearing to read 'G K Edwards'.

BDO Audit Partnership (SA)

A handwritten signature in blue ink, appearing to read 'G K Edwards'.

G K Edwards
Partner

Adelaide, 24th October 2014



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Adelaide SA 5000
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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 2014, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

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

G K Edwards
Partner

BDO Audit Partnership (SA)

Adelaide, 24th October 2014

BDO Audit Partnership (SA) ABN 21 903 784 597 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Partnership (SA) 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 (other than for the acts or omissions of financial services licensees).

Attachment I

Adelaide City Council
ABN 20 903 762 572
Customer Centre
25 Pirie Street, Adelaide
GPO Box 2252 Adelaide
South Australia 5001
Tel 08 8203 7203
Fax 08 8203 7575
city@adelaidecitycouncil.com

21 October 2014

Mr Geoff Edwards
Partner
BDO
7/420 King William Street
ADELAIDE SA 5000

This representation letter is provided in connection with your audit of the financial report of the Adelaide Park Lands Authority for the year ended 30 June 2014 for the purpose of expressing an opinion as to whether the financial report is, in all material respects, presented fairly in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999*, *City of Adelaide Act 1998* and the *Local Government (Financial Management) Regulations 2011*.

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

Financial report

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, with regard to the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999*, *City of Adelaide Act 1998* and the *Local Government (Financial Management) Regulations 2011*
2. The selection and application of accounting policies is appropriate.
3. We acknowledge our responsibility for the design and implementation of internal controls to prevent and detect error. We have established and maintained adequate internal controls to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards.
6. All events subsequent to the date of the financial report and for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
7. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial report as a whole. A list of the uncorrected misstatements is attached to the representation letter.

Information provided

8. We have provided you with:
 - a) Access to all information of which we are aware, that is relevant to the preparation of the financial report such as records, documentation and other matters;
 - b) Additional information that you have requested from us for the purpose of the audit; and
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
9. Minutes of all Authority meetings and other relevant committees held prior to the date of this letter have been included in the minute books and have been made available to you. All material agreements entered into and guarantees given by Adelaide Park Lands Authority have been minuted or otherwise recorded.
10. All transactions have been recorded in the accounting records and are reflected in the financial report.
11. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
12. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
13. We have disclosed to you all information in relation to fraud, allegations of fraud or suspected fraud that we are aware of and that could have a material effect on the financial report.
14. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, analysts, regulators or others.
15. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report. We understand that the entity must be in compliance at all times with the following laws and regulations:
 - *Local Government Act 1999*
 - *City of Adelaide Act 1998*
 - *Local Government (Financial Management) Regulations 2011*
16. We have disclosed to you all communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.

Accounting standards

- The major accounting policies adopted are set out in the financial report. The accounting policies remained unchanged from the previous year.
17. The accounting policies comply with all the requirements of each applicable Australian equivalents to International Financial Reporting Standards as they relate to not-for-profit entities and each applicable approved interpretation.

Publication on web site

18. With respect to publication of the financial report on our website, we acknowledge that:
 - we are responsible for the electronic presentation of the financial report;

- we still ensure that the electronic version of the audited financial report and the auditor's report on the web site will be identical to the final signed hard copy version;
- we will clearly differentiate between audited and unaudited information in the construction of the entity's web site as we understand the risk of potential misrepresentation;
- we have assessed the controls over the security and integrity of the data on the web site and that adequate procedures are in place to ensure the integrity of the information published; and
- we will not present the auditor's report on the full financial report with any document other than the full financial report.

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

Managements reviewed the financial report, the contents of which have been approved by the appropriate officers of this Authority. Further, all material facts known to us which could affect the financial report have been made communicated to you.

There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.

Yours faithfully



Chief Executive Officer



General Manager Strategic Finance &
Business Services

Adelaide Park Lands Authority

General Purpose Financial Statements for the year ended 30 June 2014

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Adelaide City Council for the year ended 30 June 2014, 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*.



Peter Smith
CHIEF EXECUTIVE OFFICER

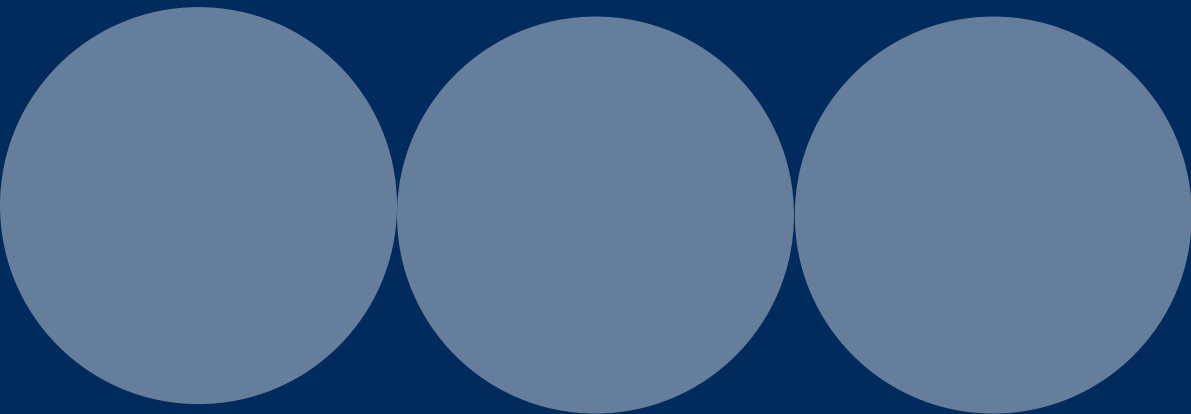


Ross Haslam
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 21st October 2014

RUNDLE MALL MANAGEMENT AUTHORITY

ANNUAL REPORT 2013–14



CHAIRMAN'S MESSAGE

Welcome to the Rundle Mall Management Authority's (RMMA) Annual Report.

The last financial year was a year of excitement, challenge and change for the RMMA and all its various Stakeholders. Not only did the Board continue to review the RMMA's Strategic Plan including how the Rundle Mall Management Authority will continue to attract public and private sector investment, retain and attract more clients, and attract more shopper and visitors to the precinct, but it was also a year of considerable disruption as redevelopment works progressed along the length of the Mall.

Adelaide City Council's Rundle Mall Redevelopment Project was a necessary infrastructural change needed to future proof and propel the Mall into the global market. Over the past ten years retail has undergone a revolution, with many portion of the industry continuing to change dramatically. To match this change, the Mall needed to be revitalised, repositioned and reimagined as the Australian leader it once was. This project is much more than a re-pave; it is the first time that Rundle Mall has been purpose built from meters below ground, through the urban elements at ground level to a new state of the art catenary lighting system, to be installed through the first half of 2015.

Adelaide City Council and the Rundle Mall Management Authority developed the Master Plan together to bring a new vision to the precinct. Adelaide City Council's 'One City many Places' strategy defines the role that Rundle Mall will take as a "World Class Place of Firsts."

This Annual Report provides an opportunity to reflect on the master-plan results to date:

- » More than \$350 million dollars' worth of new development has been attracted to the precinct. This is most evident in the upgrade of existing major centres, the construction of new buildings and an additional \$350 million dollar Rundle Place Arcade and office tower.
- » The Mall is a resounding success and it is being supported by the South Australian public with rising numbers of visitation and dollar spend at a time when retail has been retracting around Australia and the world.

Thank you to the retailers, businesses and all the tenants of the precinct for their patience, support and willingness to work with the Rundle Mall Management Authority, Council and contractors throughout the last year.

The delivery of the re-developed Mall is the foundation, the beginning that will carry the future of Rundle Mall as a place that:

- » Is unique and holds its own on the world stage,
- » Will hold its own in comparison to other places you have visited in the world,
- » That continues to attract new retail from around Australia and the world; and
- » Is a compelling central hub for the city of Adelaide.

It is and will remain unique.



Theo Maras

Chairman Rundle Mall Management Authority

CHIEF EXECUTIVE OFFICER REPORT

Financial year 2013/14 was a year of transformation for Rundle Mall and at Rundle Mall Management Authority. Like many of our stakeholders, the RMMA team worked hard to ensure that Rundle Mall remains relevant and unique to consumers, whilst engineering work progressed along the Mall.

Thank you to all our stakeholders, suppliers, contractors, project engineers and Council for working together to complete some very large scale and technically difficult works. We are emerging from the works with, for the first time, a purpose built Mall.

Events, backed by strong communications, continue to play a vital role in triggering visitation to The Precinct. We want visitors to not only experience the vibrancy of events staged in the Mall, but stay, explore, support retailers and discover something new that compels them to return with friends and family.

Early in the year the Board approved a new events strategy which not only re-calibrated our expectation of events but re-directed some of our thinking about how to achieve our strategic outcomes, activating the early evening economy, welcoming product launches, creating new partnerships and developing new city linkages. In particular we have been keen to form new partnerships with the arts, so not only did we enjoy the enduring Adelaide Fringe Street Theatre Festival but welcomed new partnerships with; The Cabaret Festival, Music SA and Australian Dance Theatre.

On 29 March 2014 the inaugural Showdown at Adelaide Oval saw the beginning of tens of thousands of spectators visiting Rundle Mall prior to and following AFL matches hosted at Adelaide Oval. The RMMA continues to work with both the Adelaide Football Club and the Port Adelaide Football Club to ensure that, via their extensive membership bases, the precinct is communicated as the place to visit before or after a game, meet friends and family and enjoy life.

The new Gawler Place Canopy was recently handed back to the public and we look forward to creating unique events and activities in this space into the future. However, not having access to the Canopy for the Autumn/Winter 2014 Fashion Parades gave the RMMA an opportunity to show off the versatility and landscaping of the new Mall by holding the Mall's largest ever fashion event, featuring fourteen parades over two days, under a clear marquee in the space created in the re-designed Mall.

The RMMA will continue to work on a unique calendar of events throughout the year ahead, including the return of the 2014 Christmas Pageant to the Mall; the premier retail centre of South Australia, which signals the start of our most important retail season.

The \$30 million re-development of Rundle Mall provides the perfect catalyst to re-brand and reposition the precinct. In March 2014, following an expressions of interest process, the RMMA appointed a partner to commence the development of the future brand. The brand launch has been planned to coincide with the completion of all the elements of the master plan re-development and is expected to take place in May 2015.

The coming year will clearly present fresh challenges for RMMA as we focus our resources on the completion of the new Mall, implement the marketing and event strategies that will attract new business to the precinct, grow visitations and increase the spend of consumers.

Through these strategies we will ensure that Rundle Mall is a place of firsts, holding its own on the world stage. A unique place that provides the optimum environment for investors to invest, traders to trade, shoppers to shop and visitors to visit



Ian Darbyshire

Chief Executive Officer Rundle Mall Management Authority

RUNDLE MALL MANAGEMENT AUTHORITY

The Rundle Mall Management Authority (RMMA) is constituted under the provisions of the Local Government Act 1999 as a Subsidiary of the Adelaide City Council 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 Chief Executive Officer, 4 full-time with responsibility for marketing, events, operations and administration. Four additional part-time employees resource Casual Mall Leasing, operations, online activities, sales and provide assistance to the Marketing Consultant.

The RMMA's over-arching 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 Rundle Mall Management Authority (RMMA) Board of Directors and staff remain ever cognizant 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 neighboring precincts and for added relevance and vibrancy within the wider City of Adelaide.

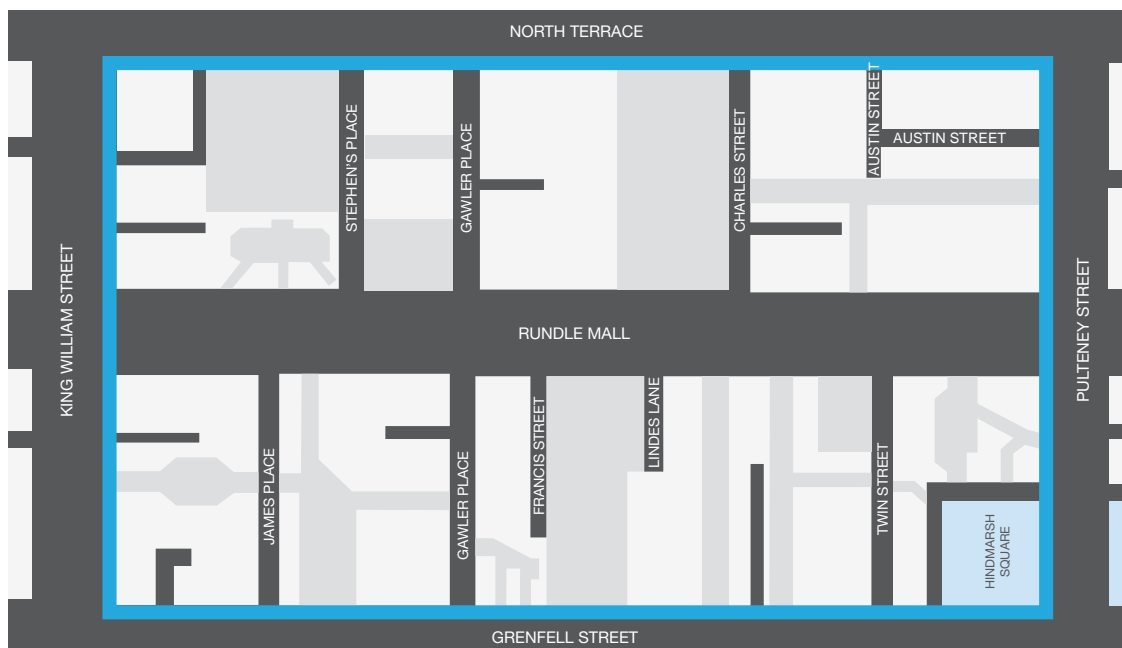
The Rundle Mall precinct is bound by the Southern side of North Terrace, the eastern side of King William Street, the Northern side of Grenfell Street, the Western side of Pulteney Street and all of the land in-between. Comprising of approximately 700 retail stores and 200 service based businesses, the precinct includes 15 arcades and Centre's, 4 department stores and a myriad of laneways

which inter-connect with the Mall and the neighboring 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 1.3 of the Charter). It is noted that the Business Plan must be developed for a minimum two year period.

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.

The following map delineates the boundaries of the Rundle Mall precinct:



STRATEGIC VISION

By 2020 the Rundle Mall Precinct will be a vibrant and highly attractive place that offers a diverse, exciting and eclectic experience differentiated by its unique retail offering.

MISSION

To ensure the Rundle Mall Management Authority provides the optimum environment for investors to invest, traders to trade, shoppers to shop and visitors to visit.



KEY STRATEGIES OF THE RMMA (JULY 2013 – JUNE 2014)

Strategic Initiative	Responses and Outcomes
Develop and maintain a strong Uniqueness and retail mix for the Rundle Mall.	<ul style="list-style-type: none"> » Grew online and social media. » Produce two Unique Magazines. » Promoted store openings and SABS. » Strategic Review May 2013. » Announced the arrival of Tiffany and co. and Jamie's.
Develop a strategy to grow an evening economy.	<ul style="list-style-type: none"> » Board endorsed RMMA Events and Early Evening Strategy. » Summer Series. » Get fit for free. » Fringe Street theatre Festival
Communicate priorities for future infrastructure upgrades beyond the current up-grade because some aspects of the Master-plan have not been included at the time	<ul style="list-style-type: none"> » Concepts developed for laneways. » ACC Launched innovation fund. » Worked with retailers, contractors and council to minimise building disruption to business. » Recommended design changes.
Develop a digital strategy to complement the digital strategy of Adelaide City Council.	<ul style="list-style-type: none"> » CRM Software purchased, system install late 2014. » Specialist supplier developing new web site due early 2015. » WiFi Trials agreed in Mall. » Digital Unique Magazine.
Develop a position on city linkages, transport and car parking around Rundle Mall.	<ul style="list-style-type: none"> » AFL Sponsorships. » Opposed transport levy. » Meeting with Transport Services Minister. » The City distribution points.
Develop a marketing strategy for the Rundle Mall Precinct.	<ul style="list-style-type: none"> » Completed EOI for re-brand. » Engaged an agency. » Publishes detail business plan 2014-2016.
Develop and events strategy as part of the place-making imperative for Rundle Mall.	<ul style="list-style-type: none"> » Developed new event strategy endorsed by RMMA Board. » Introduced new events e.g. Multi –cultural festival.
Develop a revenue strategy.	<ul style="list-style-type: none"> » Concessions strategy and EOI » Established new zones and rates. » Agreed to progress Way finding and digital screens on the Mall. » Differential rate review undertaken
Propose changes to governance and delegations of authority.	<ul style="list-style-type: none"> » Recommended operational changes to Council for implementation 2015. » Reviewed delegations July 2013. » Implemented operations agreement with ACC.

RMMA'S VALUE PROPOSITION

The Rundle Mall Management Authorities Value Propositions are contained in the Operating Agreement:

- » Champion and realise the vision and strategic direction for place making and activation of the Rundle Mall Precinct as expressed in the Rundle Mall Master Plan
- » Position the Precinct to sustain retail, business and economic growth and maintain economic viability
- » Enhance and sustain the Precinct as the State's premier retail and commercial shopping district
- » Promote market and manage the Precinct to increase its use by residents, visitors and the community
- » Foster relationships with key stakeholders in the Precinct including State and Local Government, investors, retailers, property owners and customers
- » Facilitate increased evening activation and activation of laneways and upper levels in the Precinct
- » Provide long term financial sustainability for the Precinct through investment attraction and alternate funding sources
- » Work closely with Council Administration to create a vibrant and attractive Precinct through the presentation of a high quality public realm

GOVERNANCE, MANAGEMENT AND ORGANISATION

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 Board is responsible to manage all of the affairs of the Authority and ensure that the Authority acts in accordance with its charter and all relevant legislation including the 1999 Local Government Act.

The Directors collectively have a range of knowledge, skills and experience across the following areas:

- » Retail business experience
- » Marketing, events and / or advertising experience
- » Retail property management experience
- » Experience as a Director or Board member of a similar body
- » Financial management experience
- » Local Government experience
- » Planning design or place making

During the 2012 Governance Review the RMMA Board expressed a view that the most productive way to operate the Rundle Mall Management Authority is to minimise duplication with Adelaide City Council, each party focussing on what they do best in a spirit of co-creation. RMMA, therefore, looks to continuing its close working relationship with Adelaide City Council through the period of the 2014–2016 Business Plan.

Statutory Requirements

The Rundle Mall Management Authority 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.

GOVERNANCE, MANAGEMENT AND ORGANISATION (CONT.)

The Board

THEO MARAS AM CHAIRPERSON

Commercial property identity Theo Maras was welcomed to the Rundle Mall Management Authority (RMMA) as Chairman in June 2010. As the Founder and Chairman of Maras Group, Theo is a leader in the South Australian property market and community at large. With skill sets in design, construction, planning, leasing and management, Theo has successfully managed to entice some big name retail operators into the City previously not seen in the South Australian market place. Theo is leading the RMMA Board and stakeholders to drive the Precinct forward and underwrite Rundle Mall's position as the premiere shopping destination in South Australia.

ERIC GRANGER DEPUTY CHAIRPERSON

Eric has retail interests dating back to Rundle Street in 1973 and was the co-owner of Secrets Shhh in The Myer Centre. As a former GM of Mutual Community he also brings a wealth of knowledge and passion to see Rundle Mall remain as SA's premier retail and lifestyle Precinct.

LORD MAYOR STEPHEN YARWOOD

Stephen Yarwood was first elected to the Adelaide City Council as Central Ward Councillor in October 2007 and was Deputy Lord Mayor from November 2008-2009. A town planner with 20 years in State and Local Government and an MBA, Stephen's business is cities. Stephen's vision for the Rundle Mall Precinct is a modern, vibrant and sustainable place to visit, live and enjoy life.

CR HOUSSAM ABIAD

Houssam Abiad was successfully elected to the Adelaide City Council for the 2010-2014 term as a Central Ward Councillor. He is very in touch with local business owners as he is also one of them. Houssam strongly believes that Rundle Mall must continue as South Australia's premier retail Precinct

BRUCE RIPPIN

Bruce has extensive experience in the property development and business management areas having held a number of senior level management roles with high profile companies in the property sector. He is currently the Director of Urban Directions (Aust) Pty Ltd which specialises in providing development and strategic planning advice, project management and feasibility analysis expertise to public and private sector clients in respect to major urban development projects.

KATE ABRAHAM

Kate is a successful business owner with over 10 years of experience in event management, marketing, public relations and activation who has managed some of Adelaide's biggest events. Kate's experience in activating public spaces will be invaluable activating the redeveloped Mall.

DAVID COOKE

David is a qualified and respected practicing architect who has expertise in placing urban design into a practical commercial realm as well as the creation of vibrant civic spaces. David is accredited as a Green Star Professional with the Green Building Council of Australia and is also acts as Treasurer for the Property Council's SA Division and for Main Street SA.

Board Member	Board Meetings Attended
Theo Maras	9/11
Eric Granger	9/11
Stephen Yarwood	7/11
Houssam Abiad	11/11
Bruce Rippin	11/11
Kate Abraham	11/11
David Cooke	10/11

GOVERNANCE, MANAGEMENT AND ORGANISATION (CONT.)

Delegations

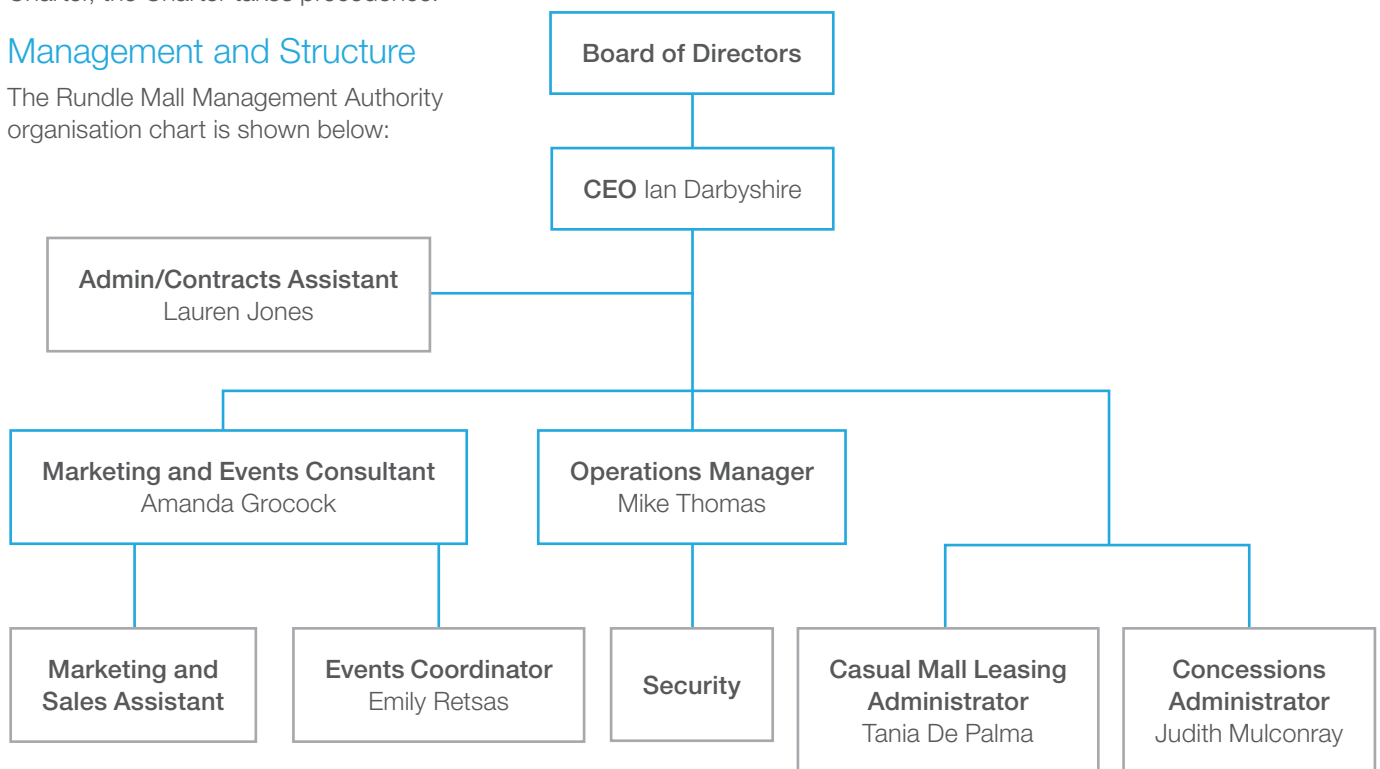
The CEO of RMMA has been granted a number of sub-delegations from the CEO of Adelaide City Council. These were last reviewed on 25th June 2014 as part of Councils Annual Delegations Review.

Operating Agreement

In October 2013 The Rundle Mall Management Authority and ACC signed an Operating Agreement. The Agreement outlines the formal working relationship between ACC 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.

Management and Structure

The Rundle Mall Management Authority organisation chart is shown below:



» CEO – contract position.

Full Time positions:

- » Administration / Contracts Assistant – contract position.
- » Marketing and Events Consultant – contract position.
- » Marketing and Sales Assistant – contract position.
- » Events Coordinator – contract position.

Part Time positions:

- » Operations Manager – professional services contractor.
- » Casual Mall Leasing – contract position.
- » Concessions Administrator – Adelaide City Council employee
- » Security is provided via Adelaide City Council security services contract

FUNDING

The Rundle Mall Management Authority manages various marketing, events and promotions for the benefit of the precinct. Adelaide City Council, having taken into account the general rating principles outlined in Section 150 of the Local Government Act 1999, applied a differential separate rate of 0.0373 cents in the dollar of the AAV (annually assessed value).

The Levy was appropriated by Council to the custodianship of the Rundle Mall Management Authority for the delivery of programs designated and approved by the Rundle Mall Management Authority Board and laid out in the annual business plan.

Rundle Mall Differential Separate Rate

In the 2013/2014 Financial Year, the Differential Rate provided approximately \$3.286 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.

The Local Government Act 199 (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'.

The Rundle Mall Management Board spent quite some considerable time, during the year reviewing the Rundle Mall Differential Separate Rate.

In particular the "particular benefit" businesses enjoy as part of the precinct, more details of which can be found in the Rundle Mall 2014–2016 Business plan:

- » Operation services including: additional cleansing, security and safety.
- » Public relations: re-enforcing the Precinct as a place to visit, promote products, media exposure of Precinct businesses etc.
- » Marketing and communications including: promoting the Precinct as a destination, promoting all businesses within the precinct, place to work, great meeting place and attracting international and domestic visitors. Providing preferential media rates to precinct businesses.

- » Advocacy services: for example linking investors, property owners and potential tenants, regular consultation and information sessions and communications.
- » Events management: encouraging more visitations to The Precinct, entertaining and offering amenity to the employees in the Precinct, exposing the businesses of the Precinct to consumers.
- » Casual Mall Leasing: encourages new business, product launches, charities, media companies to use the Mall for exposure to consumers and attracting more consumers.
- » Concessions: generate income which is used to fund increased benefits for the precinct, introduces new business to the consumers and the precinct businesses.
- » Improved economic benefit: including attracting increased investment, numbers employed improved building occupation and attracting more consumers.

The recommendation of the RMMA Board was therefore:

There be no changes to the levy policy and that the levy be set at the level (rate in the \$) to raise a budget of \$3,417,000 for RMMA in 2014–2015.

FUNDING (CONT.)

Self-Generated Funds

Rundle Mall Management self-generates additional funds via the provision of Casual Mall Leasing, concession licences and Advertising Sales in any given year. Self-generated revenues account for the balance in total resourcing once the Rundle Mall Differential Rate (i.e.: the Levy) and Operating Project contribution from Council have been taken into account.

In the 2013/2014 Financial Year income of \$316,000 was generated.

Unspent and Carried Forward Funds

Section 1.8.3 of the Rundle Mall Management Authority Charter states that "All funds that remain unspent in a particular financial year in relation to specific projects may be accumulated for expenditure within the Rundle Mall precinct later in the same financial year"

This document confirms that there were funds carried forward into the 2014/15 Financial of \$130,000. These funds were accrued against committed projects within the 2013-2014 business plans.

Total Income

Description:	\$'000 2013-14	\$'000 2012-13	\$'000 Variance	Comment:
Differential rate	3,286	3,100	186	
Self-generated	316	348	(32)	Re-development, reducing CML zones.
Total	3,422	3,417	5	

CML and Concessions generated \$146,000 of income offsetting a difficult year for;

Print advertisements which generated \$169,000.

Both income streams were adversely affected by the re-development works.

FUNDING (CONT.)

Expenditure

Description:	\$'000 2013-14	\$'000 2012-13	\$'000 Variance:	Comment:
Advertising and sponsorships	1,714	1,725	11	
Contractors and professional services	1,046	993	(53)	1st full year of operations manager.
Printing	197	171	(26)	Magazine and guide changes.
Security	195	208	13	Change to event security.
Plant and Equipment	118	174	56	Changes to events.
Premises	66	67	2	
Minor assets	28	8	(20)	Office move.
Recruitment	6	nil	(6)	Social media assistant.
Catering	10	19	9	Venue change for forums.
Insurance	12	12	nil	
Car parking	6	9	3	Supplier changes.
Telephone	2	4	2	Mobiles.
Fringe Benefit Tax	2	1	(1)	
Bad Debt	1	1	nil	
Sundry	17	24	7	
Audit	2	1	(1)	
Total	3,420	3,416	(4)	

Notes:

- » 2013-14 was the first year RMMA funded the Operations Manager Role, previously supplied by Council.
- » Printing of a business attraction guide, magazine printing and tourism guide.
- » Security changes reducing RMMA cost to cover events.
- » Reduced cost of hire for events.
- » Minor asset spend increased in preparation for office relocation.
- » Catering reduced by re-locating Precinct Forums.
- » Car parking cost reduced by no longer providing free parking to suppliers.
- » Mobile phones number reduced.

RUNDLE MALL MANAGEMENT AUTHORITY

General Purpose Financial Statements

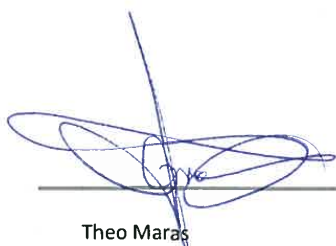
for the year ended 30 June 2014

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 2014 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.



Theo Maras

Chair of the Board

Date: 22/10/2014.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2014

		Consolidated	Consolidated
		2014	2013
	Notes	\$'000	\$'000
INCOME			
User Charges		316	348
Grants, Subsidies and Contributions	2	3,286	3,100
Total Income		3,602	3,448
EXPENSES			
Materials, Contracts and Other Expenses	3	3,422	3,417
Total Expenses		3,422	3,417
OPERATING SURPLUS / (DEFICIT)		180	31
TOTAL COMPREHENSIVE INCOME		180	31

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

		Consolidated 2014	Consolidated 2013
	Notes	\$'000	\$'000
ASSETS			
Current Assets			
Trade and Other receivables	5	211	31
Subtotal		211	31
Total Assets		211	31
NET ASSETS			
		211	31
EQUITY			
Accumulated Surplus		211	31
Total Equity		211	31

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

	Accumulated Surplus	Total Equity
	\$'000	\$'000
2014		
Balance at the end of previous reporting period	31	31
Adjustments (Correction to Prior Period)	–	(4)
Restated Opening Balance	31	27
Net Surplus / (Deficit) for Year	180	180
Other Comprehensive Income	–	–
Total Comprehensive Income	–	–
Balance at the end of period	211	207
2013		
Balance at the end of previous reporting period	–	–
Net Surplus / (Deficit) for Year	31	31
Other Comprehensive Income	–	–
Total Comprehensive Income	–	–
Balance at the end of period	31	31

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2014

	Consolidated	Consolidated
	2014	2013
Notes	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Operating receipts	3,422	3,417
Payments		
Operating payments to suppliers and employees	(3,422)	(3,417)
Net Cash provided by (or used in) Operating Activities	–	–
Net Increase (Decrease) in cash held	–	–
Cash and Cash Equivalents at end of period	–	–
Total Cash, Cash Equivalents and Investments	–	–

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by Rundle Mall Management 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 and 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, Adelaide City Council.

6 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods and 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 2014.

The Authority has not adopted any of these standards early.

Applicable to Local Government with implications:

AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

Applicable to Local Government but no implications for Council;

AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets
(effective for 30 June 2015 Financial Statements)

There are no changes to reported financial position or performance from AASB 2013 – 3; however additional disclosures may be required.

Applicable to Local Government but not relevant to Council at this stage;

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
(effective for 30 June 2015 Financial Statements for not-for-profit entities)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 2 – INCOME

	2014	2013
	\$'000	\$'000
USER CHARGES		
Advertising	316	348
Total User Charges	316	348
GRANTS, SUBSIDIES, CONTRIBUTIONS		
Other Grants, Subsidies and Contributions	3,286	3,100
Total Grants, Subsidies, Contributions	3,286	3,100
Sources of grants		
Other – Adelaide City Council	3,286	3,100
Total	3,286	3,100

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 3 – EXPENSES

	2014	2013
	\$'000	\$'000
MATERIALS, CONTRACTS AND OTHER EXPENSES		
Prescribed Expenses		
Auditor's Remuneration		
Auditing the Financial Reports	2	1
Subtotal – Prescribed Expenses	2	1
Other Materials, Contracts and Expenses		
Advertising and Sponsorship	1,714	1,725
Contractors and Professional Services	1,046	993
Printing	197	171
Security	195	208
Plant and equipment	118	174
Premises Hire and Associated Costs	66	67
Minor Assets, Furniture and Fittings and Materials	28	8
Recruitment	6	–
Catering	10	19
Insurance	12	12
Car Parking	6	9
Telephone	2	4
Fringe Benefits Tax	2	1
Bad Debt	1	1
Sundry	17	24
Subtotal – Other Material, Contracts and Expenses	3,420	3,416
Total Materials, Contracts and Other Expenses	3,422	3,417

NOTE 4 – CURRENT ASSETS

	2014	2013
	\$'000	\$'000
TRADE AND OTHER RECEIVABLES		
Trade and Other Receivables – ACC	142	31
Trade and Other Receivables	27	–
GST Recoupment	42	–
Total Cash and Cash Equivalents	211	31

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 5 – RECONCILIATION TO CASH FLOW STATEMENT**As at 30 June 2014**

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.

	2014	2013
	\$'000	\$'000
(a) Reconciliation of Change in Net Assets to Cash from Operating Activities		
Net Surplus (Deficit)	180	31
Net (increase) decrease in receivables	(180)	(31)
Net Cash Provided by (or used in) operations	–	–

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

NOTE 6 – UNIFORM PRESENTATION OF FINANCES**As at 30 June 2013**

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.

	2014	2013
	\$'000	\$'000
Income	3,602	3,448
less Expenses	(3,422)	(3,417)
Operating Surplus / (Deficit)	180	31
Net Lending / (Borrowing) for Financial Year	180	31



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 AUSTRALIA

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

We have audited the accompanying financial report of the Rundle Mall Management Authority "(the Authority)", which comprises the balance sheet as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Chair of the Board.

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.

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Rundle Mall Management Authority as at 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards, the Local Government Act 1999, and the Local Government (Financial Management) Regulations 2011.

A handwritten signature in blue ink, appearing to read 'G K Edwards'.

BDO Audit Partnership (SA)

A handwritten signature in blue ink, appearing to read 'G K Edwards'.

G K Edwards
Partner

Adelaide, 24th October 2014



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420 King William Street
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 2014, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

A handwritten signature in blue ink, appearing to read 'G Edwards', is written over a faint, larger blue signature.

G K Edwards
Partner

BDO Audit Partnership (SA)

Adelaide, 24th October 2014

BDO Audit Partnership (SA) ABN 21 903 784 597 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Partnership (SA) 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 (other than for the acts or omissions of financial services licensees).

Attachment F

Adelaide City Council
ABN 20 903 762 572
Customer Centre
25 Pirie Street, Adelaide
GPO Box 2252 Adelaide
South Australia 5001
Tel 08 8203 7203
Fax 08 8203 7575
city@adelaidecitycouncil.com

21 October 2014

Mr Geoff Edwards
Partner
BDO
7/420 King William Street
ADELAIDE SA 5000

This representation letter is provided in connection with your audit of the financial report of the Rundle Mall Management Authority for the year ended 30 June 2014 for the purpose of expressing an opinion as to whether the financial report is, in all material respects, presented fairly in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999*, *City of Adelaide Act 1998* and the *Local Government (Financial Management) Regulations 2011*.

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

Financial report

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, with regard to the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999*, *City of Adelaide Act 1998* and the *Local Government (Financial Management) Regulations 2011*
2. The selection and application of accounting policies is appropriate.
3. We acknowledge our responsibility for the design and implementation of internal controls to prevent and detect error. We have established and maintained adequate internal controls to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards.
6. All events subsequent to the date of the financial report and for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
7. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial report as a whole. A list of the uncorrected misstatements is attached to the representation letter.



Information provided

8. We have provided you with:
 - a) Access to all information of which we are aware, that is relevant to the preparation of the financial report such as records, documentation and other matters;
 - b) Additional information that you have requested from us for the purpose of the audit; and
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
9. Minutes of all Authority meetings and other relevant committees held prior to the date of this letter have been included in the minute books and have been made available to you. All material agreements entered into and guarantees given by Rundle Mall Management Authority have been minuted or otherwise recorded.
10. All transactions have been recorded in the accounting records and are reflected in the financial report.
11. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
12. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
13. We have disclosed to you all information in relation to fraud, allegations of fraud or suspected fraud that we are aware of and that could have a material effect on the financial report.
14. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, analysts, regulators or others.
15. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report. We understand that the entity must be in compliance at all times with the following laws and regulations:
 - *Local Government Act 1999*
 - *City of Adelaide Act 1998*
 - *Local Government (Financial Management) Regulations 2011*
16. We have disclosed to you all communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.

Accounting standards

- The major accounting policies adopted are set out in the financial report. The accounting policies remained unchanged from the previous year.
17. The accounting policies comply with all the requirements of each applicable Australian equivalents to International Financial Reporting Standards as they relate to not-for-profit entities and each applicable approved interpretation.

Publication on web site

18. With respect to publication of the financial report on our website, we acknowledge that:

- we are responsible for the electronic presentation of the financial report;
- we still ensure that the electronic version of the audited financial report and the auditor's report on the web site will be identical to the final signed hard copy version;
- we will clearly differentiate between audited and unaudited information in the construction of the entity's web site as we understand the risk of potential misrepresentation;
- we have assessed the controls over the security and integrity of the data on the web site and that adequate procedures are in place to ensure the integrity of the information published; and
- we will not present the auditor's report on the full financial report with any document other than the full financial report.

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

Managements reviewed the financial report, the contents of which have been approved by the appropriate officers of this Authority. Further, all material facts known to us which could affect the financial report have been made communicated to you.

There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.

Yours faithfully



Chief Executive Officer



General Manager Strategic Finance & Business Services

Rundle Mall Management Authority

General Purpose Financial Statements for the year ended 30 June 2014

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Adelaide City Council for the year ended 30 June 2014, 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*.



Peter Smith
CHIEF EXECUTIVE OFFICER

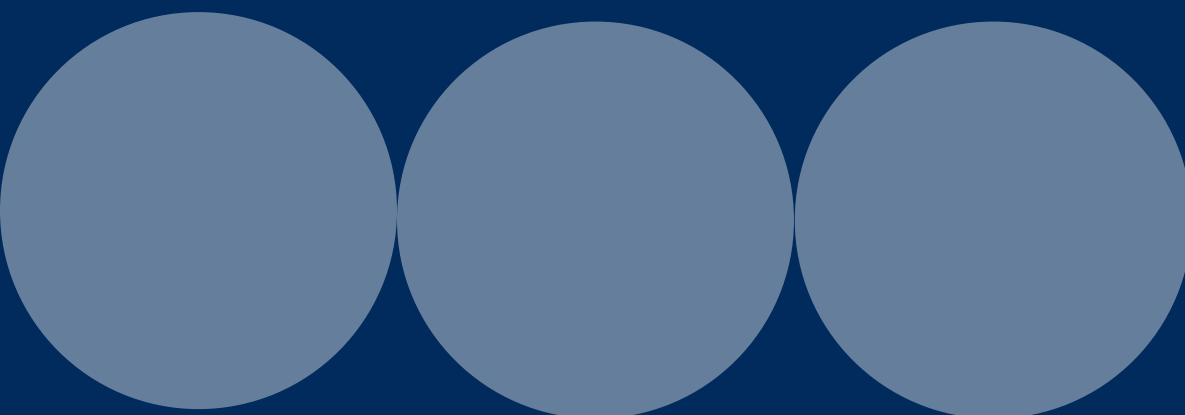


Ross Haslam
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 21st October 2014

WASTE CARE SA

ANNUAL REPORT 2013–14



Waste Care SA

Annual Report 2013-2014

BOARD MEMBERS

Adelaide City Council

Mr Sean McNamara

Board Member

Mr Adrian Stokes

Deputy Board Member

City of Campbelltown

Cr John Kennedy

Chair

Mr Kevin Lowe

Deputy Board Member

City of Charles Sturt

Cr Juliann Andriani

Board Member

Ms Fiona Jenkins

Deputy Board Member

City of Norwood, Payneham & St Peters

Mr Peter Perilli

Board Member

Cr John Frogley

Deputy Board Member

City of Prospect

Cr Ashley Dixon

Board Member

Mr Greg Georgopoulos

Deputy Board Member

Corporation of the Town of Walkerville

Cr David Whiting

Deputy Chair

Chairman's Report



This will be my last report as Chairman of Waste Care SA. Waste Care SA (WCSA) is coming to the end of the 10 year Project Agreement with Transpacific Industries Group Ltd (TPI).

The Board has considered all the options regarding the future of WCSA and what would be in the best interests of the Member Councils. During the year they received 3 comprehensive reports on these options after the expiry of the Project Agreement on the 31st December 2014.

The reports were referred to Member Councils and all Member Councils resolved that the Project Agreement should not be renewed. The Board was instructed to sell back the Facility for the original cost of \$11 million and to pay back the outstanding loan with the Local Government Finance Authority (LGFA).

Notice has been served on TPI that the Project Agreement will not be renewed and the facility will be sold to TPI with settlement to occur on the 17th February 2014. The lease over the land, originally with Adelaide City Council and now with Adelaide Resource Recovery Pty Ltd (ARR), will be assigned to TPI.

As part of the planning for the future disposal options of Member Councils, WCSA facilitated a tender process on behalf of Member Councils for the disposal of domestic waste and hard waste for the next 3, 5 or 10 years. The tender process has been completed and Member Councils have very competitive disposal rates for their domestic waste and their hard waste post-December 2014. Individual contracts between Member Councils and the preferred providers will be in place when Waste Care SA ceases to accept waste from Member Councils after the 31st December 2014.

Once the Board resolved not to renew the Project Agreement, it turned its attention to the future of Waste Care SA, the regional subsidiary.

A comprehensive report on the merits or otherwise of continuing with the regional subsidiary was considered by the Board late in the year and the Board resolved to recommend to Member Councils that Waste Care SA, the regional subsidiary, should be wound up.

As satisfactory disposal options had been procured for Member Councils, the ongoing compliance and administration costs of running the regional subsidiary could not be justified.

All Councils are progressively considering the report on the future of Waste Care SA and the Board would expect all Member Councils to resolve to wind up Waste Care SA, subject to the Local Government Minister agreeing, by March 2015.

There is no doubt that WCSA has served its purpose over the years of its operations. The original intent and desire to aggregate Councils across metropolitan Adelaide to achieve economies of scale in the waste market was ambitious at that time. It is unfortunate that more Councils did not join at its inception to really fully maximise the opportunity it presented.

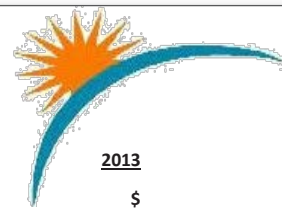
I would like to thank the staff of *TJH Management Services Pty Ltd* for their work during the year providing administration and management services to WCSA and wish them well in the future.

In finishing my report, can I thank the Board Members and Deputy Board Members for their help, assistance and governance during the year. I take this opportunity to wish them well in their future endeavours.


John Kennedy



21 Rundle Street, Kent Town SA 5067 Ph 08 8363 9100 Fax 08 8363 9725



Summary Financial Statement for the year ended 30 June 2014

Income Statement as at 30 June 2014		2014	2013
		\$	\$
INCOME			
Investment Income	14,570		24,202
Commercial Activities	1,325,517		1,327,729
Other—Carbon Tax Recoverable	34,456		44,262
TOTAL INCOME	1,374,542		1,396,193
EXPENSES			
Materials, Contracts & Other Services	564,232		595,876
Finance Costs	744,719		750,912
Depreciation, Amortisation & Impairment	361,271		361,271
Other—Carbon Tax	34,456		44,262
TOTAL EXPENSES	1,704,678		1,752,321
NET (DEFICIT)	(330,136)		(356,128)
OTHER COMPREHENSIVE INCOME			
Changes in Revaluation of Property, Plant & Equipment	507,304		-
TOTAL COMPREHENSIVE INCOME	177,168		(356,128)
Balance Sheet as at 30 June 2014			
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	505,290		391,542
Trade Receivables	853,758		814,855
Other Receivable—accrued income	34,456		44,262
CURRENT ASSETS HELD FOR SALE			
Infrastructure, property, plant & equipment	11,000,000		-
Total Current Assets	12,393,504		1,250,659
NON-CURRENT ASSETS			
Infrastructure, Property, Plant & Equipment	-		10,853,967
Total Non-Current Assets	-		10,853,967
TOTAL ASSETS	12,393,504		12,104,626
LIABILITIES			
CURRENT LIABILITIES			
Trade & Other Payables	835,540		723,830
LGFA Loan	11,281,600		-
Total Current Liabilities	12,117,140		723,830
NON-CURRENT LIABILITIES			
LGFA Loan	-		11,281,600
Total Non-Current Liabilities	-		11,281,600
TOTAL LIABILITIES	12,117,140		12,005,430
NET ASSETS	276,364		99,196
EQUITY			
Accumulated Deficit	(1,730,940)		(1,400,804)
Asset Revaluation Reserve	2,007,304		1,500,000
TOTAL EQUITY	276,364		99,196

WASTE CARE SA

General Purpose Financial Reports for the year ended 30 June 2014

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WASTE CARE SA

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2014

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by Waste Care SA 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 2014 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.


.....
Trevor Hockley
EXECUTIVE OFFICER


.....
Cr John Kennedy
CHAIRPERSON

Date: 30 September 2014

WASTE CARE SA
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
INCOME			
Commercial Activities	2	1,325,517	1,327,729
Investment Income		14,570	24,202
Other - Carbon Tax recoverable	4	34,456	44,262
Total Income		1,374,542	1,396,193
EXPENSES			
Materials, contracts & other expenses	3	564,232	595,876
Depreciation, amortisation & impairment	3	361,271	361,271
Finance Costs	3	744,719	750,912
Other - Carbon Taxation	4	34,456	44,262
Total Expenses		1,704,678	1,752,321
OPERATING SURPLUS / (DEFICIT)		(330,136)	(356,128)
NET SURPLUS / (DEFICIT)		(330,136)	(356,128)
Other Comprehensive Income			
Changes in Revaluation Surplus, Property, Plant & Equipment		507,304	-
Total Other Comprehensive Income		507,304	-
TOTAL COMPREHENSIVE INCOME		177,168	(356,128)

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

WASTE CARE SA
BALANCE SHEET
for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	505,290	391,542
Trade & other receivables	5	853,758	814,855
Other receivable - accrued income	4	34,456	44,262
Current Assets Held for Sale			
Infrastructure, property, plant & equipment	6	11,000,000	-
Total Current Assets		12,393,504	1,250,659
Non-Current Assets			
Infrastructure, property, plant & equipment	6	-	10,853,967
Total Non-current Assets		-	10,853,967
Total Assets		12,393,504	12,104,626
LIABILITIES			
Current Liabilities			
Trade & other payables	7	835,540	723,830
LGFA Loan	7	11,281,600	-
Total Current Liabilities		12,117,140	723,830
Non-current Liabilities			
LGFA Loan	7	-	11,281,600
Total Non-current Liabilities		-	11,281,600
Total Liabilities		12,117,140	12,005,430
NET ASSETS		276,364	99,196
EQUITY			
Accumulated Deficit		(1,730,940)	(1,400,804)
Asset Revaluation		2,007,304	1,500,000
TOTAL EQUITY		276,364	99,196

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

WASTE CARE SA

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2014

	Notes	Accumulated Surplus \$	Asset Revaluation Reserve \$	TOTAL EQUITY \$
2014				
Balance at end of previous reporting period		(1,400,804)	1,500,000	99,196
Adjustment due to compliance with revised Accounting Standards		-	-	-
Adjustment to give effect to changed accounting policies		-	-	-
Restated opening balance		(1,400,804)	1,500,000	99,196
Net Surplus / (Deficit) for Year		(330,136)		(330,136)
Other Comprehensive Income				
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	507,304	507,304
Funds from Member Councils		-	-	-
Balance at end of period		(1,730,940)	2,007,304	276,364
2013				
Balance at end of previous reporting period		(1,044,676)	1,500,000	455,324
Adjustment due to compliance with revised Accounting Standards		-	-	-
Adjustment to give effect to changed accounting policies		-	-	-
Restated opening balance		(1,044,676)	1,500,000	455,324
Net Surplus / (Deficit) for Year		(356,128)		(356,128)
Other Comprehensive Income				
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	-	-
Funds from Member Councils		-	-	-
Balance at end of period		(1,400,804)	1,500,000	99,196

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

WASTE CARE SA
CASH FLOW STATEMENT
for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Members contributions		-	-
Commercial Activities		1,631,745	1,331,082
Investment Income		14,570	24,202
<u>Payments</u>			
Members Contracts & Other Services		(787,847)	(707,341)
Net Cash provided by (or used in) Operating Activities	8	858,468	647,943
CASH FLOWS FROM INVESTING ACTIVITIES			
		-	-
Net Cash provided by (or used in) Investing Activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Payments</u>			
Finance Charges		(744,720)	(750,912)
Net Cash provided by (or used in) Financing Activities		(744,720)	(750,912)
Net Increase (Decrease) in cash held		113,748	(102,969)
Cash & cash equivalents at beginning of period	8	391,542	494,511
Cash & cash equivalents at end of period	8	505,290	391,542

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

WASTE CARE SA**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with applicable Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Local Government Act 1999. The accounting policies have been consistently applied, unless otherwise stated.

Waste Care SA is a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. The Constituent Councils and their respective percentages of equity are as follows:

Constituent Council	Equity Share %
Adelaide City Council	23.75
City of Campbelltown	23.75
City of Charles Sturt	23.75
City of Norwood, Payneham & St. Peters	17.81
City of Prospect	5.00
Corporation of the Town of Walkerville	5.94

Waste Care SA operates a Resource Recovery and Waste Transfer Station facility (RRWTS) within an Integrated Resource Management Centre (IRMC) at Wingfield, South Australia, on land leased from Adelaide City Council.

The financial report was authorised for issue by certificate under clause 11 of the *Local Government (Financial Management) Regulations 2011* dated 3 October 2014.

The following is a summary of the material accounting policies adopted by the Subsidiary in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation**Reporting Basis and Conventions**

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies**(a) Income Tax**

Waste Care SA operates as a regional subsidiary of the member councils pursuant to section 43 of the Local Government Act 1999. Accordingly, it is not liable to pay income tax.

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Selected assets are depreciated over their useful lives commencing from the time that the asset is held ready for use.

The depreciation rates used for items of plant & equipment are:

Class of Fixed Asset	Depreciation Rate
Furniture and fittings	20%
Computer Equipment	33%
Other equipment and vehicles	20%

The asset representing the Resource Recovery and Waste Transfer Station (RRWTS), being a facility within the Integrated Resource Management Centre (IRMC) was revalued in accordance with AASB 116 at 30 June 2011 to \$12,500,000.

There is a legal agreement (Project Agreement) between Waste Care SA (the Principal) and the Contractors (or its related nominee entity) whereby after 10 years Waste Care SA under the Project Agreement (Section 31) may enforce a compulsory purchase of the RRWTS by the Contractors (or its nominee related entity) at its full historic cost of \$11 million. The lease with Adelaide Resource Recovery Ltd (ARR) may also be assigned. The Project Agreement will not be renewed and the compulsory purchase option will be exercised with settlement expected on 27 February 2015.

The Board of WCSA previously resolved to change its policy on depreciating the RTWS. Depreciation expense of \$336,000 per year has been charged from 1 July 2008 to 30 June 2011. The asset was revalued as at 30 June 2011 and depreciation adjusted on a straight line basis to \$333,101 for the remaining 34.5 years of the life of the lease with the ARR. The revaluation of the asset will occur every three years consistent with AASB 116 and is due again on 30 June 2014.

This valuation has not been undertaken this year as the Project Agreement will not be renewed as at 31st December 2014 and the compulsory purchase of the facility will be exercised for \$11 million. In accordance with AASB 13 Fair Value Measurement, under hierarchy Level 1 input, the RRWTS has been revalued to that by which it will be sold under the Project Agreement.

	Level 1	Level 2	Level 3	Fair Value as at 30 June 2014
Resource Recovery and Waste Transfer Station	11,000,000	-	-	11,000,000

WASTE CARE SA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Impairment

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

(d) Cash And Cash Equivalents and other Financial Instruments

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

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful. All financial instruments are recognised at fair value at the date of recognition.

(e) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor are charged as expenses in the periods in which they are incurred.

(f) Revenue

Revenue from the sale of services is recognised upon delivery of the service to customers

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

(g) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use, or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(i) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(j) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

WASTE CARE SA**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2014****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(k) Critical Accounting Estimates and Judgments**

The Subsidiary 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 Subsidiary.

Key Estimates - Impairment

The subsidiary assesses impairment at each reporting date by evaluating conditions specific to the subsidiary that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Judgments - Doubtful Debts Allowance

Accounts receivable are reviewed at each reporting date to establish the collectability.

(l) Going Concern Basis

The Board of Management of WCSA notes the accumulated deficit of \$1,730,940. The objective of WCSA is to minimise the cost impact of services provided to its Member Councils. WCSA has a statutory guarantee from its Member Councils to meet all financial obligations and accordingly, the Subsidiary has prepared the financial statements on a going concern basis.

(m) New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2014 reporting period and have not been used in preparing these reports.

- AASB 7: Financial Instruments: Disclosure
- AASB 9: Financial Instruments
- AASB 10: Consolidated Financial Statements
- AASB 11: Joint Arrangements
- AASB 12: Disclosure of Interests in Other Entities
- AASB 127: Separate Financial Statements
- AASB 128: Investments in Associates and Joint Ventures
- AASB 132: Financial Instruments: Presentation

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2011-7, AASB 2012-2, AASB 2012-3, AASB 2012-5, AASB 2012-6, AASB 2012-10, AASB 2013-3, AASB 2013-8 and AASB 2013-9. (Standards not affecting local government have been excluded from the above list.)

The Subsidiary is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

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

WASTE CARE SA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

	2014 \$	2013 \$
Notes		
NOTE 2: INCOME		
Operating Activities		
Gate Fees for delivery	451,227	422,231
Commercial Contributions	859,993	893,626
Jeffries Profit Share	13,980	11,872
Sundry Income	316	-
	<u>1,325,517</u>	<u>1,327,729</u>
NOTE 3: EXPENSES		
Prescribed Expenses		
Auditor's Remuneration	5,593	6,987
Operating Leases	197,410	228,755
Other Materials Contracts & Expenses		
Managerial Services	202,707	202,659
Council Rates	62,322	67,465
Emergency Services Levy	6,046	6,517
Accountancy fees	1,170	-
Sundry	365	2,970
Legal Expenses	12,468	5,897
Insurance	70,086	74,626
Education Wingfield	5,000	-
Admin Other	1,065	-
	<u>564,232</u>	<u>595,876</u>
Finance Costs		
Loan Interest	744,385	750,596
Bank Charges	334	316
	<u>744,719</u>	<u>750,912</u>
Depreciation & Amortisation		
Capitalised Interest	28,170	28,170
Depreciation	333,101	333,101
	<u>361,271</u>	<u>361,271</u>

WASTE CARE SA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

NOTE 4: CARBON TAXATION

As per The Clean Energy Act 2011, Waste Care SA is liable for Carbon Taxation on tonnes disposed of during the financial year ending 30 June 2014. The rate payable on tonnes at 30 June 2014 was \$0.53 per tonne.

Accrual for Carbon Taxation Payable - Liability	2014	2013
2014 Principle Tonnes	65,011.00	65,091
Carbon Taxation Rate per tonne	\$0.53	\$0.68
Total Amount Payable by Waste Care SA	34,456	44,262

Accrual for Carbon Tax Receivable - Asset

The charge per each member council is as follows:

<i>Constituent Council</i>	<i>TONNES</i>	<i>Carbon Taxation Payable</i>
Adelaide City Council	6,138	\$3,253
City of Campbelltown	9,924	\$5,260
City of Charles Sturt	27,511	\$14,581
City of Norwood, Payneham & St. Peters	7,337	\$3,889
City of Prospect	4,381	\$2,322
Corporation of the Town of Walkerville	1,556	\$825
Client Council		
City of Mitcham	7,359	\$3,900
Adelaide Hills Council	805	\$427
Carbon Taxation Receivable		\$34,456

As per the Act, the second annual payment falls due in September 2014. Waste Management Pacific (SA) Pty Ltd (WMP) will issue Waste Care SA with an invoice based on the 2014 tonnes charged at a rate of \$0.53 per tonne. Waste Care SA will make payment on behalf of its Member Councils who have agreed in turn to pay Waste Care SA. As such, the accrual and the receivable has been accounted for in the financial statements 30 June 2014 in the amount of \$34,456.

Notes	2014	2013
	\$	\$

NOTE 5: CURRENT ASSETS

Cash at Bank	505,290	391,542
Receivables	853,758	814,855
	1,359,048	1,206,397

WASTE CARE SA**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
for the year ended 30 June 2014**NOTE 6: INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT**

	2013					2014				
	AT FAIR VALUE	AT COST	REVALUATION	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	REVALUATION	ACCUM DEP'N	CARRYING AMOUNT
Plant & Equipment	-	11,000,000	1,500,000	(1,674,202)	10,825,798	-	11,000,000	2,007,304	(2,007,304)	11,000,000
Disbursement & Capitalised Interest	-	281,696	-	(253,527)	28,169	-	281,696	-	(281,696)	(0)
TOTAL PROPERTY, PLANT & EQUIPMENT	-	11,281,696	1,500,000	(1,927,729)	10,853,967	-	11,281,696	2,007,304	(2,289,000)	11,000,000

	2013	CARRYING AMOUNT MOVEMENTS DURING YEAR							2014
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals						
Plant & Equipment	10,825,798				(333,102)			507,304	11,000,000
Disbursement & Capitalised Interest	28,169				(28,169)				-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	10,853,967	-	-	-	(361,271)			507,304	11,000,000
Comparatives	11,215,238	-	-	-	(361,271)	-	-	-	10,853,967

The Board and Member Councils of Waste Care SA (WCSA) have resolved to not renew the Project Agreement with Waste Management Pacific (SA) Pty Ltd (WMP) and enforce the compulsory purchase Clause 31 in the Agreement requiring WMP to purchase the WCSA facility for its original cost of \$11 million. Settlement of this sale is due on 27 February 2015. In accordance with AASB 13, the revaluation of the asset has applied the fair value hierarchy Level 1 input.

WASTE CARE SA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

NOTE 7: LIABILITIES

	Notes	2014		2013	
		\$		\$	
TRADE & OTHER PAYABLES		Current	Non-current	Current	Non-current
Creditors		784,631	-	645,796	-
GST Payable		61,102	-	66,965	-
GST Receivable		(50,497)	-	(39,043)	-
Audit Fees		5,850	-	5,850	-
Accrual for Carbon Taxation	4	34,454	-	44,262	-
		<u>835,540</u>	<u>-</u>	<u>723,830</u>	<u>-</u>
OTHER LIABILITIES					
Loans		11,281,600	-	-	11,281,600
		<u>11,281,600</u>	<u>-</u>	<u>-</u>	<u>11,281,600</u>

Waste Care SA has all of its loans through the LGFA. These finance contracts mature at or around December 2014 which is the initial term of the Project Agreement with Waste Management Pacific (SA) Pty Ltd (WMP). Member Councils have resolved that the WCSA facility be sold back to WMP for \$11 million and that the funds be used to extinguish all loans with the LGFA.

WASTE CARE SA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

NOTE 8:- RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	2014	2013
	Notes	
	\$	\$
Cash at Bank	505,290	391,542
Balances per Cash Flow Statement	505,290	391,542
Reconciliation of Change in Net Assets to Cash from Operating Activities		
Net Surplus (Deficit)	(330,136)	(356,128)
Non-cash items in Income Statement		
Depreciation	333,101	333,101
Amortisation	28,170	28,170
Cash items in Income Statement		
Finance Charges	744,719	750,912
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(29,097)	(147,839)
Net increase (decrease) in trade & other payables	129,027	65,219
Net increase (decrease) in GST payable	(17,317)	18,770
Net Cash provided by (or used in) operations	858,467	692,205

WASTE CARE SA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

NOTE 9: 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 of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

	2014 \$	2013 \$
Leasing Commitments		
Payable not later than one year	109,542	213,230

During the year Adelaide Resource Recovery Pty Ltd (ARR) purchased the land at Wingfield from Adelaide City Council (ACC) which has the registered lease to WCSA. This lease has now been assigned to ARR and will be assigned to Waste Management Pacific (SA) Pty Ltd (WMP) as part of the sale of the WCSA facility. WCSA will have an ongoing contingent liability for the performance of the lease by WMP until the initial 21 year term expires 3rd January 2026 and any obligations at the termination of the lease.

NOTE 10 - EVENTS AFTER THE BALANCE SHEET DATE

There are no relevant events to report after the balance date that will require adjustments to the financial statements.

WASTE CARE SA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

Note 11 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Authority prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances

	2014 \$	2013 \$
Income	1,374,542	1,396,193
<i>less</i> Expenses	<u>1,704,678</u>	<u>1,752,321</u>
Operating Surplus / (Deficit)	(330,136)	(356,128)
<i>less</i> Net Outlays on Existing Assets		
Depreciation, Amortisation and Impairment	<u>361,271</u>	<u>361,271</u>
	<u>361,271</u>	<u>361,271</u>
<i>less</i> Net Outlays on New and Upgraded Assets	-	-
Net Lending / (Borrowing) for Financial Year	<u>31,135</u>	<u>5,143</u>


WASTE CARE SA

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2014

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Waste Care SA for the year ended 30 June 2014, the Authority's Auditor, HLB Mann Judd, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Mr Trevor Hockley
EXECUTIVE OFFICER



Cr John Kennedy
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 30 September 2014



Chartered Accountants

The Chairman & Members
Board of Management
Waste Care SA
C/- Mr T Hockley
Executive Officer
21 Rundle Street
KENT TOWN SA 5067

Dear Board Members

**STATEMENT OF AUDITOR'S INDEPENDENCE
WASTE CARE SA – REGIONAL SUBSIDIARY**

**In accordance with Regulation 22(5) Local Government (Financial Management)
Regulation 2011**

We confirm that, for the audit of the financial statements of Waste Care SA for the 2013/2014 financial year we have maintained our independence in accordance with the requirements of APES 110 – Code of Practice for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, and in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.


HLB Mann Judd
Chartered Accountants


Trevor Hirth
Partner

Adelaide, South Australia
 29th September 2014

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HLB Mann Judd (SA Partnership) ABN: 22 640 925 071

169 Fullarton Road, Dulwich SA | Telephone +61 (0)8 8133 5000 | Facsimile +61 (0)8 8431 3502

Postal: PO Box 377, Kent Town SA 5071

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Liability limited by a scheme approved under Professional Standards Legislation



Chartered Accountants

WASTE CARE SA**INDEPENDENT AUDITOR'S REPORT*****To the members of Waste Care SA:***

We have audited the accompanying financial report of Waste Care SA (regional subsidiary), which comprises the balance sheet as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Board's responsibility for the Financial Report

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

Auditor's Responsibility

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

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

Our audit did not include an analysis of the prudence of business decisions made by the Board or management.

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

Independence

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

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HLB Mann Judd is a company limited by guarantee under the Companies Act 1988.



Chartered Accountants

WASTE CARE SA

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Opinion

In our opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of Waste Care SA as at 30 June 2014 and its financial performance and its cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 and Regulations.


HLB Mann Judd
Chartered Accountants


Trevor Hirth
Partner

Adelaide, South Australia
2nd October 2014

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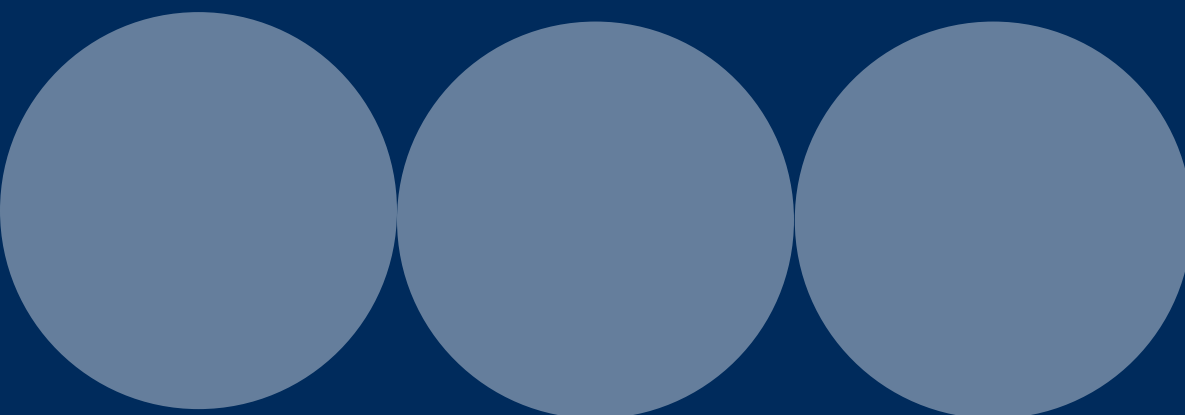
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COUNCIL SOLUTIONS REGIONAL AUTHORITY

ANNUAL REPORT 2013–14





Council Solutions

Council Solutions is a Regional Authority established by the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully, pursuant to Section 43 of the *Local Government Act 1999*.

Commencing operations in 2012, Council Solutions provides a collaborative, strategic approach to the procurement of good 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 reduces administrative costs, the number of tender processes and replicated contract management activities for each of the Constituent Councils.

The ultimate 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 with 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 \$500 million annual spend on infrastructure and services by these Constituent Councils.

Ministerial approval was given for Council Solutions Regional Authority to be established by notice in the SA Government Gazette on the 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 2014

Foreword from the Chair

In this our second year of operations, Council Solutions is still very much a young organisation, and although we are still in our business establishment phase, we have made significant progress in building on our foundation and framework.

From our beginnings in 1994 as an informal alliance, the G6 Procurement Group, we established Council Solutions Regional Authority in 2012, and we are transitioning to a streamlined, stand-alone business that will deliver the best value for money for our Constituent Councils.



Our Board of Management was established to manage and be responsible for the affairs of Council Solutions and I thank them for their work in developing the corporate structure that best supports our aims of delivering procurement and shared services to local government.

I wish to acknowledge the efforts of the Board and thank them for their commitment, dedication and support, particularly Di Rogowski in her integral role as a Board member in establishing Council Solutions.

An interim business plan was developed for the first year to establish a robust corporate body, to manage the existing suite of contracts and negotiate new contracts on behalf of the Constituent Councils. I thank Acting Chief Executive, Nick Leaver, for his efforts in establishing the team and managing this establishment and transition phase.

Utilising our key principles of expertise and collaboration, over the past year we have built on this framework and set up an Audit Committee to enable us to meet the highest standards of accountability, transparency, integrity and management.

This aligns with our objective of working both as a commercially viable organisation and operating within local government compliance standards, which gives both our Constituent Councils and their communities the confidence that we continue to work in their best interests.

We have appointed a Chief Executive Officer, Maggie Dowling, who brings her extensive experience, drive and passion to lead the Council Services team. In consultation with our Constituent Councils we have developed a three-year business plan to enable the delivery to their communities, the best value for money from an efficient and effectively managed organisation.

Over the past year we have made a surplus that confirms Council Solutions as both strategically and financially viable and makes funds available for the Board to consider investment into future strategic procurement projects and opportunities.

I thank Maggie, her team and the Board of Management for their commitment, dedication and support.



Catherine Cooper
Chair of the Board, Council Solutions Regional Authority

Report from the Chief Executive Officer

The past year has been exciting, challenging and extremely busy for Council Solutions, and since commencing in late December 2013, I have been working with the Board, our Constituent Councils and my team to develop our three-year Business Plan.

This Business Plan for 2014/15 – 2016/17 formalises our business objectives and enables relevant measurement and transparent reporting of our achievements against the set objectives, and has been approved by the Board.



Good governance is a high priority for Council Solutions and our team attended training on the Independent Commissioner Against Corruption (ICAC) Act and the related changes to the Local Government Act and specifically the code of conduct.

The establishment of the Audit Committee will also enable Council Solutions to meet its legal and financial requirements under the Council Solutions Charter and the Local Government Act.

I wish to thank the Board for their assistance and co-operation, and my team, Taryn Alderdice, Rachel Bell, Clare Coupar, Audrey Rangel, and finance consultant Rex Mooney for their focus on the daily operations and commitment to the future success of Council Solutions.

I also wish to acknowledge previous staff, Acting Chief Executive Nick Leaver, Rachel Strong, Jessie Byrne, Alexandra Paxinos and Cherie O'Neill for their work in developing and implementing the initial framework.

Council Solutions, since its establishment has been located within the Adelaide City Council, so we thank them for their central and functional office accommodation and finance function support.

There are many opportunities for Council Solutions and our primary focus will be on expanding the number of contracts and increasing the value of collaborative purchasing to both councils and suppliers.

Councils Solutions' success is reliant upon the significant in-kind contribution of our member councils and I would like to take this opportunity on behalf of the team to thank all of those who work hands-on with us.

The people we work with, whether it be the members of the Directorate, the Procurement Leaders Group, Contract Development Teams, the Chief Executive Officers and their Executive Assistants – all show immense dedication to their roles and their respective councils.

We look forward to continuing working with them toward achieving the objectives of our Business Plan, and the future success of Council Solutions in delivering best value for money solutions from an efficient and effectively managed organisation.



Maggie Dowling
Chief Executive Officer, Council Solutions Regional Authority

Board of Management 2014

The members of the Board of Management comprise:



Independent
Chairperson
Ms Catherine Cooper



Adelaide City Council
Mr Peter Smith
Chief Executive Officer



City of Charles Sturt
Mr Mark Withers
Chief Executive Officer



City of Marion
Mr Mark Searle
Chief Executive Officer



City of Onkaparinga
Mr Mark Dowd
Chief Executive Officer



City of Salisbury
Mr John Harry
Chief Executive Officer



City of Tea Tree Gully
Mr John Moyle
Chief Executive Officer
(from October 2013)

Ms Di Rogowski
Chief Executive Officer
(July - Sept 2013)

Board of Management 2014

Council Solutions is a body corporate, governed by a Board of Management, comprising seven members being the Chief Executive Officer from each Constituent Council: Adelaide City Council and Cities of 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 four formal meetings during the year to consider the strategic direction and financial integrity of the organisation, as well as the performance of the CEO. Attendance at meetings was:

Board Position	Board Member	Meetings Attended (4 Meetings held)
Independent Chairperson	Ms Catherine Cooper	4
Adelaide City Council	Mr Peter Smith, Chief Executive Officer	2
City of Charles Sturt	Mr Mark Withers, Chief Executive Officer	4
City of Marion	Mr Mark Searle, Chief Executive Officer	4
City of Onkaparinga	Mr Mark Dowd, Chief Executive Officer	3
City of Salisbury	Mr John Harry, Chief Executive Officer	4
City of Tea Tree Gully	Mr John Moyle, Chief Executive Officer (from October 2013) Mrs Di Rogowski, Chief Executive Officer (July – September 2013)	4

Audit Committee

The 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 2011*.

The function of the Audit Committee include reviewing annual financial statements to ensure that they present fairly the state of affairs of the Authority and reviewing the adequacy of financial management systems and practices.

Audit Committee	
Ms Tanya Johnston (Chair)	Independent Member
Mr David Papa	Independent Member
Mr Mark Dowd, Chief Executive Officer, City of Onkaparinga	Board of Management representative

Governance and Operating Framework

Led by the Chief Executive Officer, Council Solutions works collaboratively with its Constituent Councils to deliver value outcomes.

This is underpinned by the expertise of staff in its Constituent Councils, utilised through a structured operating management framework providing the oversight, advisory and/or operative input to the Council Solutions administrative team.

The operating framework comprises the following groups:

- ▶ Council Solutions Directorate
- ▶ Procurement Leaders Group
- ▶ Contract Development (and management) Teams
- ▶ Shared Functions Working Groups

This framework enables Council Solutions to:

- ▶ Develop and maintain a strong spirit of partnership and collaborative culture that is the key to its ongoing success
- ▶ Receive direction, influence and hands-on involvement from its Constituent Councils
- ▶ Be well informed and provide a service that deliver value to its Constituent Councils

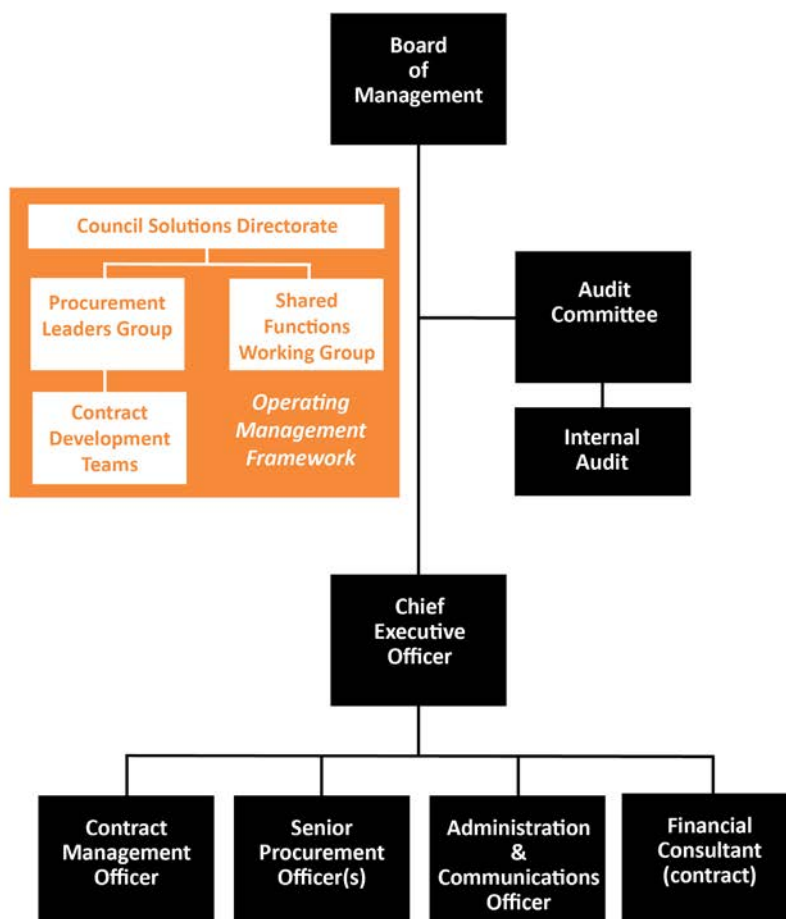
Structure and Staffing

As at 30 June 2014, Council Solutions comprised five staff (3.85 FTE) on short-term contracts delivering expertise in management, procurement, contract management, governance and policy, marketing and communications, and administration. A part-time contractor with extensive experience in local government finance is also part of the team.

The Council Solutions team comprises:

- ▶ Chief Executive Officer – Maggie Dowling
- ▶ Contract Management Officer – Taryn Alderdice
- ▶ Senior Procurement Officers – Rachel Bell, Clare Coupar
- ▶ Administration and Communications Officer – Audrey Rangel
- ▶ Financial Consultant – Rex Mooney

Governance and Organisation Structure



Achievements 2013 – 2014

Council Solutions currently manages a suite of collaborative contracts for its Constituent Councils, that had a combined value in the 13/14 financial year of \$58.1 million, delivering significant account management efficiencies.

With a number of the existing contracts reaching or nearing term procurement activity focused on renewal and extension with the major activities being:

- ▶ Commencement of tender planning with Constituent Councils for a Bituminous Roadworks contact with an estimated value of over \$20 million per annum
- ▶ New Legal Panel contract awarded with a value estimated to be in the vicinity of \$4 million per annum

As our business objectives have been formalised within the Council Solutions' three-year Business Plan, this Annual Report details our achievements against six core business categories identified in the plan.

Governance

During 2013/14, achievements include:

- ▶ Establishment and appointment of Membership of the Audit Committee
- ▶ Appointment of Chief Executive Officer responsible to the Board of Management for the execution of all decisions made by the Board and for the efficient and effective management of Council Solutions
- ▶ Appointment of specialised staff to undertake and prioritise the procurement processes, contract management, policy and governance functions of the organisation
- ▶ Development of three-year Business Plan

People

Council Solutions comprises a small specialist team and prudent resourcing and staff retention is a high priority given the business requirement for procurement expertise and contract management skills and the importance of developing and maintaining strong relationships with Constituent Council staff and suppliers.

To recognise and acknowledge the collaboration across council boundaries, the annual Reward and Recognition Event was held on 22 May 2014 at the National Wine Centre. Over 120 guests attended, representing the six Constituent Councils, suppliers and key stakeholders.

Awards were presented in five categories and the winners were:

- ▶ Excellence in Leadership – Colin Heath (City of Marion), Peter Farlie-Jones (City of Salisbury)
- ▶ Contract Development Team of the Year – Roadworks - John Mauro and Naz Dastoor (City of Charles Sturt), Malcolm Eagles and Erryn Busby (City of Marion), Paul Wreford (City of Onkaparinga), Peter Levett (City of Salisbury), Adam Kelly (City of Tea Tree Gully)
- ▶ Continuous Improvement – City of Tea Tree Gully's Continuous Improvement Program Team led by Ryan McMahon

- ▶ Collaborative Innovation in Procurement – City of Onkaparinga Planning Team led by Ben Calder
- ▶ Supplier Partnership – International Cleaning Services

Responsible governance is a high priority for Council Solutions and the team attended training on the *Independent Commissioner Against Corruption (ICAC) Act* and the related changes to the Local Government Act and specifically the code of conduct.

ICAC is *The Independent Commissioner Against Corruption Act (SA) 2012 (the ICAC Act)* and commenced operation on 1 September 2013. The *ICAC Act* has established a legislative scheme for the identification and investigation of corruption, misconduct and maladministration in public administration. *The Local Government Act 1999* was significantly amended by the *ICAC Act 2012* and the amendments included a mandatory code of conduct for Council Members and Council employees.

Finance

Council Solutions is currently funded through user-pay rebates established as a percentage of contract value. This funding model was implemented by the Board of Management as an interim measure to build a financial foundation, and in 2013/14 generated rebates of \$1,099,000 that resulted in an operating surplus of \$363,000 lifting total equity to \$728,000.

This funding model will be reviewed in 2014/15 with a model to be recommended to the Board in early 2015 that can deliver revenue at a level to remain self-sufficient but avoid accumulation of surpluses that far exceed funding required for our strategic projects, operating requirements and business growth.

Communications

The success of Council Solutions is reliant upon strong relationships between its key customers and stakeholders, so effective communication is paramount to our success.

During 2013/14 Council Solutions updated its website, and commenced development of a members section, that will go live in early 2015, which will increase our customer service and improve our business processes.

A communications strategy will be developed in 2014/15 to address the needs of each stakeholder group.

Procurement

Council Solutions Constituent Councils collectively procure over \$500 million of goods and services per annum. The quantum of this spend clearly illustrates the potential for attaining best value and driving efficiencies through collaboration.

At the end of 2013/14, Council Solutions managed collaborate contracts generating \$58.1 million of expenditure. Our priority is to grow this value to over \$65 million by 2016/17.

The four largest contracts are for Roadworks, Temporary Labour Hire, Legal Services and Cleaning Services with these contracts contributing 80% of rebate revenue.

A new Legal Services Panel contract was established in the past 12 months, and a Roadworks tender is under development and it is anticipated that this will go to market in late 2014. Planning is also underway for renewal of the Temporary Labour Hire contract.



Our existing contacts cover 65 suppliers, across five procurement categories: Finance and Professional Services, Human Resources, Roads and Infrastructure, Facilities Management and Parks.

Council Solutions Contract Management List: as at 30 June 2014

Subject Matter of Contract	Contract Value \$ (2013/14 expenditure)
Bituminous Treatments For Various Roadworks	24,600,000
Temporary Labour Hire	15,000,000
Legal Services	3,400,000
Cleaning Services	2,860,000
Supply Or Supply & Install Of Segmental Pavers	2,500,000
Tree Removal, Pruning & Ancillary Services	2,170,000
Leasing Finance Of IT Equipment	1,795,000
Manufacture, Supply & Delivery Of Concrete	1,050,000
Printing Services	780,000
Supply, Supply & Delivery Of Quarry Materials	720,000
Supply, Installation And Repair Of Fencing	685,000
General Stationery, Paper & Computer Consumables	675,000
Irrigation Supply & Installation	640,000
Roadworks – Crack Sealing	350,000
Supply Of Toilet & Cleaning Requisites	200,000
Provision of a Printing and Mailing Service for Rate & Dog Notices	195,000
Arboricultural Consultancy Advice Services	185,000
Irrigation Maintenance & Repair	165,000
Irrigation Design Consultancy	92,000
Provision Of Pest Control Services - European Wasps	45,000
Transactional Banking Services	Not Applicable

Investigation of alternate delivery models for common business functions

With the constant need for councils to reduce costs and drive efficiencies whilst maintaining the delivery of quality services, Council Solutions is investigating opportunities for alternate delivery models for common business functions.

Waste management has been identified as an opportunity for collaborative delivery and a strategic project will commence in the 2014/15 financial year to investigate the feasibility of this opportunity.

During 2013/14, Council Solutions identified 13 new opportunities to grow the number and value of collaborative contracts, and in 2014/15 will finalise and commence delivery of a strategic forward procurement plan.

Financial Summary Report: as at 30 June 2014

Statement of Comprehensive Income		2014	2013
		\$'000	\$'000
Income		1,111	494
Less: Operating expenses		748	272
Operating Surplus for the year		363	222
Total other comprehensive income		-	-
Net Surplus for the year		363	222
Comprehensive result for the year		363	222

Balance Sheet		
Current assets	1,023	444
Non current assets	-	-
Total assets	1,023	444
Current liabilities	295	79
Non current liabilities	-	-
Total liabilities	295	79
Net assets	728	365
Accumulated surplus	585	222
Share Capital	143	143
Total Equity	728	365

Council Solutions Regional Authority

General Purpose Financial Reports for the year ending 30 June 2014

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Council Solutions Regional Authority

Certification Of Financial Statements

for the year ending 30 June 2014

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 2014 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.



.....
Catherine Cooper
Chair Of The Board

Date: 17 September 2014

Council Solutions Regional Authority
Statement Of Comprehensive Income
for the year ending 30 June 2014

	Notes	For the 12 months to 30 June 2014 \$'000	For the 6 months to 30 June 2013 \$'000
Income			
Investment Income	2	12	-
Rebates	2	1,099	493
Other Income	2	-	1
Total Income	2	1,111	494
Expenses			
Materials, contracts & other expenses	3	748	272
Total Expenses	3	748	272
Operating Surplus		363	222
Net Surplus		363	222
Total Other Comprehensive Income	2	-	-
Total Comprehensive Income		363	222

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

Council Solutions Regional Authority
Balance Sheet
as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Assets			
Current Assets			
Cash and cash equivalents	4	615	3
Receivables	4	408	441
Total Current Assets	4	1,023	444
Total Assets	4	1,023	444
Liabilities			
Current Liabilities			
Trade & Other Payables	5	87	5
Other Current Liabilities	5	208	74
Total Current Liabilities	5	295	79
Total Liabilities	5	295	79
Net Assets		728	365
Equity			
Accumulated Surplus		585	222
Share Capital		143	143
Total Equity		728	365

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

Council Solutions Regional Authority
Statement of Changes in Equity
as at 30 June 2014

	Initial Contribution by Owners \$'000	Accumulated Surplus \$'000	Total \$'000
2014			
Opening Balance	143	222	365
Net Surplus for Year	-	363	363
Balance at end of period	<u>143</u>	<u>585</u>	<u>728</u>

	Initial Contribution by Owners \$'000	Accumulated Surplus \$'000	Total \$'000
2013			
Opening Balance	-	-	-
Net Surplus for Year		222	222
Transactions with Owners in their Capacity as Owners;			
Initial Contribution by Owners	143		143
Balance at end of period	<u>143</u>	<u>222</u>	<u>365</u>

Council Solutions Regional Authority
Cash Flow Statement
for the year ending 30 June 2014

	Notes	For the 12 months to 30 June 2014 \$'000	For the 6 months to 30 June 2013 \$'000
Cash Flows From Operating Activities			
Receipts			
Operating receipts		1,133	3
Investment Receipts		12	-
Payments			
Operating payments to suppliers & employees		(532)	-
Net Cash provided by (or used in) Operating Activities	6	612	3
Net Increase (Decrease) in cash held		612	3
Cash & cash equivalents at beginning of period		3	-
Cash & cash equivalents at end of period	4	615	3

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 2014

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* dated 1 May 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

Rebate 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 Rebate.

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 2014

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 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2014 reporting period.

- AASB 7 Financial Instruments: Disclosure
- AASB 9 Financial Instruments
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits
- AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures

Standards containing consequential amendments to other Standards and Interpretations arising from the above – AASB 2010-6, AASB 2010-7, AASB 2011-7, AASB 2011-8, AASB 2011-10, AASB 2012-5, AASB 2012-6, and AASB 2012-10.

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

The Authority is of the view that none of the above new standards will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

Council Solutions Regional Authority
Notes to and forming part of the Financial Statements
for the year ending 30 June 2014

Note 2 - Income

	For the 12 months to 30 June 2014 \$'000	For the 6 months to 30 June 2013 \$'000
Investments		
Interest Income	12	-
	<u>12</u>	<u>-</u>
Rebates		
Rebates	1,099	493
	<u>1,099</u>	<u>493</u>
Other Income		
Reimbursements	-	1
	<u>-</u>	<u>1</u>

Note 3 - Expenses

	For the 12 months to 30 June 2014 \$'000	For the 6 months to 30 June 2013 \$'000
Materials, Contracts & Other Expenses		
Advertising	8	5
Audit Fees	7	5
Catering	2	-
Contractors	73	9
Consultant Fees	59	9
Entertainment Costs	3	2
Fringe Benefits Tax	3	4
Insurance	26	15
IT Expenses	8	-
Legal Fees	22	7
Membership Fees & Subscriptions	6	-
Motor Vehicle	6	-
Recruitment	38	10
Reimbursements - Salary & Wages	455	167
Sitting Fees	13	-
Sundry	13	4
Telephone	4	3
Training and Development	3	31
	<u>748</u>	<u>272</u>

Council Solutions Regional Authority
Notes to and forming part of the Financial Statements
for the year ending 30 June 2014

Note 4 - Current Assets

	2014 \$'000	2013 \$'000
Cash & Cash Equivalents		
Cash at Bank	615	3
	615	3
Receivables		
Accounts Receivables	21	28
Accrued Income	378	206
Receivable from Adelaide City Council - Initial Contribution	-	143
Receivable from Adelaide City Council - Cash Collected on Behalf of Council Solutions	9	64
	408	441
Total Current Assets	1,023	444

Note 5 - Liabilities

	2014 \$'000	2013 \$'000
Trade & Other Payables		
Creditors	82	-
Accruals	5	5
	87	5
Other Current Liabilities		
Income Protection & Journey Insurance	-	2
Payable to Adelaide City Council	208	72
	208	74
Total Liabilities	295	79

Council Solutions Regional Authority
Notes to and forming part of the Financial Statements
for the year ending 30 June 2014

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.

	2014	2013
	\$'000	\$'000
Cash at Bank	615	3
Balances per Cash Flow Statement	615	3

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

Net Surplus	363	222
Net (increase)/decrease in Receivables	33	(298)
Net increase/(decrease) in Current Liabilities	216	79
Net Cash provided by (or used in) operations	612	3

Council Solutions Regional Authority
Notes to and forming part of the Financial Statements
for the year ending 30 June 2014

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;

2014	Weighted Average Interest Rate	Fair Value of Variable Interest Rate Instrument s	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	2.3%	615	-	-	-	-
Receivables	0.0%	-	-	-	-	408
Total Financial Assets		615	-	-	-	408
Financial Liabilities:						
Creditors and Provisions	0.0%	-	-	-	-	87
Total Financial Liabilities		-	-	-	-	87
 2013						
	Weighted Average Interest Rate	Fair Value of Variable Interest Rate Instrument	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	2.3%	3	-	-	-	-
Receivables	0.0%	-	-	-	-	441
Total Financial Assets		3	-	-	-	441
Financial Liabilities:						
Creditors and Provisions	0.0%	-	-	-	-	5
Total Financial Liabilities		-	-	-	-	5

(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 limited to 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 have not been considered.



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AUSTRALIA

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF THE COUNCIL SOLUTIONS REGIONAL AUTHORITY

We have audited the accompanying financial report of Council Solutions Regional Authority, which comprises the balance sheet as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Chair of the Board.

Management's Responsibility for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Finance Management) Regulations 2011*, and for such internal controls as management 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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.

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 77 050 110 275, 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.



Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Council Solutions Regional Authority as at 30 June 2014, and its financial performance and cash flows for the period then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Finance Management) Regulations 2011*.

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

BDO Audit (SA) Pty Ltd

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

G K Edwards
Director

Adelaide, 23 September 2014



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Fax: +61 8 7324 6111
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Level 7, BDO Centre
420 King William Street
Adelaide SA 5000
GPO Box 2018, Adelaide SA 5001
AUSTRALIA

**AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 22(5) OF THE LOCAL
GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 2011
TO COUNCIL SOLUTIONS REGIONAL AUTHORITY**

I confirm that, for the audit of the financial statements of Council Solutions Regional Authority for the period ended 30 June 2014, I have maintained by 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.

A handwritten signature in black ink, appearing to read 'G Edwards', is written over a faint, light blue circular watermark.

G K Edwards
Director

BDO Audit (SA) Pty Ltd

Adelaide, 23 September 2014

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 77 050 110 275, 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.

**COUNCIL SOLUTIONS REGIONAL AUTHORITY
CERTIFICATION OF AUDITOR INDEPENDENCE
for the year ending 30 June 2014**

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 2014, 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)(b) Local Government (Financial Management) Regulations 2011.


.....
Catherine Cooper
CHAIR

Date: 29/8/14.

.....
Tanya Johnston
PRESIDING MEMBER OF AUDIT COMMITTEE

Date:

.....
Mark Dowd
CHIEF EXECUTIVE OFFICER
City of Onkaparinga

Date:

.....
Peter Smith
CHIEF EXECUTIVE OFFICER
Adelaide City Council

Date:

.....
Mark Withers
CHIEF EXECUTIVE OFFICER
City of Charles Sturt

Date:

.....
Mark Searle
CHIEF EXECUTIVE OFFICER
City of Marion

Date:

.....
John Harry
CHIEF EXECUTIVE OFFICER
City of Salisbury

Date:

.....
John Moyle
CHIEF EXECUTIVE OFFICER
Tea Tree Gully

Date:

**COUNCIL SOLUTIONS REGIONAL AUTHORITY
CERTIFICATION OF AUDITOR INDEPENDENCE
for the year ending 30 June 2014**

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 2014, 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)(b) Local Government (Financial Management) Regulations 2011.



.....
Catherine Cooper
CHAIR

.....
Tanya Johnston
PRESIDING MEMBER OF AUDIT COMMITTEE

Date:

Date:

.....
Mark Dowd
CHIEF EXECUTIVE OFFICER
City of Onkaparinga

.....
Peter Smith
CHIEF EXECUTIVE OFFICER
Adelaide City Council

Date:

Date:

.....
Mark Withers
CHIEF EXECUTIVE OFFICER
City of Charles Sturt

.....
Mark Searle
CHIEF EXECUTIVE OFFICER
City of Marion

Date:

Date:

.....
John Harry
CHIEF EXECUTIVE OFFICER
City of Salisbury

.....
John Moyle
CHIEF EXECUTIVE OFFICER
Tea Tree Gully

Date:

Date:

**COUNCIL SOLUTIONS REGIONAL AUTHORITY
CERTIFICATION OF AUDITOR INDEPENDENCE
for the year ending 30 June 2014**

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 2014, 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)(b) Local Government (Financial Management) Regulations 2011.

.....
Catherine Cooper
CHAIR

Date:



.....
Mark Dowd
CHIEF EXECUTIVE OFFICER
City of Onkaparinga

Date:
19 September 2014

.....
Mark Withers
CHIEF EXECUTIVE OFFICER
City of Charles Sturt

Date:

.....
John Harry
CHIEF EXECUTIVE OFFICER
City of Salisbury

Date:

.....
Tanya Johnston
PRESIDING MEMBER OF AUDIT COMMITTEE

Date:

.....
Peter Smith
CHIEF EXECUTIVE OFFICER
Adelaide City Council

Date:

.....
Mark Searle
CHIEF EXECUTIVE OFFICER
City of Marion

Date:

.....
John Moyle
CHIEF EXECUTIVE OFFICER
Tea Tree Gully

Date:

**COUNCIL SOLUTIONS REGIONAL AUTHORITY
CERTIFICATION OF AUDITOR INDEPENDENCE
for the year ending 30 June 2014**

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 2014, 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)(b) Local Government (Financial Management) Regulations 2011.

.....
Catherine Cooper
CHAIR

Date:

.....
Tanya Johnston
PRESIDING MEMBER OF AUDIT COMMITTEE

Date:

.....
Mark Dowd
CHIEF EXECUTIVE OFFICER
City of Onkaparinga

Date:

.....
Peter Smith
CHIEF EXECUTIVE OFFICER
Adelaide City Council

Date: 15/9/14



.....
Mark Withers
CHIEF EXECUTIVE OFFICER
City of Charles Sturt

Date:

.....
Mark Searle
CHIEF EXECUTIVE OFFICER
City of Marion

Date:

.....
John Harry
CHIEF EXECUTIVE OFFICER
City of Salisbury

Date:

.....
John Moyle
CHIEF EXECUTIVE OFFICER
Tea Tree Gully

Date:

**COUNCIL SOLUTIONS REGIONAL AUTHORITY
CERTIFICATION OF AUDITOR INDEPENDENCE
for the year ending 30 June 2014**

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 2014, 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)(b) Local Government (Financial Management) Regulations 2011.

.....
Catherine Cooper
CHAIR

Date:

.....
Tanya Johnston
PRESIDING MEMBER OF AUDIT COMMITTEE

Date:

.....
Mark Dowd
CHIEF EXECUTIVE OFFICER
City of Onkaparinga

Date:

.....
Peter Smith
CHIEF EXECUTIVE OFFICER
Adelaide City Council

Date:



.....
Mark Withers
CHIEF EXECUTIVE OFFICER
City of Charles Sturt

Date: 1 September 2014

.....
Mark Searle
CHIEF EXECUTIVE OFFICER
City of Marion

Date:

.....
John Harry
CHIEF EXECUTIVE OFFICER
City of Salisbury

Date:

.....
John Moyle
CHIEF EXECUTIVE OFFICER
Tea Tree Gully

Date:

**COUNCIL SOLUTIONS REGIONAL AUTHORITY
CERTIFICATION OF AUDITOR INDEPENDENCE
for the year ending 30 June 2014**

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 2014, 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)(b) Local Government (Financial Management) Regulations 2011.

.....
Catherine Cooper
CHAIR

Date:

.....
Tanya Johnston
PRESIDING MEMBER OF AUDIT COMMITTEE

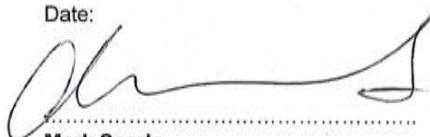
Date:

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Mark Dowd
CHIEF EXECUTIVE OFFICER
City of Onkaparinga

Date:

.....
Peter Smith
CHIEF EXECUTIVE OFFICER
Adelaide City Council

Date:



.....
Mark Withers
CHIEF EXECUTIVE OFFICER
City of Charles Sturt

Date:

.....
Mark Searle
CHIEF EXECUTIVE OFFICER
City of Marion

Date: 2/9/14

.....
John Harry
CHIEF EXECUTIVE OFFICER
City of Salisbury

Date:

.....
John Moyle
CHIEF EXECUTIVE OFFICER
Tea Tree Gully

Date:

**COUNCIL SOLUTIONS REGIONAL AUTHORITY
CERTIFICATION OF AUDITOR INDEPENDENCE
for the year ending 30 June 2014**

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 2014, 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)(b) Local Government (Financial Management) Regulations 2011.

.....
Catherine Cooper
CHAIR

Date:

.....
Tanya Johnston
PRESIDING MEMBER OF AUDIT COMMITTEE

Date:

.....
Mark Dowd
CHIEF EXECUTIVE OFFICER
City of Onkaparinga

Date:

.....
Peter Smith
CHIEF EXECUTIVE OFFICER
Adelaide City Council

Date:

.....
Mark Withers
CHIEF EXECUTIVE OFFICER
City of Charles Sturt

Date:

.....
Mark Searle
CHIEF EXECUTIVE OFFICER
City of Marion

Date:


.....
John Harry
CHIEF EXECUTIVE OFFICER
City of Salisbury

Date:

15/9/2014.

.....
John Moyle
CHIEF EXECUTIVE OFFICER
Tea Tree Gully

Date:

**COUNCIL SOLUTIONS REGIONAL AUTHORITY
CERTIFICATION OF AUDITOR INDEPENDENCE
for the year ending 30 June 2014**

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City of Tea Tree Gully

Date: 29th August 2014





25 Pirie Street Adelaide
South Australia 5000
www.adelaidecitycouncil.com