



Audited Financial Statements

For the year ended 30 June 2018

City of Adelaide

General Purpose Financial Statements

for the year ended 30 June 2018

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 2018 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.



Mark Goldstone
CHIEF EXECUTIVE OFFICER



Martin Haese
LORD MAYOR

Date: 9th October 2018

Statement of Comprehensive Income

for the year ended 30 June 2018

\$ '000	Notes	Consolidated 2018	Consolidated 2017
INCOME			
Rates Revenues	2a	104,369	101,330
Statutory Charges	2b	15,205	16,709
User Charges	2c	64,689	65,938
Grants, Subsidies and Contributions	2g	7,320	4,082
Investment Income	2d	784	760
Reimbursements	2e	1,227	21,814
Other Income	2f	536	478
Total Income		194,130	211,111
EXPENSES			
Employee Costs	3a	70,286	68,880
Materials, Contracts & Other Expenses	3b	92,662	82,257
Depreciation, Amortisation & Impairment	3c	48,358	42,636
Finance Costs	3d	193	31
Net loss - Equity Accounted Council Businesses	19	12	13
Total Expenses		211,511	193,817
OPERATING SURPLUS / (DEFICIT)		(17,381)	17,294
Asset Disposal & Fair Value Adjustments	4	(2,404)	(2,795)
Amounts Received Specifically for New or Upgraded Assets	2g	9,792	21,626
NET SURPLUS / (DEFICIT) ¹		(9,993)	36,125
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	244,838	5,916
Net Actuarial Gains on Defined Benefit Plan		123	402
Total Other Comprehensive Income		244,961	6,318
TOTAL COMPREHENSIVE INCOME		234,968	42,443

¹ Transferred to Equity Statement

Statement of Financial Position

for the year ended 30 June 2018

\$ '000	Notes	Consolidated 2018	Consolidated 2017
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	6,738	31,141
Trade & Other Receivables	5b	14,145	16,237
Other Financial Assets	5c	177	264
Inventories	5d	527	555
Total Current Assets		21,587	48,197
Non-Current Assets			
Financial Assets	6a	478	565
Equity Accounted Investments in Council Businesses	6b	76	88
Investment Property	7a	2,865	2,816
Infrastructure, Property, Plant & Equipment	7a	1,637,285	1,341,563
Other Non-Current Assets	6c	1,569	1,446
Total Non-Current Assets		1,642,273	1,346,478
TOTAL ASSETS		1,663,860	1,394,675
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	28,029	21,753
Provisions	8c	12,744	12,754
Total Current Liabilities		40,773	34,507
Non-Current Liabilities			
Trade & Other Payables	8a	293	293
Borrowings	8b	28,000	-
Provisions	8c	1,986	2,035
Total Non-Current Liabilities		30,279	2,328
TOTAL LIABILITIES		71,052	36,835
NET ASSETS		1,592,808	1,357,840
EQUITY			
Accumulated Surplus		854,997	864,319
Asset Revaluation Reserves	9a	736,242	491,404
Other Reserves	9b	1,569	2,117
TOTAL COUNCIL EQUITY		1,592,808	1,357,840

Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2018					
Balance at the end of previous reporting period		864,319	491,404	2,117	1,357,840
a. Net Surplus / (Deficit) for Year		(9,993)	-	-	(9,993)
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	244,838	-	244,838
- Defined Benefit Actuarial Gain	9b	-	-	123	123
Other Comprehensive Income		-	244,838	123	244,961
Total Comprehensive Income		(9,993)	244,838	123	234,968
c. Transfers between Reserves		671	-	(671)	-
Balance at the end of period		854,997	736,242	1,569	1,592,808
2017					
Balance at the end of previous reporting period		827,331	485,488	2,578	1,315,397
a. Net Surplus / (Deficit) for Year		36,125	-	-	36,125
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	5,916	-	5,916
- Defined Benefit Actuarial Gain	9b	-	-	402	402
Other Comprehensive Income		-	5,916	402	6,318
Total Comprehensive Income		36,125	5,916	402	42,443
c. Transfers between Reserves		863	-	(863)	-
Balance at the end of period		864,319	491,404	2,117	1,357,840

Statement of Cash Flows

for the year ended 30 June 2018

\$ '000	Notes	Consolidated 2018	Consolidated 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Operating Receipts		196,384	209,737
Investment Receipts		784	760
Payments			
Operating Payments to Suppliers and Employees		(158,038)	(150,837)
Finance Payments		(193)	(31)
Net Cash provided by (or used in) Operating Activities	11b	38,937	59,629
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Amounts Received Specifically for New/Upgraded Assets		9,792	12,441
Sale of Replaced Assets		307	634
Sale of Surplus Assets		14	297
Receipt of Shared Equity Contribution		189	275
Payments			
Expenditure on Renewal/Replacement of Assets		(35,693)	(34,344)
Expenditure on New/Upgraded Assets		(66,337)	(9,063)
Expenditure on Investment Property		-	(155)
Net Cash provided by (or used in) Investing Activities		(91,729)	(29,915)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from Borrowings		28,000	-
Proceeds from Bonds & Deposits		389	-
Payments			
Repayments of Borrowings		-	(1,700)
Repayment of Bonds & Deposits		-	(234)
Net Cash provided by (or used in) Financing Activities		28,389	(1,934)
Net Increase (Decrease) in Cash Held		(24,403)	27,780
plus: Cash & Cash Equivalents at beginning of period	11	31,141	3,361
Cash & Cash Equivalents at end of period	11	6,738	31,141

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

Note 1: Summary of Significant Accounting Policies

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

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

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

1.4 Rounding

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

2 The Local Government Reporting Entity

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

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

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

Other entities in which Council has an interest but does not control are reported in Note 19.

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 income 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.

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 business undertakings have been valued at the lower of cost and net realisable value.

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

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

6.2 Materiality

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

6.3 Subsequent Recognition

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

During the period, Council identified assets that had not been previously recorded, as reliable information in relation to their existence and value was not available. An independent valuation of these assets will be conducted in the 2017/18 financial year to establish an appropriate fair value to be recognised accordingly.

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.

Plant, Furniture & Equipment

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

Buildings

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

Infrastructure

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

Other Assets

Library Books	1 – 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 dependant 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 land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Investment property is carried at fair value, representing an in-house valuation based on a capitalisation method. Annual changes in the fair value of Investment Properties are recorded in the 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.

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

8 Payables

8.1 Goods & Services

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

8.2 Payments Received in Advance & Deposits

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

9 Borrowings

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

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

10 Employee Benefits

10.1 Salaries, Wages & Compensated Absences

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

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

Weighted avg. discount rate	2.41% (2016, 1.96%)
Weighted avg. settlement period	10 years (2016, 10 years)

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

10.2 Superannuation

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

Local Government Superannuation Scheme

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

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

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

Corporation of the City of Adelaide Superannuation Plan

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

The defined benefit asset or liability recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

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 receivals are deemed to exceed 25,000 tonnes of carbon dioxide equivalent (CO₂e) emissions annually. In assessing Council's future liability to "carbon tax" regard as 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.

All remaining liability under the original legislation was discharged during the current reporting period, but Federal Government decisions on the disposal of amounts collected in advance of future liability have not yet been advised.

The resulting estimated liability and timing of future payments has been converted to present value using government guaranteed securities rates with similar terms.

12 Leases

Lease arrangements 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.

13 Construction Contracts

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

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

14 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

15 GST Implications

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

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

16 New accounting standards and UIG interpretations

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

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

This year Council has applied AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 for the first time. As a result, Council has disclosed more information to explain changes in liabilities arising from financing activities ('debt reconciliation'). This information is presented in note 11.

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

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

Effective for annual reporting periods beginning on or after 1 January 2018

- **AASB 9 *Financial Instruments*** This replaces AASB 139 *Financial Instruments: Recognition and Measurement*, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

- **AASB 15 *Revenue from Contracts with Customers***, **AASB 1058 *Income of Not-for-Profit Entities*** and **AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities***

AASB 15 will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions*. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards.

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

- **AASB 16 *Leases***

Council has some leases that are not in the Statement of Financial Position. These will need to be included when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term.

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

Effective for annual reporting periods beginning on or after 1 January 2017

- **AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15***
- **AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15***
- **AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities***

Effective for annual reporting periods beginning on or after 1 January 2018

- **AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)***
- **AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)***
- **AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)***
- **AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15***

- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- AASB 2016-6 *Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*
- AASB 2017-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 4*

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

- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 1058 *Income of Not-for-Profit Entities (Appendix D)*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*

- AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*
- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 1059 *Service Concession Arrangements: Grantors (Appendix D)*

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

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

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.

Note 2: Income

\$ '000	Notes	Consolidated 2018	Consolidated 2017
(A) RATES REVENUES			
General Rates			
General Rates		103,941	100,979
Less: Mandatory Rebates		(4,979)	(4,624)
Less: Discretionary Rebates, Remissions & Write Offs		(459)	(460)
Total General Rates		98,503	95,895
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,678	1,537
Rundle Mall Separate Rate		3,755	3,671
Building Upgrade Finance		25	-
Solar Savers		130	-
Total Other Rates		5,588	5,208
Other Charges			
Penalties for Late Payment		278	227
Total Other Charges		278	227
TOTAL RATES REVENUES		104,369	101,330
(B) STATUTORY CHARGES			
Development Act Fees		1,490	1,931
Animal Registration Fees & Fines		30	29
Parking Fines / Expiation Fees		12,424	13,621
Other Fees, Fines, Penalties and Expiations		34	43
Encroachments Fees		297	354
Food Inspections Fees/Fines		95	80
Outdoor Dining Fees		400	231
Residential Parking Permits		41	38
Section 7 Searches		85	81
Temporary Parking Control Permits		254	231
Water Systems Fees		55	70
TOTAL STATUTORY CHARGES		15,205	16,709

Note 2: Income (continued)

\$ '000	Notes	Consolidated 2018	Consolidated 2017
(C) USER CHARGES			
Parking Fees		10,682	11,488
Property Lease		9,045	8,770
Sundry		107	52
Adelaide Aquatic Centre Charges		6,312	6,229
Adelaide Golf Links Charges		1,977	2,028
Adelaide Town Hall Charges		1,258	1,061
Bus Ticket Sales		5	10
Business Development		-	3
Compost Sales		652	574
Event Fees		239	276
Library Centre		14	20
Off-Street Parking		30,351	31,631
Park Lands Events Fees		777	547
Property Recovery		2,881	2,721
Rundle Mall		389	528
TOTAL USER CHARGES		64,689	65,938
(D) INVESTMENT INCOME			
Interest on Investments		-	-
- Local Government Finance Authority		45	11
- Banks & Other		513	478
Investment Property Rental Income		196	194
Financial Instrument - Fair Value Increase / (Decrease)		30	77
TOTAL INVESTMENT INCOME		784	760
(E) REIMBURSEMENTS			
Private Works		1,044	948
Land Settlement		-	20,630
Other		183	236
TOTAL REIMBURSEMENTS		1,227	21,814
(F) OTHER INCOME			
Insurance & Other Recoupments		530	470
Sundry		6	8
TOTAL OTHER INCOME		536	478

Note 2: Income (continued)

\$ '000	Notes	Consolidated 2018	Consolidated 2017
(G) GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts Received Specifically for New or Upgraded Assets		9,792	21,626
Other Grants, Subsidies and Contributions		5,473	2,210
Untied - Financial Assistance Grant		897	1,065
Roads to Recovery		117	-
Home and Community Care Grant		222	219
Library and Communications		611	588
TOTAL GRANTS, SUBSIDIES, CONTRIBUTIONS		17,112	25,708

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

(i) Sources of grants

Commonwealth Government	1,236	808
State Government	15,142	23,268
Other	734	1,632
TOTAL	17,112	25,708

(H) CONDITIONS OVER GRANTS & CONTRIBUTIONS

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

Unexpended at the close of the previous reporting period	58	196
Less:		
Expended during the current period from revenues recognised in previous reporting periods		
Infrastructure	(48)	(144)
Subtotal	(48)	(144)
Plus:		
Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions		
Infrastructure	3	6
Subtotal	3	6
Unexpended at the close of this reporting period	10	58
NET INCREASE (DECREASE) IN ASSETS SUBJECT TO CONDITIONS IN THE CURRENT REPORTING PERIOD	(45)	(138)

Note 3: Expenses

\$ '000	Notes	Consolidated 2018	Consolidated 2017
(A) EMPLOYEE COSTS			
Salaries and Wages		64,823	63,000
Employee Leave Expense		8,296	7,471
Superannuation - Defined Contribution Plan Contributions		6,414	6,446
Superannuation - Unfunded Superannuation Liability		-	(36)
Workers' Compensation Insurance		1,918	1,883
Income Protection Insurance		240	230
Less: Capitalised and Distributed Costs		(11,405)	(10,114)
TOTAL OPERATING EMPLOYEE COSTS		70,286	68,880
Total Number of Employees (full time equivalent at end of reporting period)		657	646
Number of Employees (temporary full time equivalent at end of reporting period)		121	137
(B) MATERIALS, CONTRACTS AND OTHER EXPENSES			
(i) Prescribed Expenses			
Auditor's Remuneration		68	66
Bad and Doubtful Debts		151	178
Elected Members' Expenses		479	473
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		6,486	6,660
Subtotal - Prescribed Expenses		7,184	7,377
(ii) Other Materials, Contracts and Expenses			
Contractors		17,512	15,341
Energy		5,115	3,856
Maintenance		7,910	8,320
Legal Expenses		2,127	1,258
Levies Paid to Government - including NRM levy		2,073	1,975
Levies - Other		20	-
Parts, Accessories & Consumables		5,434	5,727
Professional Services		6,036	4,843
Advertising and Promotion		3,530	2,667
Bank Charges and Cash Collection		1,059	1,009
Catering		662	567
Cleaning		2,697	2,637
Communications		405	521
Contractual Expenses		300	293
Water		2,935	2,135

Note 3: Expenses (continued)

\$ '000	Notes	Consolidated 2018	Consolidated 2017
(ii) Other Materials, Contracts and Expenses (continued)			
Entertainment - Council and Civic Events		90	163
External Plant Hire		1,233	989
Insurance		1,965	2,239
Investment Property Expenses		135	166
Minor Plant and Equipment		548	603
Printing, Freight and Postage		670	750
Project Related Expenditure			
- Drainage and Waterways		546	2,019
- Initiation and Data Collection		418	(199)
- IT Corporate System		608	395
- Lighting and Electrical		63	8
- Park Lands and Squares		2,427	2,405
- Plant and Equipment		6	(15)
- Property		(1,024)	1,606
- Roads and Footpaths		2,335	795
- Street Furniture		455	352
- Transportation		921	736
Rates and Taxes		1,565	427
Registrations		208	204
Searches		375	425
Security		2,039	1,897
Sponsorships, Contributions and Donations		9,277	5,092
Subscriptions		1,077	793
Training and Development		707	700
Waste Services		1,087	999
Other		299	370
Less: Capitalised and Distributed Costs		(367)	(188)
Subtotal - Other Material, Contracts & Expenses		85,478	74,880
TOTAL MATERIALS, CONTRACTS AND OTHER EXPENSES		92,662	82,257

Note 3: Expenses (continued)

\$ '000	Notes	Consolidated 2018	Consolidated 2017
(C) DEPRECIATION, AMORTISATION AND IMPAIRMENT			
(i) Depreciation and Amortisation			
Buildings & Other Structures		8,318	11,168
Park Land Improvements		3,303	3,220
Infrastructure			-
- Stormwater and Drainage		2,461	2,571
- Bridges		2,334	2,332
- Footpaths		2,107	2,919
- Kerb & Water table		941	918
- Public Lighting		3,296	3,216
- Roads		5,836	5,251
- Ticket Machines		409	531
- Traffic Signals		1,268	1,260
- Urban Elements		2,269	1,997
Equipment, Furniture and Fittings		4,501	4,117
Library Books		212	506
Plant & Equipment		1,606	2,672
Subtotal		38,861	42,678
(ii) Impairment			
Buildings		8,788	36
Stormwater & Drainage		32	-
Footpaths		595	-
Bridges		82	-
Sports Fields and Park Land Improvements		-	(78)
Subtotal		9,497	(42)
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT		48,358	42,636
(D) FINANCE COSTS			
Interest on Loans		193	31
TOTAL FINANCE COSTS		193	31

Note 4: Asset Disposal & Fair Value Adjustments

\$ '000	Notes	Consolidated 2018	Consolidated 2017
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		306	634
Less: Carrying Amount of Assets Sold		(2,773)	(2,239)
Gain (Loss) on Disposal		(2,467)	(1,605)
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		14	297
Less: Carrying Amount of Assets Sold		-	(1,405)
Gain (Loss) on Disposal		14	(1,108)
FAIR VALUE ADJUSTMENTS			
Investment Property - Fair Value Increase / (Decrease)		49	(82)
Total Fair Value Adjustments		49	(82)
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		(2,404)	(2,795)

Note 5: Current Assets

\$ '000	Notes	Consolidated 2018	Consolidated 2017
(A) CASH & CASH EQUIVALENTS			
Cash on Hand at Bank		6,305	10,567
Deposits at Call		433	574
Short Term Deposits		-	20,000
TOTAL CASH & CASH EQUIVALENTS		6,738	31,141
(B) TRADE & OTHER RECEIVABLES			
Rates - General & Other		2,946	1,788
Accrued Revenues		6,771	1,619
Debtors - General		2,215	12,085
GST Recoupment		956	(92)
Prepayments		1,672	1,127
Subtotal		14,560	16,527
Less: Allowance for Doubtful Debts		(415)	(290)
TOTAL TRADE & OTHER RECEIVABLES		14,145	16,237
(C) OTHER FINANCIAL ASSETS (INVESTMENTS)			
Ergo Apartments - Shared Equity Loans		177	264
TOTAL OTHER FINANCIAL ASSETS (INVESTMENTS)		177	264
Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13			
(D) INVENTORIES			
Stores & Materials		333	326
Trading Stock		148	198
Other		46	31
TOTAL INVENTORIES		527	555

Note 6: Non-Current Assets

\$ '000	Notes	Consolidated 2018	Consolidated 2017
(A) FINANCIAL ASSETS			
Ergo Apartments - Shared Equity Loans		478	565
TOTAL FINANCIAL ASSETS		478	565
(B) EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES			
Council Solutions Regional Authority	19	76	88
TOTAL EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES		76	88
(C) OTHER NON-CURRENT ASSETS			
Employee Entitlements (unfunded superannuation asset)		1,569	1,446
TOTAL OTHER NON-CURRENT ASSETS		1,569	1,446

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

as at 30/6/2017

\$ '000	Fair Value Level	At Fair Value	At Cost	Accumulated Dep'n	Carrying Value
Capital Work in Progress		-	30,206	-	30,206
Land					
Land - Crown	3	-	388,400	-	388,400
Land - Other	2	103,600	-	-	103,600
Land - Other	3	4,290	-	-	4,290
Buildings					
Buildings	2	378,302	-	215,592	162,710
Buildings	3	102,593	-	17,160	85,433
Park Land Improvements	3	68,580	-	39,001	29,579
Infrastructure					
- Stormwater and Drainage	3	107,642	-	63,537	44,105
- Bridges	3	156,395	-	85,975	70,420
- Footpaths	3	135,971	-	43,277	92,694
- Footpath Landscaping	3	2,831	-	-	2,831
- Kerb & Water table	3	66,669	-	19,647	47,022
- Public Lighting	3	79,883	-	31,449	48,434
- Roads	3	229,975	-	110,417	119,558
- Ticket Machines	3	2,986	-	1,548	1,438
- Traffic Signals	3	25,888	-	11,416	14,472
- Urban Elements	3	75,970	-	11,207	64,763
Other					
Civic Collection		-	11,311	-	11,311
Equipment, Furniture and Fittings		-	39,086	30,879	8,207
Library Books		-	7,455	5,603	1,852
Plant & Equipment		-	18,537	8,299	10,238
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		1,541,575	494,995	695,007	1,341,563
Comparatives		1,519,911	488,822	670,213	1,338,520

Note 7a (ii). Investment Property

Buildings and Structures	2,816	-	-	2,816
TOTAL INVESTMENT PROPERTY	2,816	-	-	2,816
Comparatives	3,381	-	638	2,743

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

Asset Movements during the Reporting Period

\$ '000	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in P/L) (Note 3c)	Impairment Reversal (via P/L)
	New / Upgrade	Renewals				
Capital Work in Progress	70,362					
Land						
Land - Crown	-	-	-	-	-	-
Land - Other	-	-	-	-	(8,200)	-
Land - Other	-	-	-	-	-	-
Buildings						
Buildings	-	-	-	(4,625)	-	-
Buildings	-	-	-	(3,693)	(588)	-
Park Land Improvements	-	-	(66)	(3,303)	-	-
Infrastructure						
- Stormwater and Drainage	-	-	(77)	(2,461)	(32)	-
- Bridges	-	-	-	(2,334)	(82)	-
- Footpaths	-	-	(1,233)	(2,107)	(595)	-
- Footpath Landscaping	-	-	-	-	-	-
- Kerb & Water table	-	-	(787)	(941)	-	-
- Public Lighting	-	-	(12)	(3,296)	-	-
- Roads	-	-	-	(5,836)	-	-
- Ticket Machines	-	-	(32)	(409)	-	-
- Traffic Signals	-	-	(107)	(1,268)	-	-
- Urban Elements	-	-	(196)	(2,269)	-	-
Other						
Civic Collection	-	-	-	-	-	-
Equipment, Furniture and Fittings	-	-	-	(4,501)	-	-
Library Books	-	-	-	(212)	-	-
Plant & Equipment	-	-	(264)	(1,606)	-	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	70,362	38,278	(2,773)	(38,861)	(9,497)	-
Comparatives	14,405	37,210	(3,644)	(42,678)	(36)	78

Note 7a (ii). Investment Property

Buildings and Structures	-	-	-	-	-	-
TOTAL INVESTMENT PROPERTY	-	-	-	-	-	-
Comparatives	-	-	-	-	-	-

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

Asset Movements during the Reporting Period

\$ '000	Adjustments & Transfers	Project Related Expenditure (Note 3b)	Revaluation Increments/ Decrements to P&L - Investment Properties (Note 4)	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)
Capital Work in Progress	(87,261)	(6,755)	-	-	-
Land					
Land - Crown	-	-	-	-	-
Land - Other	34,000	-	-	-	78,070
Land - Other	-	-	-	-	8,350
Buildings					
Buildings	3,806	-	-	-	32,890
Buildings	3,629	-	-	-	14,491
Park Land Improvements	4,889	-	-	-	-
Infrastructure					
- Stormwater and Drainage	4,104	-	-	-	-
- Bridges	44	-	-	-	-
- Footpaths	8,818	-	-	-	112,986
- Footpath Landscaping	1,644	-	-	-	-
- Kerb & Water table	2,710	-	-	-	-
- Public Lighting	4,214	-	-	-	-
- Roads	9,159	-	-	-	-
- Ticket Machines	61	-	-	-	879
- Traffic Signals	840	-	-	-	-
- Urban Elements	4,060	-	-	(2,827)	-
Other					
Civic Collection	-	-	-	-	-
Equipment, Furniture and Fittings	3,433	-	-	-	-
Library Books	348	-	-	-	-
Plant & Equipment	1,623	-	-	-	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	121	(6,755)	-	(2,827)	247,665
Comparatives	(105)	(8,101)	-	(1,616)	7,532

Note 7a (ii). Investment Property

Buildings and Structures	-	-	49	-	-
TOTAL INVESTMENT PROPERTY	-	-	49	-	-
Comparatives	155	-	(82)	-	-

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

as at 30/6/2018

\$ '000	At Fair Value	At Cost	Accumulated Dep'n	Carrying Value
Capital Work in Progress	-	44,830	-	44,830
Land				
Land - Crown	-	388,400	-	388,400
Land - Other	207,470	-	-	207,470
Land - Other	12,640	-	-	12,640
Buildings				
Buildings	533,874	-	339,090	194,784
Buildings	170,866	-	71,594	99,272
Park Land Improvements	73,384	-	42,285	31,099
Infrastructure				
- Stormwater and Drainage	111,609	-	65,971	45,638
- Bridges	156,350	-	88,301	68,049
- Footpaths	319,406	-	108,843	210,563
- Footpath Landscaping	4,475	-	-	4,475
- Kerb & Water table	68,546	-	20,541	48,005
- Public Lighting	84,082	-	34,740	49,342
- Roads	239,137	-	116,254	122,883
- Ticket Machines	3,655	-	1,719	1,936
- Traffic Signals	26,594	-	12,657	13,937
- Urban Elements	70,817	-	7,286	63,531
Other				
Civic Collection	-	11,311	-	11,311
Equipment, Furniture and Fittings	-	42,519	35,379	7,140
Library Books	-	7,803	5,815	1,988
Plant & Equipment	-	19,220	9,228	9,992
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	2,082,905	514,083	959,703	1,637,285
Comparatives	1,541,575	494,995	695,007	1,341,563

Note 7a (ii). Investment Property

Buildings and Structures	2,865	-	-	2,865
TOTAL INVESTMENT PROPERTY	2,865	-	-	2,865
Comparatives	2,186	-	-	2,186

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

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

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

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

Where there is no known market for buildings, infrastructure and other assets. These assets are valued at current replacement cost. This method involves:

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

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

Other Information

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

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

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

Highest and best use

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

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

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

Transition to AASB 13 - Fair Value Measurement

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

Park Lands Improvements

Park Lands Improvement assets were valued by Council officers at current replacement cost during the reporting period ended 30 June 2003.

Land

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

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

Buildings

Building assets were valued using either the market or current replacement cost approach during the reporting period ended 30 June 2018 by independent valuers.

Infrastructure

Footpaths were valued by Council officers at current replacement cost during the reporting period ended 30 June 2018. The same basis of valuation was used by Council officers for public lighting and traffic signal assets during the reporting period ended 30 June 2015. Where internal expertise was not available in that reporting period, such as the valuation of significant bridges, external valuers were utilised. The remaining classes within infrastructure assets, including roads, stormwater drainage, kerbs and watertable, were valued by Council Officers at current replacement cost during the reporting period 30 June 2014.

Investment Property

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

All investment properties are leased to tenants under long term operating leases with rentals payable monthly. Contractual obligations relating to the properties are disclosed in Note 17.

Note 8: Liabilities

\$ '000	Consolidated		Consolidated	
	2018 Current	2018 Non Current	2017 Current	2017 Non Current
(A) TRADE AND OTHER PAYABLES				
Goods & Services	15,063	-	13,014	-
Payments Received in Advance	1,963	293	1,562	293
Accrued Expenses - Employee Entitlements	2,043	-	1,939	-
Accrued Expenses - Other	6,746	-	3,332	-
Deposits, Retentions & Bonds	1,150	-	761	-
Other	1,064	-	1,145	-
TOTAL TRADE AND OTHER PAYABLES	28,029	293	21,753	293
(B) BORROWINGS				
Loans	-	28,000	-	-
TOTAL BORROWINGS	-	28,000	-	-
All interest bearing liabilities are secured over the future revenues of the Council				
(C) PROVISIONS				
Annual Leave Employee Entitlements	6,080	-	6,280	-
Long Service Leave Employee Entitlements	6,309	1,934	6,024	1,983
Provision for Taxation - Carbon Tax	-	52	-	52
Other	355	-	450	-
TOTAL PROVISIONS	12,744	1,986	12,754	2,035

Note 9: Reserves

\$ '000	1/7/2017	Increments (Decrements)	Transfers	30/6/2018
(A) ASSET REVALUATION RESERVE				
Land and Buildings	254,166	133,800	-	387,966
Park Land Improvements	13,217	-	-	13,217
Infrastructure				
- Stormwater and Drainage	7,585	-	-	7,585
- Bridges	56,847	-	-	56,847
- Footpaths	31,113	112,986	-	144,099
- Kerb & Water table	57,978	-	-	57,978
- Roads	44,999	-	-	44,999
- Statues & Fountains	3,730	-	-	3,730
- Ticket Machines	323	879	-	1,202
- Urban Elements	20,443	(2,827)	-	17,616
Other Assets	1,003	-	-	1,003
TOTAL ASSET REVALUATION RESERVE	491,404	244,838	-	736,242
Comparatives	485,488	5,916	-	491,404
(B) OTHER RESERVES				
Defined Benefit - Unfunded Superannuation Liability	1,446	123	-	
ACMA Renewal / Enhancement Reserves	671	-	(671)	
TOTAL OTHER RESERVES	2,117	123	(671)	
Comparatives	2,578	402	(863)	

PURPOSES OF RESERVES

Asset Revaluation Reserves

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

Defined Benefit Superannuation Reserve

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

Adelaide Central Market Asset Renewal and Enhancement Reserves

Adelaide Central Market Authority Charter 2014 clauses 1.8.2 and 1.8.3 required the establishment of capital renewal and enhancement reserves to provide for the cost of undertaking capital expenditure in relation to the maintenance and upkeep of existing improvements and infrastructure in the Market.

Note 10: Assets Subject to Restrictions

The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

\$ '000	Notes	Consolidated 2018	Consolidated 2017
CASH & FINANCIAL ASSETS			
Unexpended amounts received from Federal Government			
Open Space Contributions		13	58
TOTAL CASH & FINANCIAL ASSETS		13	58
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		13	58

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

Trade and Other Payables	8	13	58
TOTAL		13	58

Note 11: Reconciliation to Statement of Cash Flows

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:

\$ '000	Notes	Consolidated 2018	Consolidated 2017
(A) RECONCILIATION OF CASH			
Total Cash & Equivalent Assets	5	6,738	31,141
BALANCES PER STATEMENT OF CASH FLOWS		6,738	31,141
(B) RECONCILIATION OF CHANGE IN NET ASSETS TO CASH FROM OPERATING ACTIVITIES			
Net Surplus/(Deficit)		(9,993)	36,125
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		48,358	42,636
Fair Value Adjustments		(49)	82
Equity Movements in Equity Accounted Investments (Increase)/Decrease		12	13
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(9,792)	(12,441)
Net (Gain) Loss on Disposals		2,453	2,713
Actuarial Gain Unfunded Super		123	402
		31,112	69,530
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		1,967	(10,747)
Change in Allowances for Under-Recovery of Receivables		(125)	(121)
Net (Increase)/Decrease in Inventories		28	(44)
Net (Increase)/Decrease in Other Current Assets		127	(203)
Net Increase/(Decrease) in Trade & Other Payables		5,887	370
Net Increase/(Decrease) in Unpaid Employee Benefits		(200)	770
Net Increase/(Decrease) in Other Provisions		141	74
NET CASH PROVIDED BY (OR USED IN) OPERATIONS		38,937	59,629

Note 11: Reconciliation to Statement of Cash Flows (continued)

\$ '000	Notes	Consolidated 2018	Consolidated 2017
(C) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES			
Long-term Borrowings			
- Opening Balance		-	-
- Cash Flows		28,000	-
Closing Balance		28,000	-
Bonds & Deposits			
- Opening Balance		761	995
- Cash Flows		389	(234)
Closing Balance		1,150	761
TOTAL LIABILITIES FROM FINANCING ACTIVITIES		29,150	761
(D) FINANCING ARRANGEMENTS			
Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdrafts		500	500
Corporate Credit Cards		600	600
LGFA Cash Advance Debenture Facility		100,000	30,000
The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.			

Note 12a: Functions

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 & NON-CURRENT)	
	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017
\$ '000										
Creative City	654	751	13,719	11,715	(13,065)	(10,964)	-	277	992,531	243,570
Liveable City	53,408	52,908	117,817	96,587	(64,409)	(43,679)	11,215	15,535	376,205	897,376
Smart City	-	-	3,733	2,392	(3,733)	(2,392)	-	10	264,139	161,759
Green City	1,250	2,513	18,137	23,607	(16,887)	(21,094)	-	1,178	497	-
Corporate	138,818	154,939	58,093	59,502	80,722	95,437	5,897	8,708	30,488	91,970
TOTAL FUNCTIONS/ ACTIVITIES	194,130	211,111	211,499	193,804	(17,372)	17,307	17,112	25,708	1,664,904	1,394,675

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

Note 12b. Components of Functions

The activities relating to Council functions are as follows:

Smart City

City Growth and Rundle Mall Management Authority

Green City

Sustainability, Park Lands Strategy and Public Realm Services

Liveable City

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

Creative City

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

Corporate

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

Note 13: Financial Instruments

Recognised Financial Instruments

Receivables Rates & Associated Charges (including legals & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.	Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable. Terms & Conditions: Secured over the subject land, arrears attract interest of 6.6% (2017: 6.75%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State. Carrying Amount: Approximates fair value (after deduction of any allowance).
Receivables Fees & Other Charges	Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable. Terms & Conditions: Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries. Carrying Amount: Approximates fair value (after deduction of any allowance).
Receivables Other Levels of Government	Accounting Policy: Carried at nominal value. Terms & Conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments. Carrying Amount: Approximates fair value.

Note 13: Financial Instruments (continued)

Recognised Financial Instruments

Receivables Shared Equity Contribution	<p>Accounting Policy: Accounted for in accordance with AASB 13</p> <p>Terms & Conditions: In accordance with AASB 13, the fair value measurement of the financial asset has been assessed as a level 2. The valuation adopted a sale price comparison approach where the sales prices of comparable property in a similar location are adjusted for key differences in key attributes such as car parks, bathrooms and outdoor areas.</p> <p>Carrying Amount: Fair value</p>
Liabilities Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & Conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying Amount: Approximates fair value.</p>
Liabilities Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & Conditions: Secured over future revenues, current loans are on a floating facility where surplus funds are used to pay down loan balances. Loans are procured via a tender process and interest rates are secured at drawdown.</p> <p>Carrying Amount: Approximates fair value.</p>

Note 13: Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2018					
Financial Assets					
Cash & Equivalents	6,738	-	-	6,738	6,738
Receivables	8,571	-	-	8,571	8,571
Other Financial Assets	177	478	-	655	655
TOTAL FINANCIAL ASSETS	15,486	478	-	15,964	15,964
Financial Liabilities					
Payables	26,066	-	-	26,066	26,066
Non-Current Borrowings	-	-	28,000	28,000	28,000
TOTAL FINANCIAL LIABILITIES	20,191	-	28,000	54,066	54,066
2017					
Financial Assets					
Cash & Equivalents	31,141	-	-	31,141	31,141
Receivables	13,414	-	-	13,414	13,414
Other Financial Assets	264	565	-	829	829
Total Financial Assets	44,819	565	-	45,384	45,384
Financial Liabilities					
Payables	20,191	-	-	20,191	20,191
Total Financial Liabilities	20,191	-	-	20,191	20,191
The following interest rates were applicable to Council's Borrowings at balance date:					
	30 June 2018		30 June 2017		
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value	
Other Variable Rates	2.75%	28,000	2.91%	-	
		28,000		-	

Net Fair Value

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

Note 13: Financial Instruments (continued)

Risk Exposures

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

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

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

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

Note 14: Commitments for Expenditure

\$ '000	Consolidated 2018	Consolidated 2017
CAPITAL COMMITMENTS		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	127	560
Infrastructure	-	89
Drainage & Waterways	364	1,148
IT Corporate System	76	115
Lighting & Electrical	30	555
Park Lands & Squares	167	75
Plant & Equipment	-	430
Strategic Priorities	247	620
Streetscapes	4,114	8,161
Transportation	1,009	1,305
Urban Elements	72	36
Other	33	-
	6,239	13,094
These expenditures are payable:		
Not later than one year	6,239	13,094
	6,239	13,094

Note 15: Financial Indicators

\$ '000	Amounts 2018	Indicator 2018	Prior Periods	
			2017	2016

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	(17,381)	(9%)	8%	1%
Total Operating Revenue	194,130			

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

2. NET FINANCIAL LIABILITIES RATIO

Net Financial Liabilities	49,514	26%	(5%)	15%
Total Operating Revenue	194,130			

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

3. ASSET SUSTAINABILITY RATIO

Net Asset Renewals	31,911	91%	123%	90%
Infrastructure & Asset Management Plan required expenditure	35,151			

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.

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.

\$ '000	Consolidated 2018	Consolidated 2017
Income	194,130	211,111
less Expenses	(211,511)	(193,817)
Operating Surplus / (Deficit)	(17,381)	17,294
add Project Related Expenditure	6,755	8,101
FUNDING SURPLUS BEFORE CAPITAL AMOUNTS	(10,626)	25,395
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(38,624)	(37,210)
less Depreciation, Amortisation and Impairment	48,358	42,636
less Proceeds from Sale of Replaced Assets	307	634
Subtotal	10,041	6,060
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	(70,016)	(14,405)
less Amounts Received Specifically for New and Upgraded Assets	9,792	21,626
less Proceeds from Sale of Surplus Assets	14	297
Subtotal	(60,210)	7,518
NET LENDING / (BORROWING) FOR FINANCIAL YEAR	(60,795)	38,973

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.

Council has not classified any Land or Buildings as "Investment Property".

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

\$ '000	Consolidated 2018	Consolidated 2017
Not later than one year	3,730	3,539
Later than one year and not later than 5 years	7,034	7,904
Later than 5 years	26,075	27,259
	36,839	38,702

(ii) Lease Payment Commitments of Council

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

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

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

Not later than one year	6,076	6,261
Later than one year and not later than 5 years	18,049	21,514
Later than 5 years	27,960	31,815
	52,085	59,590

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2017/18; 9.50% in 2016/17). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2016/17) of "superannuation" salary.

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

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

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

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 2018 there were 2 active members.

Following an updated actuarial assessment, the asset recorded in the 2017/18 Financial Statements as per AASB 1056 requirements is \$1,569,000. 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 2018.

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.

Note 19a: Interests in Other Entities

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2018	2017
Council Solutions Regional Authority	Promotion of procurement and service delivery	76	88
The Brown Hill and Keswick Creeks Stormwater Board	Implementation & oversight of stormwater infrastructure	-	-
TOTAL CARRYING AMOUNTS - JOINT VENTURES & ASSOCIATES		76	88

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.

The Brown Hill and Keswick Creeks Stormwater Board

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

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

(b) Relevant Interests Name of Entity	Interest In Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2018	2017	2018	2017	2018	2017
Council Solutions Regional Authority	17%	17%	17%	17%	17%	17%
The Brown Hill and Keswick Creeks Stormwater Board	20%	0%	8%	0%	20%	0%

(c) Movement in Investment in Joint Venture or Associate

	The Brown Hill and Keswick Creeks Stormwater Board		Council Solutions Regional Authority	
	2018	2017	2018	2017
Opening Balance	-	-	88	101
Share in Operating Result	-	-	(12)	(13)
COUNCIL'S EQUITY SHARE IN THE JOINT VENTURE OR ASSOCIATE	-	-	76	88

Note 19b: Controlled Entities

SUBSIDIARIES

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

Name of Operation/Entity	Principal Activity and Place of Business			
Adelaide Central Market Authority (ACMA)	Adelaide Central Market Authority was enacted on 3 May 2012 as a subsidiary of Council with its primary role being to oversee the management and operation of Adelaide Central Market in accordance with the Adelaide Central Market Authority Charter, the Market Charter and Council's Strategic Plan.			
Interests in Subsidiary	Ownership		Voting Rights	
	2018	2017	2018	2017
Council's Interest in Subsidiary	100%	100%	100%	100%

The nature and extent of significant restrictions relating to the Subsidiary

A 30% dividend is payable to Council annually on surplus amounts above the Asset Renewal Provision. No dividend was payable during 2017/18. The remaining surplus is retained in either a capital renewal or capital enhancement fund for future requirements.

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

ACMA currently hold a line of credit with council to the value of \$5,943,440, with a current draw down to the value of \$4,554,185.

Other disclosures

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

Council has a lease agreement with ACMA for the Central Market Complex until the 30 September 2033. The lease charge totalled \$2,801,044 for the year.

ACMA contracts staff from Council with the on-charge totalling \$1,072,811 for the year.

Note 19b: Controlled Entities (continued)

SUBSIDIARIES

Name of Operation/Entity	Principal Activity and Place of Business
Adelaide Park Lands Authority (APLA)	Adelaide Park Lands Authority was enacted on 14 December 2006 as a subsidiary of Council with its primary role being the provision of policy and advice to Council and the State Government in regard to the management of the Park Lands.

	Ownership		Voting Rights	
Interests in Subsidiary	2018	2017	2018	2017
Council's Interest in Subsidiary	100%	100%	100%	100%

The nature and extent of significant restrictions relating to the Subsidiary

Council funds the operations of APLA through the provision of an annual grant which was to the value of \$187,796.

Other disclosures

APLA contracts staff from Council with the on-charge totalling \$130,331 for the year.

Name of Operation/Entity	Principal Activity and Place of Business
Rundle Mall Management Authority (RMMA)	The Rundle Mall Subsidiary was enacted on 9 October 2008 as a subsidiary of Council with its primary role being the promotion of the Rundle Mall.

	Ownership		Voting Rights	
Interests in Subsidiary	2018	2017	2018	2017
Council's Interest in Subsidiary	100%	100%	100%	100%

Other disclosures

RMMA contracts staff from Council with the on-charge totalling \$767,749 for the year.

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

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

1. LAND UNDER ROADS

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

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.

Note 21: Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2018, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 05/10/18.

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

Note 22: Related Party Transactions

KEY MANAGEMENT PERSONNEL

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Lord Mayor, Councillors, CEO and Directors. In all, 18 persons were paid the following total compensation:

\$ '000	Consolidated 2018	Consolidated 2017
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	1,674	1,759
Post-Employment Benefits	124	134
Long-Term Benefits	-	12
Termination Benefits	-	119
TOTAL	1,798	2,024

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

Receipts from Key Management Personnel comprise:

Other than amounts paid as ratepayers or residents, Council received the following amounts in total:

Sale of Apartment	-	291
TOTAL	-	291

Note 23: Capital City Development and Economic Development

Expenditure of \$55.92m was incurred in relation to Council's commitments under the Capital City Development Program. This represents 32.27% of total expenditure for the year ended 30 June 2018.

In accordance with the requirements of the City of Adelaide Act 1998, expenditure of \$14.40m was incurred for works, services and activities that directly related to Council's economic development program. This represents 8.31% of the total expenditure for the year ended 30 June 2018.



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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of City of Adelaide (the Council), which comprises the statement of financial position as at 30 June 2018, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

In our opinion the financial report of City of Adelaide, presents fairly, in all material respects, the Council's financial position as at 30 June 2018 and its financial performance for the year ended on that date in accordance with Australian Accounting Standards, the Local Government Act 1999, and the Local Government (Financial Management) Regulations 2011.

Basis for opinion

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

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

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

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

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

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

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

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

Council's Responsibility for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

This description forms part of our auditor's report.

BDO Audit (SA) Pty Ltd

Andrew Tickle
Director

Adelaide, 9 October 2018



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Australia

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

Opinion

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2017 to 30 June 2018 relevant to ensuring such transactions have been conducted properly and in accordance with law.

In our opinion, in all material respects:

- (a) The controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- (b) The controls operated effectively as designed throughout the period from 1 July 2017 to 30 June 2018.

Basis for opinion

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

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

The Council's responsibilities for the internal controls

The Council is responsible for:

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

Our independence and quality control

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

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Assurance practitioner's responsibilities

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

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

Limitations of controls

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

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

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

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Andrew Tickle'.

Andrew Tickle
Director

Adelaide, 9 October 2018



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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 City of Adelaide for the year ended 30 June 2018, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

Andrew Tickle
Director

BDO Audit (SA) Pty Ltd

Adelaide, 29 August 2018

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City of Adelaide

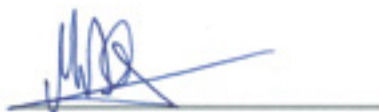
General Purpose Financial Statements

for the year ended 30 June 2018

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Adelaide for the year ended 30 June 2018, the Council's Auditor, BDO has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Mark Goldstone
CHIEF EXECUTIVE OFFICER



David Powell
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 10 September 2018



Adelaide Central Market Authority (ACMA)

Annual Report 2017-2018





The Year in Review

The 2017-18 period was the fifth full year of operation for the Adelaide Central Market Authority (ACMA) after its formal establishment in October 2012.



Key highlights

149 years

of retailing fresh produce to
South Australia

\$1,318,800

of positive media coverage
generated

17

newsletters to Market Lovers

9.7M

visitations

40K

Instagram followers

64

free cooking demonstrations

1,217,489

car park transactions

47.5K

Facebook likes

\$3.79M

in capital works undertaken

1M kg

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

798,154

page views on
adelaidecentralmarket.com

1,316

maintenance tasks completed

Awards

Winner 'Best City Attraction'

The City Awards 2017

**Certificate of Excellence
as a tourism business**

Trip Advisor

Our Customers

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

Throughout 2017-18 ACMA focused on community and customer engagement within the Market:

Community and Customer Engagement

- 64 free cooking demonstrations in the U-Install-It Community Kitchen added value to the Market experience
- The school holiday program saw 2,350 children discover produce on the Market Trail, 370 children create a nutritious dish during Little Market Chefs and over 10,000 children enjoy free activities including face painting, balloon giveaways and craft workshops
- Over 64,000 people celebrated Bastille Day on 14 July 2017 (exceeding Christmas Eve 2016 by 9%). The event included partnerships with Department of the Premier and Cabinet and Le Cordon Bleu, 350 slices of Eiffel Tower cake saw \$677 donated to OzHarvest, 800 kids engaged with free activities, free cooking demonstrations and live music
- Fresh local seafood, producers and live music was showcased with the inaugural two-day Seafood + Sounds event on 13 and 14 October 2017. Over 94,900 people visited across the two-day event featuring free cooking demonstrations, Chilli Crab pop up, live music, and special guest Adam Liaw headlined the program with two free cooking demonstrations and a ticketed masterclass in the historic Market tower
- Major retail campaigns Christmas 2017 and Easter 2018 comprised of above-the-line radio and print advertising, supported by direct mail, digital, outdoor and in-Market advertising. The campaigns both featured interactive family activities, cooking demonstrations, gift-buying, in-Market theming and recipe development
- The Market's celebration of 149 years was held on Saturday 3 February 2018, with a program of free family activities including a Market cash grab, kids activities and live music
- The Inspired Series with Luke Mangan session held on Saturday 24 February 2018 targeted hospitality students and the next generation of food influencers. The session was Q&A style, with an expert panel including celebrity chef Luke Mangan, chef Jock Zonfrillo and wine expert James Erskine
- In partnership with Australian Red Cross, Salt: African Australian Magazine and African Women's Federation of South Australia and Iranian Women Org SA, the Market celebrated Refugee Week on Friday 22 June 2018. The event featured cooking demonstrations with local African and Iranian women and chef Dorinda Hafner

Our Traders

To build & support a market 'family' of diverse, passionate, professional & knowledgeable Customer focused Traders.

Existing Trader Investment in fit-out/refurbishment

Five stalls underwent structural works during 2017/18, demonstrating confidence in the sustainable future of the Market:

- Rommy's Market Garden (Stall 37)
- Jamu (Stall 69)
- Wills & Daniels (Stall 49)
- Les Deux Coqs (Stall 2)
- Cumbia (GR43)

Lease Assignments

Three businesses within the Market were sold, with the new owners investing in a full stall fit-out:

- Les Deux Coqs (Stall 2)
- Cumbia (Stall GR43)
- Jamu (Stall 69)

Trader Lease Renewals

Nine lease renewals were completed for existing Market traders.

Trader Engagement

Throughout the 12-month period, an average of 6.3 e-newsletters were distributed to traders every month via email and hand-delivered to stalls.

- 68 Market Talk e-newsletters and 8 FoodLab industry-based newsletters were sent to Market traders
- 10 Trader Advisory group meetings with ACMA
- 4 trader briefings were held, including sessions specifically dedicated to the Adelaide Central Market Arcade Redevelopment process where the Right Honourable Lord Mayor, Martin Haese was the lead speaker
- 73 customer satisfaction surveys were conducted on Market stalls, with feedback and results shared with Traders to encourage appropriate customer service

Pop-Up Opportunities

The Producer in Residence and temporary pop-up location in Stall 2 during Christmas provided small, local, artisan businesses an opportunity to trial their products with Market customers.

- 18 businesses occupied the Producer in Residence stall over a three-week period
- 5 businesses activated Stall 2 pop-up location during 21 November 2017 – 10 February 2018

Our Business

To build a business that is financially sustainable, well managed & with appropriate governance.

Community Partnerships

In 2017-18 ACMA actively supported The Big Issue Lunch and OzHarvest charity organisations. The Big Issue long table lunch returned for its seventh year at the Market, raising funds for Adelaide's disadvantaged and homeless. OzHarvest activities included the Tree of Goodness campaign accepting donations from shoppers during the Christmas retail period, hosting a pit-stop for the Great Food Rescue Race and rescuing Market produce on a weekly basis.

During the period:

- The Big Issue Lunch raised a record \$27,000 to support the vital work of The Big Issue in South Australia
- OzHarvest rescued 18,533kg of Market produce (equivalent to 55,599 meals) for Adelaide's homeless and disadvantaged

Operations

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

- \$3.79M in capital works was undertaken and 1,316 maintenance tasks completed

- Grote Street Facade Restoration works commenced, ensuring the structural integrity and condition of the historic brick building
- Regular meetings between Adelaide Central Market Authority, City of Adelaide and Rundle Mall Management Authority

During the period the following key operational improvements were completed:

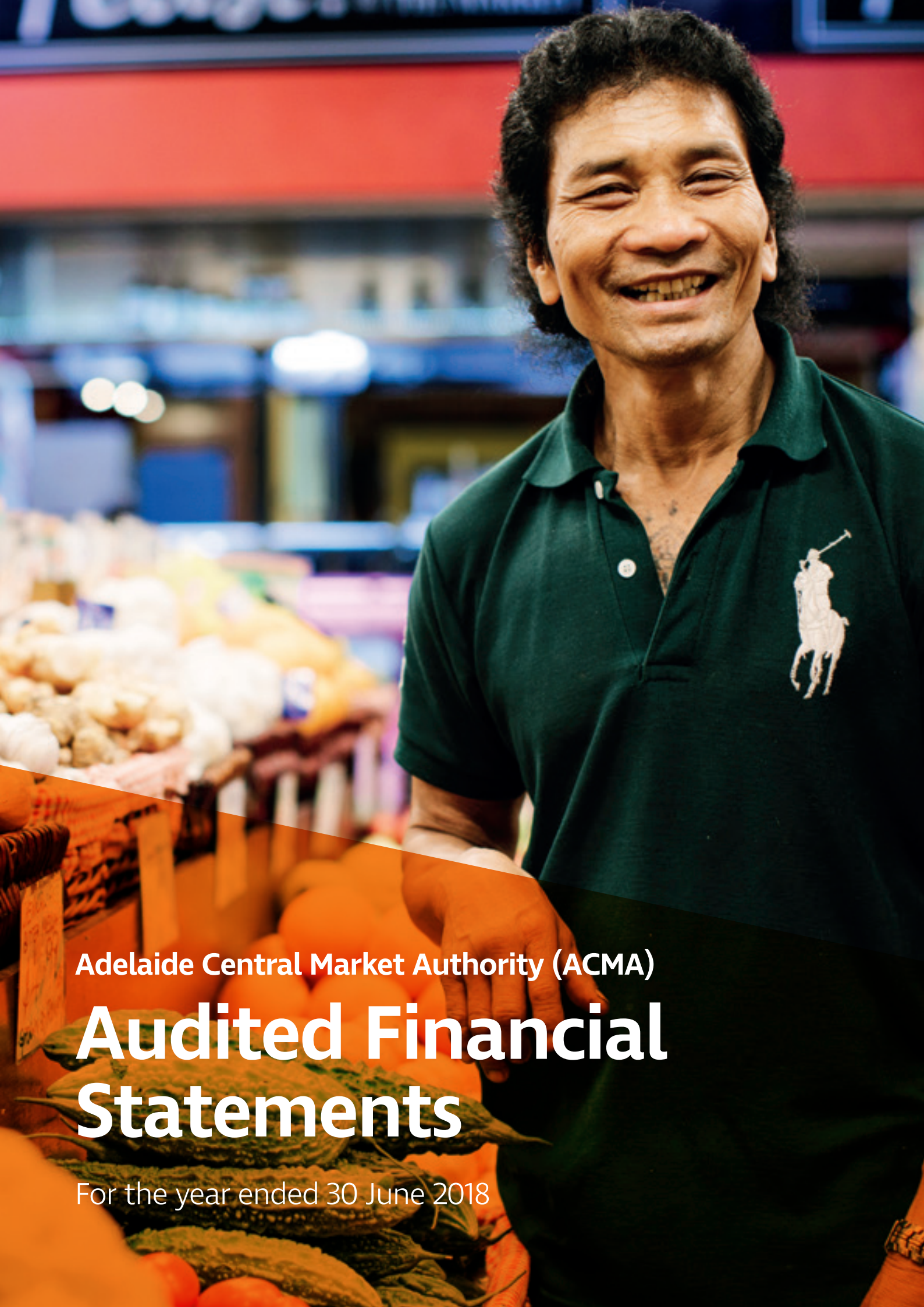
- Installation of the roof safety system on the Federal Hall roof, allowing contractors to safely access the roof to complete maintenance works
- Completion of Grote Street Right Hand Turn project
- Completion of the Fire and Safety system renewal works project
- Construction of a new communications room located in level 1 of the Market car park and completion of works including air-conditioning installation, BMS connection and emergency lighting
- Installation of the new cable trays within the Market floor for the CCTV upgrade project

Our Precinct

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

- Continue to work closely with the Market District including attendance at the Lord Mayor Precinct Association forums, industry association and district meetings
- Continue to work with the South Australia Tourism Commission and Brand SA for events and filming opportunities including I Choose SA day and MasterChef





Adelaide Central Market Authority (ACMA)

Audited Financial Statements

For the year ended 30 June 2018

Adelaide Central Market Authority

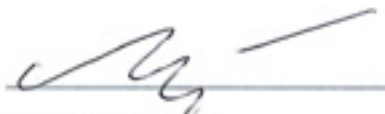
General Purpose Financial Statements for the year ended 30 June 2018

Certification of Financial Statements

We have been authorised by the Adelaide Central Market Authority (the Authority) to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2018 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, and
- the financial statements accurately reflect the Authority's accounting and other records.



Nicholas Begakis AO
Chairman
ADELAIDE CENTRAL MARKET AUTHORITY



Karen Rodda
Finance Manager
ADELAIDE CENTRAL MARKET AUTHORITY

Date: 18/10/18

Statement of Comprehensive Income

for the year ended 30 June 2018

\$ '000	Notes	Consolidated 2018	Consolidated 2017
INCOME			
User Charges	2a	9,211	8,962
Investment Income	2b	28	34
Other Income	2c	13	21
Total Income		9,252	9,017
EXPENSES			
Materials, Contracts & Other Expenses	3a	9,694	9,327
Depreciation, Amortisation & Impairment	3b	224	173
Total Expenses		9,918	9,500
OPERATING SURPLUS / (DEFICIT)		(666)	(483)
NET SURPLUS / (DEFICIT)		(666)	(483)
TOTAL COMPREHENSIVE INCOME		(666)	(483)

Statement of Financial Position

for the year ended 30 June 2018

\$ '000	Notes	Consolidated 2018	Consolidated 2017
ASSETS			
Current Assets			
Cash and Cash Equivalents	4a	777	1,116
Trade & Other Receivables	4b	394	74
Inventories	4c	37	24
Total Current Assets		1,208	1,214
Non-Current Assets			
Infrastructure, Property, Plant & Equipment	5	6,566	3,046
Total Non-Current Assets		6,566	3,046
TOTAL ASSETS		7,774	4,260
LIABILITIES			
Current Liabilities			
Trade & Other Payables	6a	2,098	1,165
Borrowings	8b	-	1,400
Total Current Liabilities		2,098	2,565
Non-Current Liabilities			
Borrowings	6b	3,472	-
Total Non-Current Liabilities		3,472	-
TOTAL LIABILITIES		5,570	2,565
NET ASSETS		2,204	1,695
EQUITY			
Accumulated Surplus		1,029	1,024
Other Reserves	7	1,175	671
TOTAL EQUITY		2,204	1,695

Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	Accumulated Surplus	Other Reserves	Total Equity
2018				
Balance at the end of previous reporting period		1,024	671	1,695
a. Net Surplus / (Deficit) for Year		(666)	-	(666)
b. Other Comprehensive Income				
- Deemed contribution		-	1,175	1,175
Other Comprehensive Income		-	1,175	1,175
Total Comprehensive Income		(666)	1,175	509
Transfers between Reserves		671	(671)	-
Balance at the end of period		1,029	1,175	2,204
2017				
Balance at the end of previous reporting period		644	1,534	2,178
Net Surplus / (Deficit) for Year		(483)	-	(483)
Total Comprehensive Income		(483)	-	(483)
Transfers between Reserves		863	(863)	-
Balance at the end of period		1,024	671	1,695

Statement of Cash Flows

for the year ended 30 June 2018

\$ '000	Notes	Consolidated 2018	Consolidated 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Operating Receipts		8,898	9,162
Payments			
Operating Payments to Suppliers and Employees		(8,675)	(8,632)
Net Cash provided by (or used in) Operating Activities	8b	251	564
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Expenditure on Renewal/Replacement of Assets		(3,744)	(1,858)
Net Cash provided by (or used in) Investing Activities		(3,744)	(1,858)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from Borrowings		3,154	1,400
Net Cash provided by (or used in) Financing Activities		3,154	1,400
Net Increase (Decrease) in Cash Held		(339)	106
plus: Cash & Cash Equivalents at beginning of period		1,116	1,010
Cash & Cash Equivalents at end of period	8a	777	1,116

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

Note 1: Summary of Significant Accounting Policies

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

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

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

1.4 Rounding

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

2 The Local Government Reporting Entity

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

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

3 Income Recognition

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

4 Cash, Cash Equivalents and other Financial Instruments

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

The majority of receivables relate to stall holder leases and are secured in part by bank or directors' guarantees. All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition.

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised at cost.

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

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

6.2 Materiality

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

6.3 Depreciation of Non-Current Assets

Property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of the Authority, best reflects the consumption of the service potential embodied in those assets.

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

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

Plant, Furniture & Equipment

Office Furniture & Equipment	3 to 20 years
Other Plant & Equipment	2 to 20 years

Building & Other Structures

Buildings – other construction	10 to 40 years
Benches, seats, etc	2 to 5 years

6.4 Impairment

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

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Leases

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

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

9 Borrowings

The loan from the City of Adelaide to the Adelaide Central Market Authority has not been formalised, the requirement per AASB 139 is to recognise the loan at fair value.

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

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

10 GST Implications

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

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

11 New accounting standards and UIG interpretations

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

At the date of authorisation of the financial report, AASB 9 Financial Instruments and AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities are the only new accounting standards with a future application date that are expected to have a material impact on the Authority's financial statements.

AASB 9, which replaces AASB 139 Financial Instruments: Recognition and Measurement, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

The Authority is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 Revenue from Contracts with Customers will have a material impact. To date no impact has been identified.

AASB 15 is effective from 1 January 2018 and will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

AASB 16 Leases is applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this Standard will replace the current accounting requirements applicable to the leases in AASB 117 Leases and related interpretations. AASB 16 introduces a single lease accounting model that eliminates the requirement for leases to be classified as operating or finance leases. Although the directors anticipate that the adoption of AASB 16 will have a material impact on the Authority's financial statements, it is impractical at this stage to provide a reasonable estimate of such impact.

Other amended Australian Accounting Standards and UIG Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

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

Effective for annual reporting periods beginning on or after 1 January 2018

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* AASB 1057 *Application of Australian Accounting Standards*
- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*

- AASB 2016-6 *Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*
- AASB 2017-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 4*

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

- AASB 16 *Leases*
- AASB 16 *Leases (Appendix D)*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian*
- *Implementation Guidance for Not-for-Profit Entities*

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

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

12 Comparative Figures

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

13 Disclaimer

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

Note 2: Income

\$ '000	Notes	Consolidated 2018	Consolidated 2017
(A) USER CHARGES			
Off-Street Parking		4,889	4,881
Property Lease		3,460	3,367
Property Recovery		862	714
TOTAL USER CHARGES		9,211	8,962
(B) INVESTMENT INCOME			
Interest on Investments			
- Banks & Other		28	34
TOTAL INVESTMENT INCOME		28	34
(C) OTHER INCOME			
Merchandise Sales		13	21
TOTAL OTHER INCOME		13	21

Note 3: Expenses

\$ '000	Notes	Consolidated 2018	Consolidated 2017
(A) MATERIALS, CONTRACTS AND OTHER EXPENSES			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		11	7
Board Fees		117	114
Operating Lease Rentals - Non-Cancellable Leases			
- Minimum Lease Payments		4,059	4,009
Subtotal - Prescribed Expenses		4,187	4,130
(ii) Other Materials, Contracts and Expenses			
Advertising and Promotion		372	377
Bank Charges and Cash Collection		101	96
Catering		18	14
Cleaning		914	902
Communications		3	1
Contractors		1,328	1,128
Energy and Water		758	600
External Plant Hire		3	2
Insurance		80	94
Interest Expense		93	-
Legal Expenses		92	48
Levies Paid to Government - including NRM levy		36	40
Maintenance		512	861
Minor Plant and Equipment		22	29
Parts, Accessories & Consumables		40	88
Printing, Freight and Postage		14	8
Professional Services		314	199
Rates and Taxes		30	17
Security		512	456
Training and Development		51	29
Waste Services		192	177
Other		22	31
Subtotal - Other Material, Contracts & Expenses		5,507	5,197
TOTAL MATERIALS, CONTRACTS AND OTHER EXPENSES		9,694	9,327

Note 3: Expenses (continued)

\$ '000	Notes	Consolidated 2018	Consolidated 2017
(B) DEPRECIATION, AMORTISATION AND IMPAIRMENT			
(i) Depreciation and Amortisation			
Buildings & Other Structures		158	86
Street Furniture		-	10
Plant & Equipment		66	77
Subtotal		224	173
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT		224	173

Note 4: Current Assets

\$ '000	Notes	Consolidated 2018	Consolidated 2017
(A) CASH & CASH EQUIVALENTS			
Cash on Hand at Bank		777	1,116
TOTAL CASH & CASH EQUIVALENTS		777	1,116
(B) TRADE & OTHER RECEIVABLES			
Accrued Revenues		140	115
Debtors - General		69	12
GST Recoupment		176	(62)
Prepayments		9	9
Subtotal		394	74
TOTAL TRADE & OTHER RECEIVABLES		394	74
(C) INVENTORIES			
Trading Stock		37	24
TOTAL INVENTORIES		37	24

Note 5: Infrastructure, Property, Plant & Equipment

	as at 1/7/2017			Asset Movements during the Reporting Period			as at 30/6/2018		
	At Cost	Accum'd Dep'n	Carrying Value	Asset Additions	Depreciation Expense (Note 3b)	Adjustments & Transfers	At Cost	Accum'd Dep'n	Carrying Value
\$ '000									
Capital Work in Progress									
Capital Work in Progress	517	-	517	3,744	-	(1,909)	2,352	-	2,352
Buildings									
Leasehold Improvements	2,416	(160)	2,256	-	(158)	1,909	4,325	(318)	4,007
Infrastructure									
Street Furniture	27	(27)	-	-	-	-	27	(27)	-
Other									
Plant & Equipment	418	(145)	273	-	(66)	-	418	(211)	207
Total Infrastructure, Property, Plant & Equipment	3,378	(332)	3,046	3,744	(224)	-	7,122	(556)	6,566

Note 6: Liabilities

	Consolidated		Consolidated	
	2018 Current	2018 Non Current	2017 Current	2017 Non Current
\$ '000				
(A) TRADE AND OTHER PAYABLES				
Payments Received in Advance	93	-	98	-
Accrued Expenses - Other	1,162	-	85	-
Inter-Entity Loan Account	161	-	84	-
Other	682	-	898	-
TOTAL TRADE AND OTHER PAYABLES	2,098	-	1,165	-
(B) BORROWINGS				
Loans - City of Adelaide	-	3,472	1,400	-
TOTAL BORROWINGS	-	3,472	1,400	-

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

Note 7: Reserves

\$ '000	1/7/2017	Tfrs to Reserve	Tfrs from Reserve	30/6/2018
OTHER RESERVES				
Asset Renewal Reserve	671	-	(671)	-
Deemed Contribution	-	1,175	-	1,175
TOTAL TRADE AND OTHER PAYABLES	671	1,175	(671)	1,175
Comparatives	1,534	-	(863)	671

PURPOSES OF ASSET RENEWAL AND ENHANCEMENT RESERVES

Adelaide Central Market Authority Charter 2014 clauses 1.8.2 and 1.8.3 required the establishment of capital renewal and enhancement reserves. These reserves are designed to ensure the Adelaide Central Market Authority can undertake the ongoing maintenance and upkeep of existing improvements and infrastructure in the Market.

OTHER RESERVES

The loan from the City of Adelaide to the Adelaide Central Market Authority has not been formalised and as such no commercial terms exist. There is a requirement per AASB 139 Financial Instruments: Recognition and Measurement to recognise the loan at fair value. Due to the parent/subsidiary relationship, the fair value adjustment has been recognised through the Statement of Changes in Equity.

Note 8: Reconciliation to Statement of Cash Flows

(A) RECONCILIATION OF CASH

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

\$ '000	Notes	Consolidated 2018	Consolidated 2017
Total Cash & Equivalent Assets	4a	777	1,116
BALANCES PER STATEMENT OF CASH FLOWS		777	1,116

(B) RECONCILIATION OF CHANGE IN NET ASSETS TO CASH FROM OPERATING ACTIVITIES

Net Surplus/(Deficit)		(666)	(483)
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		224	173
Notional Interest Charge		93	-
		(349)	(310)
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(320)	171
Net (Increase)/Decrease in Inventories		(13)	(2)
Net Increase/(Decrease) in Trade & Other Payables		933	705
NET CASH PROVIDED BY (OR USED IN) OPERATIONS		251	564

Note 9: Financial Instruments

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2018					
Financial Assets					
Cash & Equivalents	777	-	-	777	777
Receivables	209	-	-	209	209
TOTAL FINANCIAL ASSETS	986	-	-	986	986
Financial Liabilities					
Payables	2,005	-	-	2,005	2,005
Non-Current Borrowings	-	-	3,472	3,472	3,472
TOTAL FINANCIAL LIABILITIES	2,005	-	3,472	5,477	5,477
2017					
Financial Assets					
Cash & Equivalents	1,116	-	-	1,116	1,116
Receivables	127	-	-	127	127
TOTAL FINANCIAL ASSETS	1,243	-	-	1,243	1,243
Financial Liabilities					
Payables	1,067	-	-	1,067	1,067
Non-Current Borrowings	1,400	-	-	1,400	1,400
TOTAL FINANCIAL LIABILITIES	2,467	-	-	2,467	2,467

Risk Exposures

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

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

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

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

Note 10: Leasing Commitments

Leases Providing Revenue to the Authority

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

\$ '000	2018	2017
(i) Lessees commitments under all non-cancellable lease agreements, are as follows:		
Not later than one year	2,938	2,728
Later than one year and not later than 5 years	3,386	3,851
Later than 5 years	74	-
	6,398	6,579

(ii) Lease Payment Commitments of the Authority

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

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

Rent paid during 2017/18 in accordance with the abovementioned lease arrangement is disclosed as Operating Leases in Note 3.

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

Not later than one year	913	871
Later than one year and not later than 5 years	4,955	4,681
Later than 5 years	3,312	4,168
	9,180	9,720

Note 11: Related Party Transactions

Key Management Personnel

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

\$ '000	2018	2017
Short-Term Employee Benefits	300	271
Post-Employment Benefits	16	16
	316	287

The Board of Adelaide Central Market Authority includes the Chairman of the Traders Advisory Group who is required to be a Lessee of a stall in the Adelaide Central Market and is elected by the Traders in March biennially.

Adelaide Central Market Authority received the following rent amounts from Board members

Rentals for properties managed by Adelaide Central Market	119	83
	119	83

All Key Management Personnel are required to disclose membership of the management committees or boards of any business, sporting or not-for-profit organisations. In accordance with the Local Government Act 1999, these persons declare a conflict of interest and leave the meeting environs when any matter affecting their organisation is discussed or voted upon. The Board member representing Traders of the Adelaide Central Market declares a conflict of interest and leaves the meeting environs for any discussions relating to rentals or lease terms, other than discussions of a general nature.

Other Related Party Transactions

The Adelaide Central Market Authority (ACMA) has a lease agreement with the City of Adelaide (Council) for the Central Market Complex until 30 September 2033. The lease charge totalled \$2,802,546 for the year.

ACMA currently holds a line of credit with the Council to the value of \$5,943,440 with current draw down to the value of \$4,554,185. The loan has been recognised in the Statement of Financial Position at fair value based on the projected repayment timing of the principal.

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

ACMA has entered into an agreement with Council regarding use of Star carpark which is leased until 30 June 2027. The value of lease payments for this year totalled \$789,019.

ACMA contracts staff from Council with the on-charge totalling \$1,072,811 for the year.



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INDEPENDENT AUDITOR'S REPORT

To the members of Adelaide Central Market Authority

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of (the "Authority"), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements by the Finance Manager and Chairman of Adelaide Central Market Authority.

In our opinion the financial report of Adelaide Central Market Authority, presents fairly, in all material respects, the Authority's financial position as at 30 June 2018 and its financial performance for the year ended on that date in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

Basis for opinion

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

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

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

Other information

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

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

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

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

Responsibilities of the Authority's officers for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink that reads 'Paul Gosnold'.

Paul Gosnold
Director

Adelaide, 18 October 2018



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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 2018, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board and in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

Paul Gosnold
Director

BDO Audit (SA) Pty Ltd

Adelaide, 18 October 2018

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Adelaide Central Market Authority

General Purpose Financial Statements

for the year ended 30 June 2018

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Authority for the year ended 30 June 2018, 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*.



Nicholas Begakis AO
Chairman
ADELAIDE CENTRAL MARKET AUTHORITY



Karen Rodda
Management Accountant
ADELAIDE CENTRAL MARKET AUTHORITY

Date: 18/10/18

RUNDLE MALL ANNUAL REPORT 2017-2018

UNFOLD
RUNDLE MALL







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ANNUAL REPORT SUMMARY

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

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

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

As such, this Annual Report reflects the RMMA's Financial Year 2017/18 Business Plan objectives and Audited Financial Statements.

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

The Rundle Mall Differential Separate Rate is the primary income stream for the activities of the RMMA. In FY 17/18, it was levied at \$0.03582 per dollar of property value and raised \$3,718,933 for the RMMA. These funds are levied by Council and provided to the Authority to expend in accordance with the Annual Business Plan and Budget and on projects specifically designated and approved by Council (section 8.3 of the Charter).





LETTER FROM THE CHAIRMAN

The 2017/18 Financial Year was a year of change and development which saw the RMMA focus on advocating for the benefit of the Precinct and continuing to build Rundle Mall's position as the State's premier shopping destination through first class campaigns.

This year also saw the implementation of year one of the Rundle Mall Strategic Plan 2017-2021 with the RMMA's areas of focus continuing to be around Information, Visitor Experience, Advocacy and Brand, with Advocacy being a key priority for the RMMA Board over the past year.

A change in the State Government brought with it both opportunities and challenges, including the proposed deregulation of trading hours. If introduced, the RMMA Board believe that this will encourage people to shop in the suburbs on public holidays with fewer people in the city leading to less vibrancy. As a destination for locals and visitors, this will impact both the unique visitor experience of our city and the viability of some of our city businesses. As such, the RMMA Board has advocated to support the maintenance of almost exclusive public holiday trading in the Rundle Mall Precinct.

Major investment projects have also been a feature of the past year, with government spending on the North Terrace tram extension and the Gawler Place upgrade and private investment in major upgrades of Rundle Mall Plaza and Citi Centre Arcade. The RMMA has continued to have proactive dialogue with relevant parties to represent the interests of our diverse stakeholder group. Whilst the impact of significant capital works, and in particular the North Terrace tram extension, cannot be underestimated, through its advocacy, the RMMA has successfully influenced the timing of key stages and secured additional promotional funds for this project for the benefit of the Precinct.

One of the major benefits of upgrades and investment in the Precinct is the attraction of new-to-market and high-profile brands and we look forward with excitement to welcoming international brand H&M to the Precinct in 2018.

In the middle of the year, Amanda Grocock stepped down as the General Manager of the RMMA. The Board wishes to thank Amanda for her significant contribution to the operations and achievements of the RMMA over the past few years. It is also important to acknowledge Kate Fuss for stepping into the role as Acting General Manager. Kate has done a great job continuing to lead a passionate and dedicated team. I'd also like to acknowledge my fellow Board members for their insights, wisdom and guidance.

Finally, it is important to thank our retail, business and stakeholder community for their patience, support and willingness to work with the Rundle Mall Management Authority, Council and contractors. We are proud to lead the way in positioning Rundle Mall as a destination and brand, enabling it to maintain its position as the preeminent shopping Precinct and meeting place in the State.

PETER JOY | Chairman
Rundle Mall Management Authority





LETTER FROM THE ACTING GENERAL MANAGER

As the State's premier retail and tourist destination, Rundle Mall must constantly evolve and offer visitors new and compelling experiences. The 2017/18 Financial Year has been a year of firsts for not only Rundle Mall but the city and State. Once again, it is the RMMA team's diligent work and passion which has seen the delivery of these innovative initiatives as part of its execution of the Strategic Plan.

The RMMA lead the drive to secure a partnership with *Vogue* Australia, the Adelaide Fashion Festival and the City of Adelaide (CoA) to introduce the first ever *Vogue* Festival to the State. In its inaugural year, *Vogue* Festival was outstanding and reflected the standard of innovation and creativity befitting of Rundle Mall's premier retail destination status. The Festival saw exceptional results and fantastic feedback, with retailers reporting an average of 21% increase in sales and 24% increase in foot traffic during the event.

In another first for Rundle Mall, the hugely important Christmas season was reinvented as the RMMA partnered with SA Power Networks and the Hutt St Centre to host Australia's first digital choir experience – Rundle Mall's 'Voices of Christmas'. The Rundle Mall Christmas campaign, including 'Voices of Christmas', the Festive Forest and a range of marketing communications resulted in over 3 million visits in Rundle Mall throughout December and over 1 million visits in the 10 days leading up to Christmas.

Alongside these fantastic initiatives, the RMMA team have continued to work towards outcomes which achieve the RMMA's strategic purpose to attract people to the Precinct and encourage both a longer stay and greater enjoyment. The overall results of the work done by RMMA have, in the past year, resulted in the Rundle Mall Precinct observing some of its lowest

vacancy rates in four years, influencing investment by multiple developers for significant upgrades in the Precinct and having the acknowledgement of an international retailer seeing Rundle Mall as the preferred option for its entrance into South Australia.

On behalf of the RMMA team, I would like to acknowledge the dedication and passion shown by Amanda Grocock during her years at the RMMA, most recently as General Manager. She has been a driving force in representing the interests of stakeholders and enriching the Rundle Mall brand.

The changing retail landscape remains an ongoing concern with the continued rise of online shopping. However, the value of personal in-store experiences has simultaneously become paramount in providing a fully rounded and engaging brand experience. Recognising these factors, the RMMA will continue to work to differentiate Rundle Mall through creating engagement and experiences which highlight the distinctiveness of our Precinct.

**KATE FUSS | Acting General Manager
Rundle Mall Management Authority**



THE RMMMA

OUR BUSINESS

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

OUR VISION

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

OUR PURPOSE

ATTRACT – To attract people to the Rundle Mall Precinct
STAY – To encourage people to dwell longer
ENJOY – To facilitate enjoyment of the Rundle Mall experience.

OUR AREAS OF FOCUS

INFORMATION
To be the hub of Precinct information.

VISITOR EXPERIENCE
To support an easy and enjoyable visitor experience.

ADVOCACY
To influence projects for Precinct growth and minimise negative impacts.

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

ABOUT THE RMMA

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

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

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

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

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



MEET THE BOARD



CHAIRMAN
PETER JOY



DEPUTY CHAIRMAN
ROB MCKAY



COUNCILLOR
DAVID SLAMA



COUNCILLOR
NATASHA MALANI



DIRECTOR
DAVID COOKE



DIRECTOR
KATE GOULD

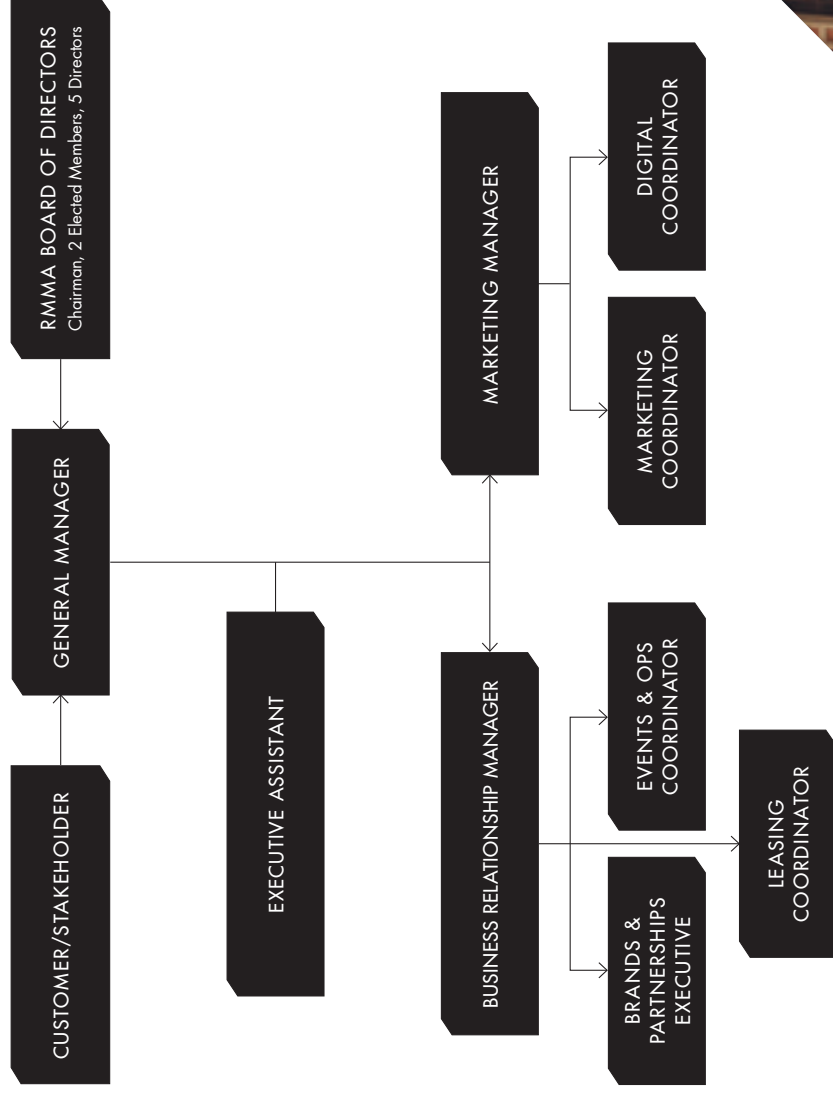


DIRECTOR
DEBORAH MILLER



DIRECTOR
LAUREN FRIED

RMMA ORGANISATIONAL CHART



GOVERNANCE

RMMA BOARD

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

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

During its 2012 Governance Review, the RMMA Board expressed a view that the most productive way to operate the RMMA is to minimise duplication with the City of Adelaide, with each party focussing on their strategic skill set in a spirit of co-creation. The RMMA, therefore continued its close working relationship with the City of Adelaide throughout the 2017/18 Financial Year.

STATUTORY REQUIREMENTS

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

DELEGATIONS

The Board of the RMMA has been granted a number of sub-delegations from the CEO of the City of Adelaide. These were last reviewed in June 2018 as part of CoA's Annual Delegations Review.

OPERATING AGREEMENT

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





PERFORMANCE AGAINST STRATEGIC PLAN AND BUSINESS PLAN

AREA OF FOCUS: INFORMATION				
OBJECTIVE: BE THE HUB OF PRECINCT INFORMATION				
STRATEGIC PLAN	BUSINESS PLAN	OUTCOME	STATUS	
Source and implement resources to capture and analyse: <ul style="list-style-type: none"> • Precinct foot traffic • Total retail spend trend • Dwell time • Customer experience • Shopping behaviour 	Implement foot traffic counting mechanism	People movement system successfully installed in partnership with CoA.	●	
	Update shopping behaviour research	Shopping behaviour research updated and further research undertaken.	●	
	Conduct quarterly qualitative survey research	Quarterly qualitative surveys conducted including both consumer and business research.	●	
	Engage a data analyst to review and analyse information including but not limited to: <ul style="list-style-type: none"> • Foot traffic counting • Mastercard data • Research findings • Open source data (Inc State Gov & CoA) • Online sentiment 	Workshops conducted with consultants and further work to be undertaken in FY18/19.	●	
Create and implement reports based on the data captured	Create a dashboard to track and display data	Worked with CoA on people movement dashboard. Project incomplete at financial year end.	●	
	Create report template for interested parties	Project incomplete at financial year end.	●	
Define and implement tools to share information with stakeholders	Scope, resource and implement a Customer Relationship Management tool to support communication	Customer Relationship Management tool complete and ready for utilising in FY18/19.	●	
	Send monthly stakeholder communications via electronic direct mail	Monthly emails sent to all subscribed stakeholders.	●	
	Create and distribute quarterly printed stakeholder communications	Printed stakeholder communications distributed quarterly covering key marketing and event opportunities.	●	

AREA OF FOCUS: VISITOR EXPERIENCE			
OBJECTIVE: SUPPORT AN EASY AND ENJOYABLE VISITOR EXPERIENCE			
STRATEGIC PLAN	BUSINESS PLAN	OUTCOME	STATUS
Advocate for positive community and commercial outcomes for both privately owned and Council owned parking facilities	Support CoAs 'First Hour Free' UPark trial at Rundle Street	Promoted through various marketing channels including EDMs, website, social media and radio.	●
	Engage car park operators especially in regard to capital project disruptions, Christmas and ANZAC Day periods	Regular engagement with all car parks in the Precinct regarding major capital projects and support via Rundle Mall marketing channels for specific promotions and offers.	●
	Use research to inform advocacy position	Insights utilised to support the RMMA's advocacy with the North Terrace Tram Extension Project.	●
Implement a digital wayfinding solution	Work with contracted partner to install a digital wayfinder	Contractor yet to receive Development Approval. Work is ongoing. Project incomplete at financial year end.	●
	Integrate with stakeholder CRM system	Project incomplete at financial year end.	●
Stage and seek unique activations	Create an event plan specifying key campaign periods and commercial opportunities	Event calendar created and in use.	●
	Create and communicate activation standards	Activation Guidelines created, implemented and in use.	●
	Drive minimum of \$400,000 worth of income opportunities	Income above target.	●
	Drive two new brand partnerships	New partnership for Vogue Festival successfully implemented. Multiple new partnerships for Christmas successfully secured.	●
Work with CoA to support a safe and attractive public space	Negotiate and implement an Operating Agreement with CoA to define service levels to the RMMA and Precinct	Project incomplete at financial year end.	●
	Support CoA and SAPOL to define, agree and install CCTV and public lighting requirements for the Precinct	Engaged with CoA regarding CCTV audit and review.	●
	Work with CoA to define agreed cleansing standards for the Precinct and the resources required to achieve it	Bi-monthly cleansing audits conducted with CoA.	●
	Review Rundle Mall Security requirements and contract relationship to define service levels including reporting	Security requirements and contract reviewed and renewed.	●
	Engage with CoA to define busking standards and permitted locations within the Precinct	Worked with CoA for busking arrangements during Fringe/Festival season.	●

PERFORMANCE AGAINST STRATEGIC PLAN AND BUSINESS PLAN

AREA OF FOCUS: ADVOCACY			
OBJECTIVE: INFLUENCE PROJECTS FOR PRECINCT GROWTH AND MINIMISE NEGATIVE IMPACTS			
STRATEGIC PLAN	BUSINESS PLAN	OUTCOME	STATUS
Represent stakeholder interest to minimise disruption and actively promote 'Business As Usual' throughout the North Terrace and Gawler Place projects	Advocate for the interests of North Terrace stakeholders in the North Terrace Tram Extension Project via CoA and DPTI	Advocated to influence periods of road closures and working hours, secured funding for additional promotional activity and hosted stakeholder meetings with DPTI.	●
	Create and implement a marketing and events campaign for North Terrace to promote business as usual and minimise disruption	Worked with DPTI for signage and digital communications for key stages. Engaged with car park operators to support offers and promotions. Included ease of access messaging in key campaign communications. Regular updates provided to stakeholders.	●
	Advocate for the interests of Gawler Place stakeholders in the Gawler Place Redevelopment Project via CoA Project Control Group	RMMA represented at Gawler Place PCG meetings and major stakeholder engagements.	●
	Work with CoA to create and implement a marketing and events campaign for Gawler Place to promote business as usual and minimise disruption	Worked with CoA on the distribution of engagement materials (letters, posters, website content) for businesses on Gawler Place Upgrade.	●

AREA OF FOCUS: BRAND			
OBJECTIVE: POSITION RUNDLE MALL AS THE PREMIER RETAIL DESTINATION IN SOUTH AUSTRALIA			
STRATEGIC PLAN	BUSINESS PLAN	OUTCOME	STATUS
Create, implement and deliver an annual Marketing, Social Media & Events plan	Deliver four major marketing campaigns including Spring Fashion, Christmas, Festival Season and Food	Executed inaugural Vogue Festival, Christmas campaign including Voices of Christmas, Fringe in Rundle Mall and Tasting Australia.	●
	Support key retail and public holiday trading periods	All key retail and public holidays supported with media and PR campaigns.	●
	Increase social media engagement including Facebook and Instagram	Facebook: +3.6% for FY17/18 Instagram: +30% for FY17/18	●
	Update website and grow consumer EDM database	EDM Subscribers: +56% for FY17/18 Website page views: 2.2 million Website average session time: 1m 21sec	●
	Engage with State Government and CoA to support tourism initiatives	Worked with SATC on Cruise Ship launch, Tasting Australia and Vogue Festival.	●
In consultation with the RMMA's PR Agency, create and implement a proactive public relations strategy in relation to industry positioning and campaign support	Proactively drive \$1.5 million in positive PR stories including industry publications	Over \$5 million in PR coverage achieved over the year.	●
	Engage agency in marketing campaign planning and business operations	Conducted all agency workshops and engaged agencies regularly throughout the year.	●

FINANCES

FUNDING

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

Having considered the general rating principles outlined in Section 150 of the Local Government Act 1999, the City of Adelaide applied a differential separate rate of \$0.03582 in the dollar of the AAV (annually assessed value) in FY17/18.

RUNDLE MALL DIFFERENTIAL SEPARATE RATE

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'.

In the FY17/18, the differential rate provided approximately \$3.719 million for the purposes of delivering marketing, events, management and advocacy programs to influence retail sales, improve the business and customer environment and increase visitation numbers. Additional benefits received by Precinct stakeholders include:

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

SELF-GENERATED FUNDS

Section 8.9 of the Rundle Mall Management Authority Charter states that the RMMA has 'The power to raise funds over and above those raised through the separate rate declared by the Council to further the Authority's objectives and purposes through fees and charges.' In line with this power, this document confirms that \$525,000 of self-generated funds were created via the provision of casual mall leasing, concession permits and partnerships within the FY17/18.

UNSPENT AND CARRIED FORWARD FUNDS

Section 8.10 of the Rundle Mall Management Authority Charter states that the RMMA has 'The power to accumulate surplus funds.' In line with this power, this document confirms that \$221,000 is an accumulated surplus. Of this, \$182,000 represents fixed assets purchased during the FY17/18 and \$39,000 has been recognised as a funding surplus that will be carried forward into FY18/19.

TOTAL INCOME: (\$'000)

DESCRIPTION	2017-18 (\$'000)	2016-17 (\$'000)	VARIANCE (\$'000)	COMMENT:
Differential Rate	3719	3651	68	Increase driven by increased property valuation and rate in the dollar.
Self-Generated Income	525	498	27	Additional income generated from strategic partnerships.
TOTAL	4244	4149	95	-

TOTAL EXPENDITURE: (\$'000)

DESCRIPTION	2017-18 (\$'000)	2016-17 (\$'000)	VARIANCE (\$'000)	COMMENT:
Advertising & Sponsorships	1937	1297	640	Inaugural Vogue Festival staged in FY17/18. Event design and management costs previously accounted for in 'Contractor & Professional Services' now included in 'Advertising & Sponsorships'.
Contractors & Professional Services	1585	2069	-484	Event design and management costs previously accounted for in 'Contractor & Professional Services' now included in 'Advertising & Sponsorships'.
Security	256	258	-2	-
Premises	108	92	16	Additional storage space for event infrastructure.
Plant & Equipment	399	265	134	Additional event staging/infrastructure costs for Christmas 2017.
Minor Assets	21	27	-6	-
Printing	21	100	-79	Various campaign printing costs previously accounted for in 'Printing' now included in 'Advertising & Sponsorships'.
Insurance	13	13	0	-
Catering	5	12	-7	-
Car parking	7	7	0	-
Telephone	2	3	-1	-
Tax	3	2	1	-
Bad & Doubtful Debts	0	-1	1	-
Sundry	43	71	-28	Variance attributable to Sponsorship Fees previously accounted for in 'Sundry' now included in 'Advertising & Sponsorships'.
Auditors	1	1	0	-
TOTAL	4401	4215	186	-

AUDITOR'S REPORT & FINANCIAL STATEMENTS SEE APPENDIX A



RUNDLE MALL MANAGEMENT AUTHORITY

General Purpose Financial Statements

for the year ended 30 June 2018

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 2018 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Rundle Mall Management Authority's accounting and other records.



Peter Joy
Chair of the Board

Date: 6 / 9 / 18

Statement of Comprehensive Income

for the year ended 30 June 2018

\$ '000	Notes	2018	2017
INCOME			
Rates Revenues	2	3,719	3,651
User Charges	2	525	498
Total Income		4,244	4,149
EXPENSES			
Materials, Contracts & Other Expenses	3a	4,401	4,215
Depreciation, Amortisation & Impairment	3b	3	-
Total Expenses		4,404	4,215
OPERATING SURPLUS / (DEFICIT)		(160)	(66)
TOTAL COMPREHENSIVE INCOME		(160)	(66)

Statement of Financial Position

for the year ended 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current Assets			
Trade & Other Receivables	4	52	382
Total Current Assets		52	382
Non-Current Assets			
Infrastructure, Property, Plant & Equipment	5	182	-
Total Non-Current Assets		182	-
TOTAL ASSETS		234	382
LIABILITIES			
Current Liabilities			
Trade & Other Payables	6	13	1
Total Current Liabilities		13	1
TOTAL LIABILITIES		13	1
NET ASSETS		221	381
EQUITY			
Accumulated Surplus		221	381
TOTAL COUNCIL EQUITY		221	381

Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Accumulated Surplus	Total Equity
2018		
Balance at the end of previous reporting period	381	381
Net Surplus / (Deficit) for Year	(160)	(160)
Total Comprehensive Income	(160)	(160)
Balance at the end of period	221	221
2017		
Balance at the end of previous reporting period	447	447
Net Surplus / (Deficit) for Year	(66)	(66)
Total Comprehensive Income	(66)	(66)
Balance at the end of period	381	381

Statement of Cash Flows

for the year ended 30 June 2018

\$ '000	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Operating Receipts		4,575	4,229
Payments			
Operating Payments to Suppliers and Employees		(4,390)	(4,229)
Net Cash provided by (or used in) Operating Activities		185	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Expenditure on New/Upgraded Assets		(185)	-
Net Cash provided by (or used in) Investing Activities		(185)	-
Net Increase (Decrease) in Cash Held		-	-
plus: Cash & Cash Equivalents at beginning of period		-	-
Cash & Cash Equivalents at end of period		-	-

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

Note 1: Summary of 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 Plant & Equipment

4.1 Initial Recognition

All assets are initially recognised at cost.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

4.2 Materiality

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

4.3 Depreciation of Non-Current Assets

Property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of the Authority, best reflects the consumption of the service potential embodied in those assets.

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

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

Plant, Furniture & Equipment

Other Plant & Equipment	3 years
-------------------------	---------

4.4 Impairment

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

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

5 Employee Benefits

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

6 GST Implications

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

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

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 2018.

Rundle Mall Management Authority (RMMA) has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

This year RMMA has applied AASB 124 Related Party Disclosures for the first time. As a result, RMMA has disclosed more information about related parties and transactions with those related parties. This information is presented in Note 8.

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

Effective for periods commencing 1 January 2018:

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*

Effective for annual reporting periods beginning on or after 13 February 2017

- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014- 16 Cycle*

Effective for annual reporting periods beginning on or after 1 January 2018

- AASB 9 *Financial Instruments (December 2009)*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) AASB 1057 Application of Australian Accounting Standards*
- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*

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

- AASB 16 *Leases*
- AASB 16 *Leases (Appendix D)*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

Effective for periods commencing 1 January 2017:

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*

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.

Note 2: Income

\$ '000	2018	2017
RATES REVENUES		
General Rates		
Rundle Mall Levy	3,719	3,651
TOTAL GENERAL RATES	3,719	3,651
USER CHARGES		
Advertising and Leasing	525	498
TOTAL USER CHARGES	525	498

Note 3: Expenses

\$ '000	2018	2017
MATERIALS, CONTRACTS AND OTHER EXPENSES		
Prescribed Expenses		
Auditor's Remuneration	1	1
Subtotal - Prescribed Expenses	1	1
Advertising and Sponsorship	1,937	1,297
Contractors and Professional Services	1,585	2,069
Security	256	258
Premises Hire and Associated Costs	108	92
Plant & equipment hire	399	265
Minor Assets, Furniture & Fittings and Materials	21	27
Printing	21	100
Insurance	13	13
Catering	5	12
Car Parking	7	7
Telephone	2	3
Tax	3	2
Bad and Doubtful Debts	-	(1)
Sundry	43	71
Subtotal - Other Material, Contracts & Expenses	4,400	4,214
TOTAL MATERIALS, CONTRACTS AND OTHER EXPENSES	4,401	4,215
DEPRECIATION, AMORTISATION AND IMPAIRMENT		
Depreciation and Amortisation		
Plant & Equipment	3	-
Subtotal	3	-
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT	3	-

Note 4: Current Assets

\$ '000	2018	2017
TRADE & OTHER RECEIVABLES		
Trade & Other Receivables - CoA	-	336
Trade & Other Receivables	10	19
GST Recoupment	42	23
Prepaid Expenses	-	4
TOTAL TRADE AND OTHER RECEIVABLES	52	382

Note 5: Infrastructure, Property, Plant & Equipment

\$ '000	as at 1/7/2017			Asset Movements during the Reporting Period		as at 30/6/2018		
	At Cost	Accum'd Dep'n	Carrying Value	Asset Additions	Depreciation Expense (Note 3b)	At Cost	Accum'd Dep'n	Carrying Value
Plant & Equipment	-	-	-	185	(3)	185	(3)	182
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	-	-	-	185	(3)	185	(3)	182

Note 6: Current Liabilities

\$ '000	2018	2017
TRADE & OTHER PAYABLES		
Trade & Other Payables - CoA	13	-
Accrued Expenses	-	1
TOTAL TRADE AND OTHER PAYABLES	13	1

Note 7: Reconciliation to Cash Flow Statement

Reconciliation of Change in Net Assets to Cash from Operating Activities

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

\$ '000	2018	2017
Net Surplus (Deficit)	(160)	(66)
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	3	-
	(157)	(66)
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in Receivables	329	66
Net (increase) decrease in Trade and Other Payables	12	-
NET CASH PROVIDED BY (OR USED IN) OPERATIONS	184	-

Note 8: Uniform Presentation of Finances

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

\$ '000	2018	2017
Income	4,244	4,149
less Expenses	(4,404)	(4,215)
Operating Surplus / (Deficit)	(160)	(66)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	185	-
NET LENDING / (BORROWING) FOR FINANCIAL YEAR	(345)	(66)

Note 9: Related Party Transactions

Key Management Personnel

The Key Management Personnel of the Rundle Mall Management Authority include Board members and the General Manager.

\$ '000	2018
The compensation paid to Key Management Personnel comprises:	
Salaries, allowances and other short-term benefits paid by Rundle Mall Management Authority to KMP	254,577

Amounts paid as direct reimbursement of expenses incurred on behalf of Rundle Mall Management Authority have not been included above.

Other Related Party Transactions

Rundle Mall Management Authority contracts staff from the City of Adelaide with the on-charge totalling \$767,749 for the year.



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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the Rundle Mall Management Authority ('the Authority'), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

In our opinion the accompanying financial report presents fairly, in all material respects, financial position of the Authority as at 30 June 2018 and of its financial performance for the year ended on that date in accordance with Australian Accounting Standards.

Basis for opinion

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

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

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

The Authority's responsibility for the Financial Report

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

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

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Auditor's responsibilities for the audit of the Financial Report

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

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

This description forms part of our auditor's report.

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

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Andrew Tickle'.

Andrew Tickle
Director

Adelaide, 10 September 2018



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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 2018, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

Andrew Tickle
Director

BDO Audit (SA) Pty Ltd

Adelaide, 29 August 2018

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RUNDLE MALL MANAGEMENT AUTHORITY

General Purpose Financial Statements

for the year ended 30 June 2018

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Adelaide for the year ended 30 June 2018, the Council's Auditor BDQ has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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



Mark Goldstone
CHIEF EXECUTIVE OFFICER



David Powell
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 10 September 2018

ANNUAL REPORT

2017/18

Council Solutions is a joint initiative of the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully that make up the Constituent Councils.

Established in 2012 as a Regional Authority in accordance with Section 43 of the *Local Government Act 1999*, Council Solutions provides a collaborative and strategic approach to the procurement of goods and services on behalf of its Constituent Councils, including negotiating and managing contracts, and investigating the provision of other shared functions.

This collaborative approach to procurement not only provides significant purchasing power to attain the best value for the community, but it also optimises the financial sustainability of each of the Constituent Councils by reducing administrative costs, the number of tender processes and replicated contract management activities.

The goal of Council Solutions is to improve community prosperity and wellbeing by undertaking local government procurement and collaborative services that:

- ❖ Deliver best value for money
- ❖ Explore innovative ways of delivering infrastructure and services
- ❖ Value partnership between councils and suppliers

BACKGROUND

Council Solutions provides the legal structure to the G6 Procurement Group formed in 1994 by the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully to address the combined \$415 million annual spend on infrastructure and services by these Constituent Councils.

Ministerial approval was given for the Council Solutions Regional Authority to be established by notice in the SA Government Gazette on 20 December 2012. The Gazette states the purpose of the Authority as "*promoting procurement and service delivery amongst the constituent councils.*"

As a South Australian local government body, it is governed by the:

- ❖ *Local Government Act 1999*
- ❖ *Local Government (Financial Management) Regulations 2011*
- ❖ *Council Solutions Regional Authority Charter 2012*

Council Solutions Regional Authority

25 Pirie St, Adelaide SA 5000
councilsolutions.sa.gov.au

ABN 92 168 067 160

Date prepared: 30 September 2018

FOREWORD FROM THE CHAIR

Council Solutions continues to optimise the financial sustainability of Constituent Councils through the benefits of collaborative strategic procurement and contract management.

The Regional Forward Procurement Plan (RFPP) saw the establishment of 12 new contract arrangements in 2017/18. The benefits of aligning and managing contracts under the regional subsidiary are significant and resulted in estimated savings of \$6.48M for the Constituent Councils. It also is pleasing to note that Council Solutions was able to negotiate Mount Barker District Council, City of Victor Harbour and City of Unley's accession to two of the current contracts this financial year.

There have been several high level strategic undertakings by Council Solutions, including:

- ❖ Finalisation of Unified Communications as a Service, which provides Councils with a solution that gives them the freedom to manage their technological communication requirements without the need to own and manage the infrastructure;
- ❖ Piloting a Council Cost and Service Optimisation Review that provides the participating Councils with options on how they can provide improved and effective services to their communities;
- ❖ Finalisation of a Procurement Review Project which saw the introduction of a new Governance Framework and Key Performance Indicators for the operations of Council Solutions; and
- ❖ Significant work on the Waste Management Project with Applications for Authorisation being submitted to the ACCC for three separate Waste Services Packages, being Kerbside Waste Collection, Waste Processing Services and Waste Ancillary Collection Services.

Council Solutions achieved favourable performance against budget and maintains a strong equity position. I thank our Audit Committee who supports us in achieving the highest standards of accountability, transparency and governance.

I would also like to acknowledge Chief Executive Officer Oliver Barry, his 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 seen Council Solutions continue to work in partnership with our Constituent Councils to deliver optimum value for money from collaborative strategic procurement and contract management.

A new strategic procurement for the provision of Unified Communications as a Service was completed and a total of 12 collaborative contract arrangements across 34 suppliers with a combined total value of over \$7.3 million per annum were re-tendered or re-negotiated.



The Board of Management approved a new Governance Framework and Key Performance Indicators for the operations of Council Solutions and the Constituent Councils further enhancing the effectiveness and efficiency of collaborative procurement operations.

I thank the Board for their support and the Council Solutions team comprising Audrey Rangel, Bruce Wright, Clare Coupar, Tammy Sheridan, Tim Dawson and previous team member Taryn Alderdice.

A stylized, handwritten signature in dark ink, appearing to read 'O. Barry'.

Oliver Barry
Chief Executive Officer, Council Solutions Regional Authority

BOARD OF MANAGEMENT 2018



Ms Catherine Cooper
Independent Chairperson



Mr Mark Goldstone
City of Adelaide



Mr Paul Sutton
City of Charles Sturt



Mr Adrian Skull
City of Marion



Mr Mark Dowd
City of Onkaparinga



Mr John Harry
City of Salisbury



Mr John Moyle
City of Tea Tree Gully

BOARD OF MANAGEMENT 2018

Council Solutions is a body corporate governed by a Board of Management of seven members being the Chief Executive Officer from each Constituent Council - the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully, and one person who is not a member or officer of a Constituent Council who holds the position of Independent Chair.

The Board held three formal meetings during the year to consider the strategic direction and financial integrity of the organisation. Attendance at meetings was as follows:

Board Position	Board Member	Meetings Attended
Independent Chairperson	Ms Catherine Cooper	3
City of Adelaide	Mr Mark Goldstone, CEO	2
City of Charles Sturt	Mr Paul Sutton, CEO	3
City of Marion	Mr Adrian Skull, CEO	2
City of Onkaparinga	Mr Mark Dowd, CEO	2
City of Salisbury	Mr John Harry, CEO	3
City of Tea Tree Gully	Mr John Moyle, CEO	3

AUDIT COMMITTEE

The Council Solutions Board is supported by one designated committee being the Audit Committee which is formally appointed pursuant to the requirements under the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2013.

The function of the Audit Committee includes reviewing annual financial statements to ensure that they present fairly the state of affairs of the Authority and reviewing the adequacy of financial management systems and practices. The Audit Committee is governed by Terms of Reference with the work flow controlled by an Audit Committee Work Program. The Audit Committee Work Program is updated after each meeting to reflect Committee achievements and actions arising from the meeting as well as from Board Meetings.

Please refer to Appendix B for a report on the activities undertaken by the Audit Committee throughout the 2017/18 financial year.

GOVERNANCE AND OPERATING FRAMEWORK

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

A review of the operating management framework was undertaken, and the Board of Management approved a new Governance Framework and a set of Key Performance Indicators for the operations of Council Solutions and the Constituent Council.

Three critical success factors were identified that underpin the optimal effectiveness and value provided by collaborative partnership with Council Solutions and its Constituent Councils. These are:

- ❖ *Shared accountability and responsibility for achievement of goals and outcomes;*
- ❖ *Evidence-based opportunity identification, analysis and performance measurement via shared data and information; and*
- ❖ *Effective communication with key stakeholders to ensure clear understanding of goals, roles and responsibilities.*

The updated Governance Framework assists in enhancing the effectiveness and efficiency of collaborative procurement by having the appropriate decision-making structure that ensures key staff have ownership in the management and success of the operations. It also plays the key role of developing and maintaining a strong partnership and collaborative culture and is underpinned by seven inter-related elements:

- ❖ **Direction** - *shared understanding of our purpose and priorities through collaboration and effective planning and resource allocation;*
- ❖ **Expectations** – *agreed performance expectations through effective communication;*
- ❖ **Delivery** – *quality customer-focused service delivery through effective resource management, monitoring, review and reporting;*
- ❖ **Improvement** – *enhance our performance through review, intervention, capability-building and internal control mechanisms;*
- ❖ **Risk Management** - *regularly assess and respond to risk and opportunities;*
- ❖ **Responsibilities** – *accountability and transparency for decisions through information management, evaluation and Audit Committee and Board reporting; and*
- ❖ **Alignment** – *functions, structures and a culture that supports the success of Council Solutions through quality leadership, role clarity and empowered staff.*

Key Performance Indicators provide the Board of Management oversight of the effectiveness and value that Council Solutions provide to its Constituent Councils.

The Key Performance Indicators are:

Savings and Benefits

Expected outcomes of the procurement activity are achieved. These will be detailed as part of the procurement activity initiation and will be reported on upon the conclusion of the activity.

Timeliness

Procurements are undertaken within the agreed timeframes nominated as part of the procurement activity initiation and will be reported on upon conclusion of the activity.

Value and Scope of collaborative procurement arrangements

Total value of Council procurement expenditure made via collaborative procurement arrangements compared to the previous 12 months to compare and assess any changes in scope/breadth of goods, services, works covered by collaborative procurement arrangements (i.e. number of contracts established for new categories/services).

Reporting of performance against the Key Performance Indicators are provided to the Board of Management bi-annually.

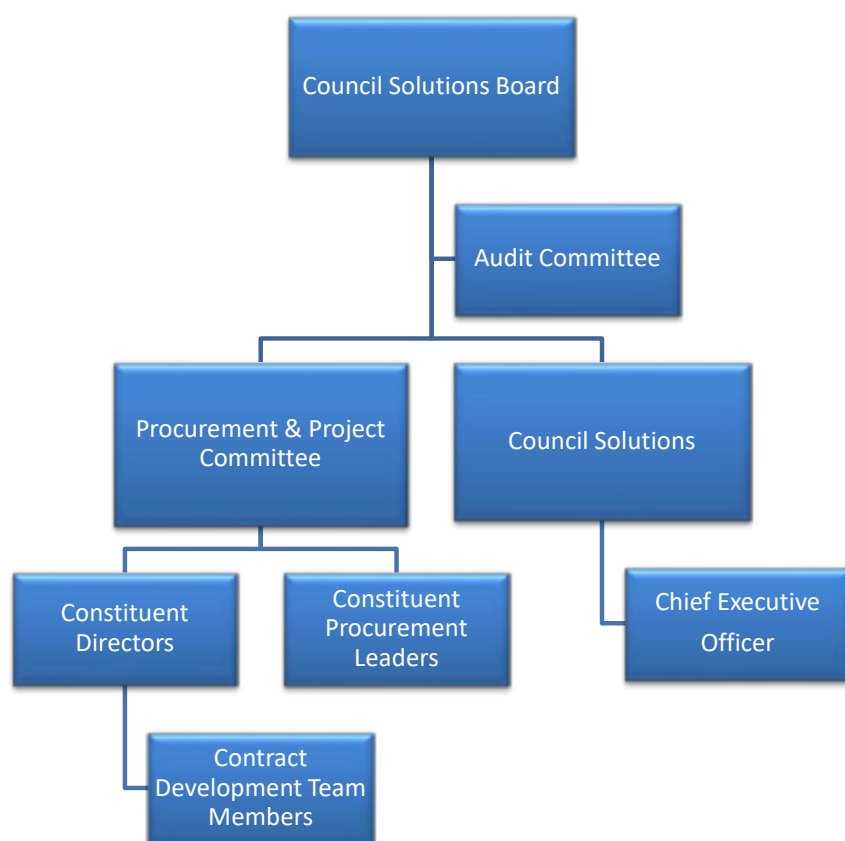
STRUCTURE AND STAFFING

As at 30 June 2018, Council Solutions comprised six staff (5.4 FTE) delivering expertise in management, procurement, contract management, governance, policy, data analysis and administration skills. In addition, support has also been provided to the team by Rex Mooney, Financial Consultant.

The Council Solutions team comprises:

- ❖ Chief Executive Officer – Oliver Barry
- ❖ Senior Procurement Officers – Bruce Wright, Clare Coupar, Tammy Sheridan, Tim Dawson
- ❖ Support Officer– Audrey Rangel

GOVERNANCE AND ORGANISATION STRUCTURE



ACHIEVEMENTS 2017-2018

Completion of Procurement Review Project

A Procurement Review Project was undertaken with three of the Constituent Councils – the Cities of Charles Sturt, Marion and Onkaparinga. A senior manager from the City of Charles Sturt was seconded to undertake the review over a six-month period.

The objective of the project was to look for opportunities for the three Councils and Council Solutions to work together to maximise the benefits of collaborative procurement by further enhancing processes, with the aim of increasing the collaborative spend and developing the capacity of resources across the organisations. Several recommendations were made and endorsed by the Board of Management which included:

- a revised Governance Framework;
- the introduction Key Performance Indicators; and
- a review of the current Regional Forward Plan.

Waste Management Services Project

The collaborative procurement of four Participating Councils will see alignment of waste management services across three service streams. Significant work has been undertaken seeking authorisation from the Australian Competition and Consumer Commission (ACCC) and draft determinations are expected in the first quarter of FY2018/19. If positive determinations are received from the ACCC, tenders for the three service streams will be called for contract terms of up to a maximum of 10 years. The scale and value of the contracts is in the order of \$20 million per annum and this will encourage industry competition and innovation.

Management Fee Audit Project

Council Solutions contracts that qualify for recovery of a management fee from the suppliers is collected based on expenditure and data provided by the suppliers. As part of Council Solutions' governance and compliance processes, an audit of a randomly selected sample of contracts and invoices was undertaken to examine the accuracy of contract expenditure data being supplied by the suppliers to determine if the management fee is being calculated and collected in accordance with the terms and conditions of the contracts.

A total of thirteen suppliers were audited. The data that has been gathered is currently being evaluated with early indications that there are no significant problems.

A final report will be circulated to the Board in due course and will be considered by the Audit Committee as part of their meeting activities.

Finance

Council Solutions achieved a favourable performance against budget and maintains a strong equity position. Council Solutions has reported a deficit operating result of \$71,000 for the financial year ending 30 June 2018. An original deficit of \$235,000 was budgeted for with the intention of funding this deficit from cash reserves that were generated from prior period surpluses. The final result is significantly better than originally budgeted. Management fee revenue was \$69,000 less than originally budgeted. This reflects a decrease in usage by the Constituent Councils of Council Solutions contracts. Management Fees are a variable source of revenue determined by the level of usage by the Constituent Councils of the numerous Council Solution negotiated contracts.

Operating expenditure varies from year to year based on the level of consultancy and legal services required to deliver the various projects agreed to in the Regional Forward Procurement Plan.

As net financial assets have only reduced by \$71,000 the Authority has maintained its high level of cash reserves. Net financial assets were originally budgeted to be \$367,000, however given the better than forecast operating result net financial assets as at 30 June 2018 are \$455,000.

VendorPanel Software

VendorPanel continues to be an efficient procurement tool used by Constituent Councils when purchasing from Council Solutions collaborative contracts. VendorPanel is a software application that help to increase value and reduce risk whilst providing Constituent Councils streamlined Request for Quote (RFQ) processes. In FY2017/18 over ninety requests for quotation were issued and the uptake continues towards a steady incline. Webinars are scheduled for Constituent Councils in the next financial year to further promote its use.

PROCUREMENT AND CONTRACT MANAGEMENT

The total combined procurement expenditure by Constituent Councils is approximately \$427 million per annum, providing a compelling opportunity for collaboration to drive best value for the Constituent Councils.

During 2017/18 approximately \$60 million of Council expenditure was undertaken utilising Council Solutions collaborative contract arrangements. This represents a decrease of 6% on the previous year.

Our suite of contracts cover a diverse and comprehensive range of goods and services utilised by Councils including Finance & Professional Services, Human Resources, Roads Infrastructure, Facilities Management and Parks & Gardens. Our strong focus on contract management is key to extracting value from the contracts for both Councils and suppliers.

Other Council Solutions' achievements in this space include:

Contract Extensions

Over the past 12 months Councils Solutions has facilitated the extensions of 6 existing collaborative contract arrangements with a combined total value of approximately \$5.9 million per annum.

Contracts Re-tendered

Printing & Distribution Service for Rates and Dog Registration Notices

Through establishing the new printing and distribution service for rates and dog registration notices, Council Solutions was able to introduce a semi-automated 'Customer Job Tracking System'. This system provides timely status updates via email or telephone including the notification of any process delays and notifications of lodgement of Notices with Australia Post. Participating Councils can also access stock quantities of stored pre-printed material such as envelopes and brochures. Participating Councils also have access to 'Ezybill', an additional electronic billing presentment option to BPayView and the Australia Post Digital Mailbox, which is badged as a Council service.

Irrigation Services (including Irrigation Works, Irrigation Design and the Supply of Irrigation Parts)

The Irrigation Services tender ensured Council Solutions provided a holistic irrigation service by increasing the service scope of the Irrigation Works and Design Services to include the supply of irrigation parts. Irrigations services quotes are now able to be sought using VendorPanel thereby building in efficiencies.

Fencing Supply, Installation and Repairs

A refresh process was undertaken to appoint additional suppliers to the fencing panel. Council Solutions established a northern and southern region to ensure that all Participating Councils had suitably experienced suppliers with the capacity to deliver on the requirements of the contract. In addition, Council Solutions incorporated service levels for all suppliers for the monitoring of timeliness and responsiveness.

Arboriculture Services (Tree Works and Consultancy)

Council Solutions established panel arrangements for the provision of Tree Works and Arboriculture Consultancy. The panel contract has identified organisations with the capability and expertise to meet the needs of the Participating Councils, in addition to ensuring full contractual compliance whilst providing a competitive rate structure and a streamlined engagement process.

Other Contract Achievements

Bituminous Works

The Bituminous Works contract in conjunction with Participating Councils (the Cities of Charles Sturt, Marion, Onkaparinga, Salisbury, Tea Tree Gully and Mount Barker District Council) lowered their carbon footprint by adopting sustainably manufactured asphalt products and reducing impacts on the environment. Through the use of Recycled Asphalt Pavement (RAP) the Councils have re-used product that would potentially have ended up as landfill. Collectively this is a total saving of 730 tonnes of CO₂ emissions which is the equivalent of removing 289 cars from our road network per year.

Crack Sealing

Participating Councils' (the Cities of Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully) crack sealing program resulted in approximately 2 million m² of our combined road network. In addition to extending pavement life, this preventative maintenance saw the use of 1200 recycled tyres, the equivalent to a reduction of 100 household rubbish bins not going to landfill.

COUNCIL SOLUTIONS CONTRACT MANAGEMENT LIST AS AT 30 JUNE 2018

Contract	Contract Value \$ (2017-18 expenditure)
Bituminous Works	22,450,000
Temporary Labour Hire	17,000,000
Legal Services	3,620,000
Cleaning Services	3,440,000
Supply or Supply & Install of Segmental Pavers	2,470,000
Arboriculture Tree Works	1,700,000
Leasing Finance of IT Equipment	1,600,000
Manufacture, Supply & Delivery of Concrete	1,300,000
Debt Collection Services	1,300,000
Supply, Supply & Delivery of Quarry Materials	1,200,000
Postal Services	820,000
Roadworks – Crack Sealing	610,000
Supply, Installation and Repair of Fencing	510,000
Irrigation Works	490,000
Architectural Services (various disciplines)	220,000
Printing and Mailing Service for Rate & Dog Notices	200,000
Arboriculture Consultancy Advice Services	150,000
Irrigation Design	130,000
Engineering Consultancy Services (various disciplines)	127,000
Provision of Pest Control Services - European Wasps	20,000
Transactional Banking Services	Not Applicable

FINANCIAL SUMMARY REPORT AS AT 30 JUNE 2018

Statement of Comprehensive Income	2018 \$'000	2017 \$'000
Income	1,699	1,234
Less: Operating expenses	1,770	1,310
Operating Surplus (Deficit) for the year	(71)	(76)
Total other comprehensive income	-	-
Comprehensive result for the year	(71)	(76)
Balance Sheet		
Current assets	174	334
Non-current assets	563	469
Total current assets	737	803
Current liabilities	124	222
Non-current liabilities	158	55
Total liabilities	282	277
Net assets	455	526
Accumulated surplus	312	383
Share Capital	143	143
Total Equity	455	526

**Council Solutions Regional Authority
General Purpose Financial Reports
for the year ending 30 June 2018**

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Council Solutions Regional Authority
Certification Of Financial Statements
for the year ending 30 June 2018

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 2018 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: 5/9/18

Appendix A

**COUNCIL SOLUTIONS REGIONAL AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2018**

	Notes	2018 \$'000	2017 \$'000
INCOME			
Investment Income	2	4	6
Management Fees	2	1,054	1,167
Other Income	2	641	61
Total Income		1,699	1,234
EXPENSES			
Materials, contracts & other expenses	3	1,770	1,310
Total Expenses		1,770	1,310
OPERATING SURPLUS / (DEFICIT)		(71)	(76)
NET SURPLUS / (DEFICIT)		(71)	(76)
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		(71)	(76)

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

COUNCIL SOLUTIONS REGIONAL AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		174	334
Receivables		563	469
Total Current Assets	4,7	<u>737</u>	<u>803</u>
Total Assets		<u>737</u>	<u>803</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables		124	222
Other Current Liabilities		158	55
Total Current Liabilities	5,7	<u>282</u>	<u>277</u>
Total Liabilities	5,7	<u>282</u>	<u>277</u>
NET ASSETS		<u>455</u>	<u>526</u>
EQUITY			
Accumulated Surplus		312	383
Share Capital		143	143
TOTAL EQUITY		<u>455</u>	<u>526</u>

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

COUNCIL SOLUTIONS REGIONAL AUTHORITY
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2018

	Initial Contribution by Owners	Accumulated Surplus	Total
2018	\$'000	\$'000	\$'000
Opening Balance	143	383	526
Net Surplus for Year	-	(71)	(71)
Balance at end of period	143	312	455

	Initial Contribution by Owners	Accumulated Surplus	Total
2017	\$'000	\$'000	\$'000
Opening Balance	143	459	602
Net Surplus for Year	-	(76)	(76)
Balance at end of period	143	383	526

STATEMENT OF CASH FLOW
for the year ended 30 June 2018

	2018	2017
Notes	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
<u>Receipts</u>		
Operating receipts	1,600	1,150
Investment Income	4	6
<u>Payments</u>		
Operating payments to suppliers & employees	(1,764)	(1,089)
Net Cash provided by (or used in) Operating Activities	(160)	67
Net Increase (Decrease) in cash held	(160)	67
Cash & cash equivalents at beginning of period	334	267
Cash & cash equivalents at end of period	174	334

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 2018

Note 1 - Significant Accounting Policies

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

Council Solutions Regional Authority is a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. The Constituent Councils and their respective share of equity are as follows:

Constituent Council	Equity Share
Adelaide City Council	16.67%
City of Charles Sturt	16.67%
City of Marion	16.67%
City of Onkaparinga	16.67%
City of Salisbury	16.67%
City of Tea Tree Gully	16.67%

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

1 Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs. All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 Income recognition

Management Fee Income is recognised when the Constituent Councils enter into the purchase of a good or service from a Supplier contracted to provide the Authority (or in the case of some prior contracts that were created jointly between the six constituent Council) with a Management Fee.

3 Cash, Cash Equivalents and other Financial Instruments

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

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

All financial instruments are recognised at fair value at the date of recognition.

4 Infrastructure, Property, Plant & Equipment

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

5 Employee Benefits

All employees are employed through Adelaide City Council, one of the Constituent Councils. Those employees are then contracted to the Authority.

Council Solutions Regional Authority
Notes to and forming part of the Financial Statements
for the year ending 30 June 2018

6 GST Implications

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

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

7 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with Australian Accounting Standards.

8 Critical Accounting Estimates and Judgements

The Authority evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the authority.

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

9 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 16	Leases
AASB 1058	Income of Not-for-Profit Entities

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

The Authority is of the view that other than AASB 16 and AASB 1058, 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.

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 2 - INCOME

	2018	2017
	\$'000	\$'000
INVESTMENTS		
Interest Income	4	6
	<u>4</u>	<u>6</u>
REBATES		
Management Fees	1,054	1,167
	<u>1,054</u>	<u>1,167</u>
OTHER INCOME		
Reimbursements	641	61
	<u>641</u>	<u>61</u>

Note 3 - EXPENSES

	2018	2017
	\$'000	\$'000
MATERIALS, CONTRACTS & OTHER EXPENSES		
Advertising	1	2
Audit Fees	4	4
Catering	1	2
Contractors	45	73
Consultant Fees	532	253
Insurance	27	32
IT Expenses	34	20
Legal Fees	63	48
Membership Fees & Subscriptions	4	12
Motor Vehicle	2	1
Reimbursements - Salary & Wages	982	775
Rent	26	30
Sitting Fees	32	39
Sundry	13	14
Telephone	2	1
Training and Development	2	4
	<u>1,770</u>	<u>1,310</u>

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 4 - CURRENT ASSETS

	2018 \$'000	2017 \$'000
CASH & CASH EQUIVALENTS		
Cash at Bank	174	334
	<u>174</u>	<u>334</u>
RECEIVABLES		
Accounts Receivables	418	271
Accrued Income	143	196
Prepaid Expenses	2	2
	<u>563</u>	<u>469</u>
TOTAL CURRENT ASSETS	<u>737</u>	<u>803</u>

Note 5 - LIABILITIES

	2018 \$'000	2017 \$'000
TRADE & OTHER PAYABLES		
Creditors	120	218
Expenses Accrued	4	4
	<u>124</u>	<u>222</u>
OTHER CURRENT LIABILITIES		
Payable to Adelaide City Council	158	55
	<u>158</u>	<u>55</u>
TOTAL LIABILITIES	<u>282</u>	<u>277</u>

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

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.

	2018	2017
	\$'000	\$'000
Cash at Bank	<u>174</u>	<u>334</u>
Balances per Cash Flow Statement	174	334

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

Net Surplus	(71)	(76)
Net (increase)/decrease in Receivables	(95)	(79)
Net increase/(decrease) in Current Liabilities	<u>6</u>	<u>222</u>
Net Cash provided by (or used in) operations	(160)	67

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

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;

2017-18

	Weighted Average Interest Rate	Fair Value of Variable Interest Rate Instruments	Fair Value of Fixed Interest rate instruments maturing within One Year	Fair Value of Fixed Interest rate instruments maturing Due > 1 less 5 Yrs	Fair Value of Fixed Interest rate instruments maturing Due > 5 Yrs	Fair Value of Non-Interest Bearing Instruments
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:						
Cash	1.9%	174	-	-	-	173
Receivables	0.0%	-	-	-	-	564
Total Financial Assets		174	-	-	-	737
Financial Liabilities:						
Creditors and Provisions	0.0%	-	-	-	-	282
Total Financial Liabilities		-	-	-	-	282

2016-17

	Weighted Average Interest Rate	Fair Value of Variable Interest Rate Instruments	Fair Value of Fixed Interest rate instruments maturing within One Year	Fair Value of Fixed Interest rate instruments maturing Due > 1 less 5 Yrs	Fair Value of Fixed Interest rate instruments maturing Due > 5 Yrs	Fair Value of Non-Interest Bearing Instruments
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:						
Cash	1.8%	334	-	-	-	334
Receivables	0.0%	-	-	-	-	469
Total Financial Assets		334	-	-	-	469
Financial Liabilities:						
Creditors and Provisions	0.0%	-	-	-	-	277
Total Financial Liabilities		-	-	-	-	277

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

(b) Credit Risk

Credit Risk represents the loss that would be recognised if other entities failed to perform as contracted.

The Authority's exposure to credit risk is summarised as follows;

Receivables - the Authority's maximum exposure is disclosed in the financial statements net of any provision for doubtful debts

(c) Net Fair Value

The net fair value of a financial instrument is defined as its value net of all costs to settle the asset and liability. The financial assets and liabilities as stated or referred to in notes (a) and (b) above, are stated at their face value (less provision for doubtful debts if applicable).

Due to the nature of financial instruments held in the Authority, the cost associated with their settlement would not be material, and hence, have not been considered.

**COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018**

Note 8 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Council include the Chair of the Board, the Board and the CEO.

Salaries, allowances & other short term benefits paid by Council Solutions to KMP were \$259k (2017-18) and \$261k (2016-17)

The following qualifying related party disclosures have been identified in relation to the 2017-18 financial year

Related Party Entity	Amounts received from related parties during 2017-18 FY	Amounts outstanding from related parties as at 30 June 2018	Amounts outstanding to related parties as at 30 June 2018
	\$ '000	\$ '000	\$ '000
City of Adelaide	109	53	100
City of Charles Sturt	128	57	-
City of Marion	203	48	-
City of Salisbury	35	3	-
City of Tea Tree Gully	23	3	-
City of Onkaparinga	45	3	-


The above amounts received represent reimbursements of designated project costs paid by the above listed Constituent Councils to Council Solutions at various times throughout the year. These amounts have been approved by the Board and reported on as part of the ongoing annual budget setting and budget review process.

Council Solutions provides procurement services to the above listed entities.

Council Solutions Regional Authority
Certification Of Auditor Independence
for the year ending 30 June 2018

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 2018, the Council's Auditor, Ian G McDonald FCA, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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


Catherine Cooper
CHAIR
Date: 5/9/18


Mark Dowd
CHIEF EXECUTIVE OFFICER
City of Onkaparinga
Date: 5 September 2018



Paul Sutton
CHIEF EXECUTIVE OFFICER
City of Charles Sturt
Date: 6.9.18.


John Harry
CHIEF EXECUTIVE OFFICER
City of Salisbury
Date: 7/9/2018.


Tanya Johnston
PRESIDING MEMBER OF AUDIT COMMITTEE
Date: 05/09/18


Mark Goldstone
CHIEF EXECUTIVE OFFICER
City of Adelaide
Date: 10/9/18


Adrian Skull
CHIEF EXECUTIVE OFFICER
City of Marion
Date: 6.9.18


John Moyle
CHIEF EXECUTIVE OFFICER
Tea Tree Gully
Date: 7/9/18

Ian G McDonald FCA



Council Solutions Regional Authority

ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2018

STATEMENT BY AUDITOR

We confirm that, for the audit of the financial statements of the Council Solutions Regional Authority for the year ended 30 June 2018, we have maintained our independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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

A handwritten signature in blue ink that reads 'Ian McDonald'.

Ian G McDonald FCA

Dated this 17th day of August 2018

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Ian G McDonald FCA



Council Solutions Regional Authority Independent Auditor's Report

We have audited the attached financial statements, being a general purpose financial report, of Council Solutions Regional Authority for the year ended 30 June 2018.

Opinion

In our opinion, the financial statements of the Authority are properly drawn up:

- a) to present fairly the financial position of the Authority as at the 30 June 2018 and the results of its operations for the period then ended, and;
- b) according to Australian Accounting Standards.

Basis for Opinion

For the audit of the Authority we have maintained our independence in accordance with the relevant ethical requirements of APES 110 Section 290. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information – Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist the authority to meet the requirements of Local Government Act 1999 together with the Local Government (Financial Management Regulations 2011). As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members.

Responsibilities of Management for the Financial Report

The Board of Management is responsible for the preparation of the financial report in accordance with Local Government Act 1999 together with the Local Government (Financial Management Regulations 2011) and for such internal control as management determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

A handwritten signature in blue ink that reads 'Ian McDonald'.

Ian G McDonald FCA
Registered Company Auditor

Dated at Grange this 12th day of September 2018

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Appendix B:

Audit Committee Annual Report to the Board for the Year Ending 30 June 2018

Audit Committee

The Council Solutions Board is supported by one designated committee being the Audit Committee which is formally appointed pursuant to the requirements under the Local Government Act 1999 (the Act) and the Local Government (Financial Management) Regulations 2013.

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

This report provides a summary of activities undertaken by the Audit Committee during the Year Ending 30 June 2018.

Committee Membership and Meetings Attended

The Audit Committee met on four occasions during the financial year.

Member	Meetings Attended
Ms Tanya Johnston (Chair) Independent Member	4
Mr David Papa, Independent Member	4
Mr John Moyle, Board member	3
Mr Adrian Skull, Proxy Board Member	1

Activities

The Audit Committee is governed by a terms of reference with the work flow controlled by an Audit Committee Work Program. The Audit Committee Work program is updated after each meeting to reflect Committee achievements as well as to include actions arising from the meeting as well as from Board meetings.

The table that follows represents the completed work program for the meetings held in the year ending 30 June 2018.

Completed Work Program 2017/18

ACTIVITY	MEETING DATE
1. Financial Reporting	
<p>Monitor the integrity of the financial statement reports referred to below to review any significant financial reporting issues and judgements which they may contain.</p> <p>Specifically - review and challenge where necessary:</p> <ul style="list-style-type: none"> the consistency in application of, and/or any changes to, accounting policies; the method used to account for significant or unusual transactions where different approaches are possible; whether the Authority has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor; the clarity of disclosure in the Authority's financial reports and the context in which statements are made; all information presented with the financial statements, such as the operating and financial review and the corporate governance statement (in so far as it relates to the audit and risk management); and significant adjustments to the financial report (if any) arising from the audit process. 	
1.1 Budget Review #2 – 2017-18	Mar 2018
1.2 Medium Term Business Plan – 2018-20	Jun 2018
1.3 Annual Budget – 2018-19	Mar 2018 Jun 2018
1.4 Budget Review #3 – 2017-18	Jun 2018
1.5 Annual Financial Statements – 2017-18	Sep 2018
1.6 Financial Performance Report – 2017-18	Sep 2018
1.7 Budget Review #1 2018-19	Dec 2017
2. Internal Controls and Risk Management Systems	
2.1 Review and comment on internal control policy & operational framework.	Mar 2018 Dec 2017
2.2 Review & comment on updated risk register including the risk assessment framework used when completed.	Mar 2018 Sep 2017
2.3 Review & comment on the disaster recovery plan as well as a business continuity plan when completed.	Jun 2018

ACTIVITY	MEETING DATE
3. External Audit	
3.1 Liaise with the Authority's external auditor on the scope and planning of annual audits, including any issues arising from audits and the resolution of such matters.	Sep 2018
3.2 Review the findings of any external audit report that raises significant issues relating to risk management, accounting, internal controls, financial reporting and other accountability or governance issues and make recommendations to the Board where appropriate.	Sep 2018
3.3 All correspondence between the Auditor & Council is to be tabled for consideration. The audit committee will review and comment on the Authority's response to, and actions taken following issues raised from any external audit.	Ongoing
3.4 Ensure compliance with Clause 22 of the Local Government (Financial Management) Regulations 1999 regarding the prohibition of auditors providing additional non-audit services.	Sep 2018
3.5 Chair of Audit Committee to meet with the Chair of the Board to discuss on-going matters with the parties would help identify risks from a governance perspective	Sep 2018
3.6 Chair of Audit Committee to meet with the external Auditors to discuss on-going matters with the parties would help identify risks from a governance perspective	Sep 2018
4. Reporting Requirements of the Audit Committee	
4.1 Ensure that significant, urgent matters identified through the work program are formally and promptly reported to the Board.	Ongoing
4.2 Table the minutes of Audit Committee meetings held as part of the agenda of the next Board meeting, ensuring recommendations are considered and adopted as required.	Ongoing
4.3 Prepare annually a report to the Board on the Audit Committees performance over the past year and include the report in the Annual Report of Council Solutions.	Sep 2018
4.4 Review its own performance and Terms of Reference on an annual basis.	Dec 2017
5. Other	
5.1 Set Audit Committee work program and Confirm meeting dates for 2018.	Dec 2017
5.2 Audit Committee Chairperson Appointment	Jun 2018

ACTIVITY	MEETING DATE
5.3 Management Fee Audit. Update Report.	Ongoing
5.4 Review and comment on the following policies: <ul style="list-style-type: none"> • Petty cash / credit cards • Financial delegations 	Dec 2017



Adelaide Park Lands Authority Annual Report 2017-2018

apla Adelaide
Park Lands
Authority

Adelaide
Park Lands

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

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

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

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

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

This document reports on the work undertaken by the Authority during its eleventh financial year from 1 July 2017 through 30 June 2018.

Cover image courtesy of the Adelaide Park Lands Preservation Association

Message from the Presiding Member



It is probably not well known that Adelaide as a City, with Park Lands and Squares was conceived of, notionally, well before Colonel Light laid out his plan in the new colony in early 1837.

In England, in the early 1800s, there was a growing social reform movement which greatly influenced the South Australian Colonization Commissioners in their early thinking about how the new City of Adelaide should look, feel and serve its inhabitants. Unlike towns in England, the Commissioners decided Adelaide should be open, easy to navigate and provide for the health and recreation of its people.

The Colonization Commission had a 'Plan of Town' prepared by its survey team in 1835. This notional plan was used to raise funds through preliminary purchases of town acres.

Colonel Light, upon his appointment as Surveyor General in 1836 was instructed to "When you have determined the site of the first town you will proceed to lay it out in accordance with the Regulations..." and 'you will make the streets of ample width, and arrange them with reference to the convenience of the inhabitants, and the beauty and salubrity of the town; and you will make the necessary reserves for squares, public walks and quays"

Our National Heritage Listed Park Lands were born this way and they have been preserved by South Australians ever since. We know that they not only enrich our day-to-day lives but also have world-wide planning significance.

Many early examples of parks in England were not truly public in nature because they were royal lands or privately owned and admitted people through a fee (for example Hyde Park opened in 1652 on a fee-paying basis) or the imposition of dress standards.

Other early planned cities such as Philadelphia (1687), Savannah (1733) and Toronto (1788) included squares and 'common ground' but these plans either didn't eventuate or didn't survive. Canberra of course, as a planned city, came much later.

Krakow in Poland has an almost intact ring of Park Lands but only by virtue of the removal of the medieval town walls. It was not planned as such.

Other parks such as Moor Park in Preston, England and Boston Common in the US started life around the same time but evolved out of degraded common ground, entering the public domain by accident.

So it seems that Adelaide was probably the first city that included a planned, public system of parks which, importantly, has survived, largely intact and in public ownership.

This is why the work of the Adelaide Park Lands Authority, in advising both the City of Adelaide and the Government of South Australia about caring for this invaluable legacy, is so important.

Adelaide is a living example of why publicly owned Parks are so important to a City and I thank the members of the Authority for their input into its valuable work.

This year, the work of the Authority illuminated the following highlights in the Park Lands:

- The creation of a brilliant new \$4.5m, multi-faceted park in the south Park Lands
- \$3.2m of expanded and redeveloped netball courts in Josie Agius Park / Wikaparntu Wirra (Park 22)
- A \$6.6m enhancement of Gladys Elphick Park / Narnungga (Park 25) opposite the new Royal Adelaide Hospital
- A new sporting facility in Ellis Park / Tampawardli (Park 24) serving the soccer and athletics communities
- The creation of an exciting high ropes course in the tree tops of the beautiful stand of trees near the corner of Greenhill and Unley Rd.

I have had the great pleasure of conducting five community Park Lands Rambles this year as follows:

- The North Park Lands
- Victoria Park / Pakapakanthi (Park 16) and Tuthangga (Park 17)
- The historic West Terrace Cemetery and surrounds
- Botanic Park and River Torrens / Karrawirra Pari
- Bonython Park / Tulya Wardli (Park 27) which also included the Golf Course.

These were well attended and, with guest contributions regarding the natural and cultural history, made for a relaxing and informative morning in our wonderful Parks. More are planned for next year.

Martin Haese,
Lord Mayor, City of Adelaide
Presiding Member, Adelaide Park Lands Authority



The Board of the Adelaide Park Lands Authority. From left to right, Councillor David Slama, Councillor Priscilla Corbell-Moore, Kirsteen Mackay, Sally Smith (Deputy Presiding Member), Martin Haese, Lord Mayor of Adelaide and Presiding Member of the Authority, Councillor Sandy Wilkinson, Councillor Anne Moran, Anita Allen, Stephanie Johnston and Roger Zubrinich

The Year in Summary

The Adelaide Park Lands are always changing.

Not only do the Park Lands change throughout the seasons and through the many events and sporting activities that take place. They also change through the annual plantings and ongoing horticultural work as well as the enhancements that occur each year.

Enhancements in the South Park Lands

2017/18 saw the \$4.5m redevelopment (funded by the State Government) of a large portion of Pelzer Park / Pityarilla (Park 19), including two dog parks, an expanded playspace, new lighting, courts and play opportunities in an upgraded natural creek setting.

The netball courts in Josie Agius Park / Wikaparntu Wirra (Park 22), used by more than 188,000 people annually, have been expanded and redeveloped through \$3.2m in funding provided by the State Government.

Also of note in the southern Park Lands is the creation of a high ropes climbing course in the tree tops of the beautiful stand of trees near the corner of Greenhill and Unley Rd, an exciting experience for the Park Lands.

Enhancements in the Western Park Lands

This financial year also saw the commencement of extensive redevelopment works in Gladys Elphick Park / Narnungga (Park 25) through \$6.6m of funding from the State Government and \$600k of funding from the City of Adelaide. These enhancements complement the new sports facility provided by the South Australian Cricket Association.

Ellis Park / Tampawardli (Park 24) is the setting for a new sports facility that will serve the soccer and athletics communities. The new building will replace three old buildings and not only meet modern sporting needs but also complement the Park setting.

Other enhancements – North Park Lands and Squares

The Authority supported a concept plan for enhancing the northern Park Lands either side of Prospect Road, which came about through the collaborative efforts of the City of Adelaide, the State Government and the City of Prospect.

The Authority also provided input into the early stages of a Master Plan for Whitmore Square / Iparrityi.

Review of the Adelaide Park Lands Authority's Charter

In 2017/18 the Authority commenced a review of its Charter, the document which governs the work the Authority performs and its operations. This is an important piece of work to ensure the Authority meets its mandate provided in the *Adelaide Park Lands Act 2005*.

Important changes are likely to be the requirement for a strategic plan, which will give the Board an opportunity to express its ambitions, and an annual community forum to enable greater interaction with those who have an expressed interest in the Park Lands.

Much of the Authority's work this year focussed on the consideration of redevelopment proposals for six different sporting facilities across the Park Lands. These proposals seek to replace old outdated facilities which no longer meet the needs of young people, particularly women.

The Year in Review

World Heritage Listing

The possibility of World Heritage Listing for Adelaide's Park Lands and City Plan has long been recognised and discussed by those passionate about Adelaide's planning heritage. This year, the Authority resolved to establish a committee to pursue this prospect, which will not only build on the existing National Heritage status but secure a place for the City and Park Lands on the world stage, bringing with it many economic and tourism benefits.

Deliberations by the Board

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

When deliberating on proposals and policies for the Park Lands, Board Members must consider and balance the many competing interests facing the Park Lands identified in the Adelaide Park Lands Management Strategy, including:

- Meeting the needs of modern day recreational and sporting activity while minimising built form on the Park Lands
- Enhancing the liveability of a growing and diversifying City
- Balancing sporting use, event activity, general recreation needs and access rights for the general community
- Accommodating biodiversity and other natural values
- Enhancing the landscape amenity of the Park Lands
- Ensuring sustainable practices are followed and climate change is addressed
- Preserving the heritage and integrity of the Park Lands and being cognisant of their original purpose.

During 2017/18 the Authority considered a range of matters relating to its core responsibility of providing advice to Council and the State Government on Park Lands policy, management and projects.

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

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

Dynamic, Active and Tranquil Places

Redevelopment of Gladys Elphick Park / Narnungga (Park 25)

In July 2017, the Authority supported the proposed enhancement of Park 25 by the City of Adelaide with \$6.6m State Government funding.

The Authority also supported the proposed realignment of the access road into Park 25 from West Terrace to Glover Avenue to link with the central car park, through \$200k in funding from the City of Adelaide.

Park Lands Events Management Plan (PLEMP)

In July 2017 the Authority supported proposed amendments to the PLEMP, including:

- Minor changes such as event site names and procedural changes for booking events
- Operating hours for Victoria Square / Tarntanyangga
- Changes to event fencing requirements

Josie Agius Park / Wikaparntu Wirra (Park 22) – redevelopment of netball facilities and proposed hockey development

In August 2017, the Authority supported the \$3.2m expansion and redevelopment of the netball courts in Park 22, as funded by the State Government.

At the same meeting in August 2017, the Authority supported development of a concept plan for Park 22 with sporting infrastructure that would service both hockey and netball. This concept plan recognises the interests of the parking needs for the Royal Show. This consideration included a deputation from Mr Tom Game representing the Hockey Clubs involved in the proposal.

At its December 2017 meeting, in relation to the proposed redevelopment of Park 22, the Authority supported:

- A redevelopment option for a shared central pavilion for netball and hockey that is two levels and incorporates an undercroft design and a shared satellite pavilion adjacent the netball courts for netball and Council's Horticulture staff (support was subject to the ground building footprint not exceeding 940 sq m)
- Car parking being formalised to accommodate 580 vehicles and bus and vehicle pick up/drop off zones subject to the design of the parking being sensitive to the Park Lands environment with appropriate plantings and a permeable surface
- Administration working with the Royal Agricultural and Horticultural Society of South Australia to determine alternate ways in which the parking allocation, as specified in Royal Adelaide Show Parking Deed, can be accommodated in the future.

In relation to this matter the Authority considered delegations from:

- Mr John Rothwell Chief Executive, Royal Agricultural & Horticultural Society of SA
- Mr Daryl Chown – South Australian United Church Netball Association Committee

Adelaide 500 - 2018 event declaration consultation

In August 2017, the Authority considered the declarations which the South Australian Tourism Commission makes each year for its area of occupation, event period occupation and the annual works period for the annual Adelaide 500 car race.

The Authority resolved to support the City of Adelaide's continued work with the South Australian Tourism Commission to deliver operational requirements to ensure the ongoing protection of Adelaide's Park Lands.

Concept plan for the improvement of Denise Norton Park / Pardipardinyilla (Park 2) and Yam Daisy Park / Kantarilla (Park 3)

In August 2017, the Authority supported the progression of a State Government funded Concept Plan between the City of Adelaide and the City of Prospect for the improvement of Denise Norton Park / Pardipardinyilla (Park 2) and Yam Daisy Park / Kantarilla (Park 3) in the northern Park Lands.

At its November 2017 meeting, following the initial consideration in August, the Authority supported a project prospectus for the Northern Activity Hub in Park 2 and Prospect Road Gateway.

Denise Norton Park / Pardipardinyilla (Park 2) – sporting facilities

At its November 2017 meeting, the Authority considered expressions of interest for the sporting facilities in Park 2. The Authority resolved that it was satisfied that the submission by Blackfriars Priory School demonstrated the desired outcomes for community sport in the Adelaide Park Lands and went on to support negotiations with Blackfriars Priory School regarding its future tenure arrangements and use of Park 2.

Sports Hub redevelopment for Ellis Park / Tampawardli (Park 24)

In September 2017, the Authority supported a concept design for a new community sports building in Park 24, including associated landscaping features. The Authority also:

- Supported public consultation on the draft lease agreement between Council and the Adelaide Comets Football Club for the facilities
- Noted the findings of traffic, access and landscaping studies along the central access spine of Park 24 and that a separate report with a design concept would be presented to the Authority and Council in early 2018.

Tennis Australia Anchor Project

In September 2017, the Authority supported the Tennis Australia Anchor Project redevelopment proposal to upgrade and enhance the tennis facilities along War Memorial Drive, including two new single storey pavilions plus two smaller shed structures within the current lease areas.



Urban Beach and Fringe Club

In September 2017, the Authority supported the granting of a one-year event licence to Renewal SA for the Urban Beach activation on Pinky Flat (northern side of the Torrens Lake).

The Authority also supported the granting of a one-year event licence to Adelaide Fringe for the use of Rymill Park/Murlawirrapurka (Park 14) for the Fringe Club 2018.

Blue Gum Park / Kurangga (Park 20) – sporting facilities

In October 2017, through an open expressions of interest process, the Authority supported negotiations with Pulteney Grammar School and Adelaide Harriers Amateur Athletic Club regarding their future tenure arrangements in Park 20.

The Authority considered the need of these organisations to redevelop the existing sports buildings in the Park to meet contemporary player needs, particularly those of women.

In considering a proposal at its June 2017 meeting from Pulteney Grammar School and Adelaide Harriers Athletic Club to redevelop the sporting facilities in Park 20, the Authority heard from the following people:

- Mrs Anne Dunstan, Principal of Pulteney Grammar School (also representing Adelaide Harriers Athletic Club)
- Mr Shane Sody, President, Adelaide Park Lands Preservation Association.

The Authority then:

- Provided in-principle support for the consolidation of existing facilities and for the locations of two proposed buildings
- Requested that Pulteney Grammar School and Adelaide Harriers Athletic Club further refine the concept design to reduce the size and impact of the design on the Park Lands and provide two alternative concept proposals for the buildings

- Noted that further reports will be presented in relation to the proposed buildings as the design progresses and that the report consider building configuration, bulk scale and height, pedestrian safety and connectivity, relationship to context, architectural expression and materiality
- Requested advice from Council Administration prior to detailed design which:
- Includes details of staged community consultation
- Demonstrates how principles of access and inclusion to the broader South Australian community will be practiced and how broader community and casual use of the proposed facilities and “greater community benefit” will be facilitated
- Demonstrates the most efficient layout of the built form to minimise the impact on the Park Lands.

Bundeys Paddock / Tidlangga (Park 9) – sports building proposal

In October 2017, in response to a proposal from the Prince Alfred Old Collegians’ Football Club to redevelop the sporting facilities in Park 9, the Authority:

- Heard two deputations regarding this matter, from
 - » Mr Tim Hall (Vice-Chairman of the Prince Alfred Old Collegians’ Football Club)
 - » Dr Ross Sweet, on behalf of a group of residents of McKinnon Parade east
- Noted the findings of the community engagement for a new sports building in Park 9
- Supported the removal of the existing change rooms and maintenance shed and establishment of a minimum sized, fit for purpose, local community club sports facility, including the provision of a small community space and public toilets to service the adjacent community activity hub



- Noted that to address concerns raised in the community engagement, a detailed building concept, a draft lease agreement with Prince Alfred College and information on minor landscape and access improvements will be tabled with the Authority and Council for the purposes of seeking advice and approval to undertake community engagement on the draft lease agreement
- Provided support for reconfiguring Bundeys Road on the facility side to its previous condition.

Golden Wattle Park / Mirnu Wirra (Park 21W) sporting facilities

In November 2017, the Authority noted two submissions were received following an open expressions of interest process for the use of existing sporting facilities in Park 21W.

The Authority resolved that it was satisfied that the submission by the Adelaide Lutheran Sports and Recreation Association demonstrated the desired outcomes for broad community benefit and community sport in the Park Lands and supported lease negotiations with that organisation for its continued use of those facilities.

Blue Gum Park / Kurangga (Park 20) - City Tree Climb Lease

At its December 2017 meeting, the Authority considered a proposal to establish a recreational business in the south-eastern corner of Park 20 which provides an upper canopy tree experience on a high ropes course. The Authority:

- Noted the consultation submissions
- Supported the proposed eight-year lease agreement
- Noted that prior to the business commencing, the City of Adelaide will commission a Fauna Impact Assessment to inform the course design.

Special Music Event Request – Adelaide Oval No.2

At its June 2017 meeting, the Authority:

- Noted the request from the Adelaide Oval Stadium Management Authority to hold a special music event in November 2019 on Oval No. 2, adjacent the stadium
- Noted the alternative options provided and supported the use of Adelaide Oval No. 2 for a special music event for one night in November 2019.

Adelaide Oval – Extension of Liquor Licence

The Authority held a Special Meeting on 13 November 2017 to consider a requested redefinition of the Adelaide Oval's existing liquor licence area on the northern and eastern sides of the Stadium.

During the meeting Mr Vagg (an adjacent resident) addressed the Board, as did Mr Andrew Daniels, Chief Executive Officer, Adelaide Oval Stadium Management Authority.

On this occasion the Board was unable to reach a position on the matter due to an equality of votes.

Helipad proposal

In July 2017, the Authority considered a proposal to establish a helipad adjacent the River Torrens in the Park Lands just west of the Morphett Street bridge. The Authority received three deputations on the matter from the following people:

- Damien Mugavin on behalf of Adelaide Parklands Preservation Association Inc
- Mark Parnell MLC
- Susan & Jeffrey Collins on behalf of the City's South West Community

The Authority:

- Noted the community consultation results
- Supported leasing a portion of the Park 27 west of Morphett Street Bridge to a commercial helipad operator and subsequent amendment to the Bonython Park / Tulya Wardli (Park 27) Community Land Management Plan to reflect this land use and tenure
- Recommended that Council review this use after 24 months of its operation, on the basis that there is a 12-month break clause in any final lease agreement.

The Authority again considered the helipad proposal in October 2017, this time in relation to a proposal to amend the relevant Community Land Management Plan to accommodate the facility. In doing so the Authority heard a deputation from Ms Susan Collins, Chair of the South West City Community Association.

The Authority then:

- Noted the community consultation submissions
- Supported an amendment to the Bonython Park / Tulya Wardli (Park 27) Community Land Management Plan to include an additional management direction that reads "Subject to relevant conditions agreed by Council, support the development and operation of a commercial helipad" and identification of the preferred location on the related park map
- Added that it would relinquish its support if at the end of 24 months the relevant conditions agreed by Council are not met.

Festival Pontoon on the River Torrens / Karrawirra Pari

In July 2017, the Authority considered a request to retain and improve a large pontoon on the River Torrens as part of the Adelaide Festival program of entertainment and received two deputations on the matter from the following people:

- Ms Chris Braham, interested community member
- Rob Brookman from the Adelaide Festival.

The Authority endorsed the removal of the Pontoon and advised Council to assist the Adelaide Festival Corporation with further exploration of alternative methods of removal.

Connected Places and Spaces

Car Parking arrangements in Gladys Elphick Park / Narnungga (Park 25)

At its meeting on 16 November 2017, the Authority supported a six-month trial of parking control alterations to the two public car parks within Park 25. These alterations are aimed at providing for the users of the facility and preventing commuter parking.

Car park management – Rymill Park / Murlawirrapurka (Park 14)

At its March 2018 meeting, the Authority supported a 12-month trial of new parking arrangements for the public car park in Rymill Park, aimed at balancing general public access for use of the Park with the requirements of the adjacent Adelaide Bowling Club.

Festival Plaza construction licence

In September 2017, the Authority supported the continued occupation under the Construction Licence issued by the City of Adelaide to the Minister for Transport and Infrastructure for the areas adjacent the Festival Plaza redevelopment.

In the event of further delays, the Authority supported the grant of an additional licence for any remaining reduced areas that may need to be occupied for up to six months.

Welcoming and Attractive Places

O-Bahn City Access and Torrens Junction Rail projects

In August 2017, the Authority received presentations regarding the progress of the O-Bahn City Access project in Rymill Park / Murlawirrapurka (Park 14) and the grade separation of the two northern rail lines through the north Park Lands. These updates focussed on precinct connectivity, landscaping and urban design elements.

Magarey Grove relocation

In August 2017, the Authority supported the relocation of Magarey Grove (a series of plaques recognising great football players) from West Lakes to the plane tree avenue north of Adelaide Oval.

Riverbank Lighting

In September 2017, the Authority supported the State Government's proposal to enhance the Torrens Riverbank Precinct with 15 feature lighting installations.

Uniting a Nation, public art work by Terrance Plowright

At its January 2018 meeting, the Authority considered a proposal to install a major new artwork in the River Torrens / Karrawirra Pari at Pinky Flat. The Authority:

- Noted key stakeholder consultation and supported the proposed location for the artwork as it enables reflective views of the sculpture from all aspects
- Indicated in the event that the Pinky Flat location is not feasible that other water-based options should be explored, in consultation with Kaurna people.

Sustainable and Enduring Places

Carbon-offset planting demonstration site

In August 2017, the Authority supported a proposal from the Department of Environment and Water for a revegetation proposal adjacent to Adelaide High School off Glover Avenue. The site demonstrates the value of carbon offset plantings and how they feature in the landscape.

Victoria Park Pakapakanthi (Park 16) Vegetation Management Plan

In October 2017, the Authority supported a draft Remnant Vegetation Management Plan and the preparation of a Site Maintenance Plan for an area of important remnant native vegetation at the southern end of the playing fields in Victoria Park.

Park Lands Partnering framework

In August 2017, the Authority supported a Park Lands Partnering Framework aimed at cooperative and consultative arrangements with adjoining Councils and the State Government for proposed projects in Denise Norton Park / Pardipardinyilla (Park 2) and Yam Daisy Park / Kantarilla (Park 3) only.

The Authority also requested that the Partnering Framework be brought back for further discussion.

The Authority further discussed the Park Lands Partnering Framework at its November 2017 meeting and resolved that should amendments to the framework be required, support will be sought from the Authority prior to reporting to Council.

Memorable and Distinctive Places

Park Lands Naming Project

In August 2017, the Authority supported a list of new Park Lands names for Parks without English names and for areas which required further identification. In doing so the Authority supported:

- The retention of the name Barr Smith Walk for the area in front of the Convention Centre
- The area north of Adelaide Oval being known as Stella Bowen Park
- That female names be used in full.

Committee to explore World Heritage Listing

At its May 2018 meeting, the Authority resolved to establish a committee to explore the feasibility of, and possible options for, mounting a World Heritage nomination for the Adelaide Park Lands and City Layout and to develop support for the project.

Such a project is consistent with the supportive position in the Adelaide Park Lands Management Strategy for securing commitment, and developing a case for, World Heritage listing of the Adelaide Park Lands and City Layout.



Attendance at World Urban Parks and Parks and Leisure Australia Conference

At its meeting in May, the Authority recommended that a City of Adelaide staff member attend the 'World Urban Parks and Parks and Leisure Australia Conference' in Melbourne in October 2018.

Participation at this conference will occur within the context of the Adelaide Park Lands Management Strategy's vision for the Adelaide Park Lands to be globally recognised and the Strategy's objective to secure a commitment to pursue World Heritage listing. Attendance will afford opportunities to network with urban park organisations from across the globe.

State of the Park Lands

At the Authority's February 2018 meeting the Board expressed an interest in being provided with maps which identify areas of the Park Lands which:

- Are alienated from public use
- Remain in public use
- Were previously alienated areas but had been returned to public use.

At its June 2018 meeting, the Authority received the first of a series of planned annual reports titled 'State of the Park Lands' aimed at identifying how the extent of the Park Lands has changed over time.

The Authority requested that the current methodology be further developed to document changes in built form footprint on the Park Lands and the combined extent of built and non-built areas on the park lands that alienate or exclude access to the general public.

Performance against the objectives of the 2017/18 Business Plan

Performance Target	Performance Measures	Achievements
Provide advice as required to Council and the State Government on key matters relating to the Adelaide Park Lands.	<p>At least 12 ordinary meetings of the Authority held per year.</p> <p>Advice provided to Council and State Government in a timely manner.</p> <p>Receive at least two presentations on Park Lands planning and management related matters per year.</p> <p>Undertake at least one Park Lands field trip per year to facilitate greater understanding of Park Lands projects, facilities and activities.</p>	<p>The Authority held 12 ordinary meetings and one special meeting in the 2017/18 financial year.</p> <p>A forward agenda was maintained by the Executive Officer and 32 reports considered by the Authority.</p> <p>Five presentations were provided on matters including the O-Bahn and Torrens Junction projects and enhancements including the new Pelzer Park / Pityarilla (Park 19) and Whitmore Square Master Plan.</p> <p>No field trips occurred in the 2017/18 year.</p>
Finalisation of the Adelaide Park Lands Management Strategy.	<p>Draft Strategy has been endorsed by Adelaide City Council and is under consideration by State Government.</p> <p>Dissolve or continue the Project Advisory Group in a modified format.</p>	<p>The Strategy was adopted by the State Government in August 2017.</p> <p>The Advisory Group for this project has been discontinued.</p>
<p>Promotion of the Park Lands which focuses on:</p> <ul style="list-style-type: none"> • Raising public awareness of their values and importance; • Increased, appropriate use; and • Responsible management. 	<p>Review existing marketing activities.</p> <p>Specific work performed by the Authority's Naming Committee established to advise on the dual-naming of named parks and naming of un-named areas of the Park Lands.</p> <p>Support for the Adelaide Park Lands Art Prize.</p>	<p>Members requested improvements to the Authority's web presence. These were subsequently provided as a specific web-page identifying governance arrangements for the Park Lands, Board membership and meeting information.</p> <p>The naming project was finalised through Council's adoption of a series of new names in September 2017.</p> <p>Through an allocation by the City of Adelaide, the Authority supported the Adelaide Park Lands Art Prize by contributing \$10k to its operation by the Adelaide Park Lands Preservation Association.</p>

Performance Target	Performance Measures	Achievements
Business Plan and Budget is in place	New Business Plan is adopted prior to the expiry of that currently in operation	The Authority adopted its Business Plan and Budget for 2018/19 in March 2018.
Operation of General Purpose Accounts	Council's accounting procedures met	Maintained by Council staff
Quarterly Financial Reports	Reports adopted and presented to Council	Financial updates provided as required
Operation of the Adelaide Park Lands Fund which currently contains \$1000.00	Monies are received and expended according to the provisions of the Authority's Charter	Administered by Council staff Maintained by Authority
Auditing required by the Authority's Charter	Council's external auditor and Audit Committee is satisfied the requirements are met	Council's external auditor and Audit Committee performs the necessary tasks
Preparation of Annual Report	Annual Report is submitted to Council by 30 September each financial year	Prepared by Council staff and incorporated in Council's Annual Report. Copy provided to Minister responsible for the Adelaide Park Lands Act 2005
Insurance Requirements	The Local Government Mutual Liability Scheme insures the Authority	Maintained by Council staff

Work undertaken in support of the Authority's Business Plan

Annual Report and Charter review workshop

At its October 2017 meeting, the Authority adopted its Annual Report for the 2016/17 year and requested a workshop be held to review the Authority's Charter.

Charter Review

At its February 2018 meeting, the Authority reviewed its Charter and endorsed a revised document which:

- Provides greater clarity of the Authority's role through a more detailed set of 'powers and duties' section

- Includes provisions for a strategic plan and a community forum
- Clarifies the responsibilities of the Authority's Executive Officer.

Annual Business Plan

At its March 2018 meeting, the Authority approved its Business Plan and Budget for 2018/19.

Membership and Meeting Attendances

Membership

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

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

Change in Membership

A change in membership occurred following the resignation of Mr Chris Kwong on 9 November 2017. The Minister subsequently appointed Ms Kirsteen Mackay, Government Architect, as Mr Kwong's replacement, with a commencement date of 6 February 2018.

The following people served as Members of the Authority during the 2017/18 year:

1 July 2017 to 30 June 2018

The Right Honourable the Lord Mayor, Martin Haese

Ministerial Appointees

Ms Sally Smith, Deputy Presiding Member Appointed 2 February 2017 to 31 December 2018.

Ms Anita Allen Appointed 2 February 2017 to 31 December 2018.

Mr Chris Kwong Appointed 2 February 2017 to 31 December 2018. Resigned 9 November 2017.

Kirsteen Mackay Appointment commenced 6 February 2018 to 31 December 2018.

Mr Roger Zubrinich Appointed 2 February 2017 to 31 December 2018.

Previously appointed 31 October 2013 to 12 February 2016 and 18 February 2016 to 31 December 2016.

Ms Stephanie Johnston Appointed 2 February 2017 to 31 December 2018. Previously appointed 31 October 2013 to 12 February 2016 and 18 February 2016 to 31 December 2016 (as Deputy to Emeritus Professor Damien Mugavin).

Professor Emeritus Damien Mugavin (Deputy to Ms Stephanie Johnston)

Appointed 2 February 2017 to 31 December 2018.

Council Appointees

Councillor Anne Moran Appointed 1 January 2017 to 31 December 2018. Councillor Moran was first appointed to the Authority on 14 December 2006 and has served continuously since.

Councillor Priscilla Corbell-Moore Re-appointed 1 January 2017 to 31 December 2018.

Councillor David Slama Appointed 1 January 2017 to 31 December 2018.

Councillor Sandy Wilkinson Appointed 1 January 2017 to 31 December 2018.

Meeting Attendances

The Authority held 12 ordinary meetings and 1 special meeting during the 2016/17 financial year. Attendance at meetings was recorded as follows:

1 July 2017 to 30 June 2018		
Authority Member	Meetings Eligible to Attend	Meetings Attended
Presiding Member, Lord Mayor Martin Haese	13	10
Sally Smith (Dep. Presiding Member)	13	11
Anita Allen	13	10
Chris Kwong (resigned 9 Nov 2017)	4	4
Stephanie Johnston	13	11
Professor Emeritus Damien Mugavin (Deputy for Stephanie Johnston)	2	2
Mr Roger Zubrinich	13	10
Ms Kirsteen Mackay (commenced 6 February 2018)	5	4
Councillor Anne Moran	13	10
Councillor Priscilla Corbell-Moore	13	9
Councillor David Slama	13	8
Councillor Sandy Wilkinson	13	13

The role of APLA in the governance of the Park Lands

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

The Authority and its Board are the same entity.

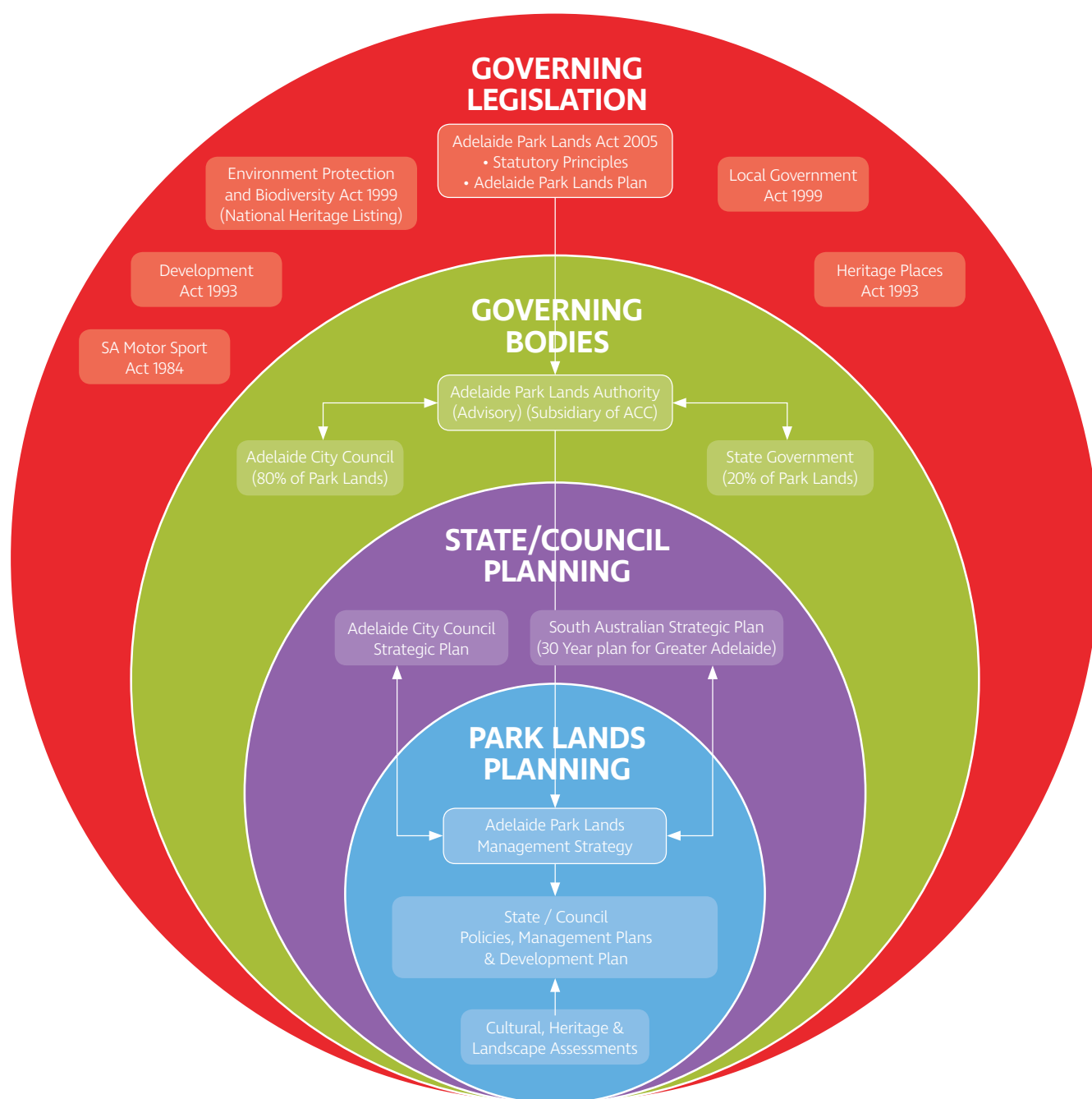
The Authority is the principal advisor to both the Council and the State Government on the protection, management, enhancement and promotion of the Adelaide Park Lands.

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

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

Governance Framework for the Adelaide Park Lands





Adelaide Park Lands Authority **Financial Statements**

ADELAIDE PARK LANDS AUTHORITY
General Purpose Financial Statements
for the year ended 30 June 2018

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 2018 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.



Martin Haese
LORD MAYOR

Date: 9th October 2018

Statement of Comprehensive Income

for the year ended 30 June 2018

\$ '000	Notes	2018	2017
INCOME			
Grants, Subsidies and Contributions	2	188	159
Total Income		188	159
EXPENSES			
Materials, Contracts & Other Expenses	3	188	159
Total Expenses		188	159
OPERATING SURPLUS / (DEFICIT)		-	-
TOTAL COMPREHENSIVE INCOME		-	-

This statement is to be read in conjunction with the attached notes.

Statement of Financial Position

for the year ended 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current Assets			
Cash & Cash Equivalents	5	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 2018

\$ '000	Accumulated Surplus	Total Equity
2018		
Balance at the end of previous reporting period	1	1
Net Surplus / (Deficit) for Year	-	-
BALANCE AT THE END OF PERIOD	1	1
2017		
Balance at the end of previous reporting period	1	1
Net Surplus / (Deficit) for Year	-	-
BALANCE AT THE END OF PERIOD	1	1

This statement is to be read in conjunction with the attached notes.

Statement of Cash Flows

for the year ended 30 June 2018

\$ '000	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Operating Receipts	188	159
Payments		
Operating Payments to Suppliers & Employees	(188)	(159)
Net Cash provided by (or used in) Operating Activities	-	-
Net Increase (Decrease) in Cash Held	-	-
CASH & CASH EQUIVALENTS AT END OF PERIOD	1	1
TOTAL CASH, CASH EQUIVALENTS & INVESTMENTS	1	1

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 2018

Note 1: Summary of Significant Accounting Policies

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

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

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

1.3 Rounding

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

2 Income Recognition

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

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

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

3 Cash, Cash Equivalents and other Financial Instruments

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

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

All financial instruments are recognised at fair value at the date of recognition.

4 Infrastructure, Property, Plant & Equipment

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

5 Employee Benefits

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

6 GST Implications

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

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

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 2018.

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

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

Effective for periods commencing 1 January 2017:

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*

Effective for annual reporting periods beginning on or after 13 February 2017

- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014- 16 Cycle*

Effective for annual reporting periods beginning on or after 1 January 2018

- AASB 9 *Financial Instruments (December 2009)*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)*

- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) AASB 1057 Application of Australian Accounting Standards*
- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*
- AASB 2016-6 *Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*

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

- AASB 16 *Leases*
- AASB 16 *Leases (Appendix D)*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

Effective for periods commencing 1 January 2017:

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*

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.

Note 2: Income

\$ '000	2018	2017
GRANTS, SUBSIDIES, CONTRIBUTIONS		
Other Grants, Subsidies & Contributions	188	159
TOTAL GRANTS, SUBSIDIES, CONTRIBUTIONS	188	159
Sources of grants		
Other - City of Adelaide	188	159
TOTAL	188	159

Note 3: Expenses

\$ '000	2018	2017
MATERIALS, CONTRACTS AND OTHER EXPENSES		
Prescribed Expenses		
Auditor's Remuneration	1	1
Subtotal - Prescribed Expenses	1	1
Other Materials, Contracts and Expenses		
Contractors	139	127
Advertising	0	1
Insurance	17	14
Sitting Fees	7	6
Sponsorship	10	-
Legal Expenses	11	9
Sundry	2	2
Subtotal - Other Material, Contracts & Expenses	187	158
TOTAL MATERIALS, CONTRACTS AND OTHER EXPENSES	188	159

Note 4: Current Assets

\$ '000	2018	2017
CASH & CASH EQUIVALENTS		
Cash on Hand at Bank	1	1
TOTAL CASH & CASH EQUIVALENTS	1	1

Note 5: Reconciliation to Cash Flow Statement

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

\$ '000	Notes	2018	2017
(A) RECONCILIATION OF CASH			
Total Cash & Cash Equivalents	4	1	1
BALANCES AS PER CASH FLOW STATEMENT		1	1
(B) RECONCILIATION OF CHANGE IN NET ASSETS TO CASH			
Net Surplus (Deficit)		-	-
NET CASH PROVIDED BY (OR USED IN) OPERATIONS		-	-

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.

\$ '000	2018	2017
Income	188	159
less Expenses	(188)	(159)
OPERATING SURPLUS / (DEFICIT)	-	-
NET LENDING / (BORROWING) FOR FINANCIAL YEAR	-	-

Note 7: Related Party Transactions

Key Management Personnel

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

\$ '000	2018
The compensation paid to Key Management Personnel comprises:	
Allowances and other short-term benefits paid by APLA to KMP	6,372

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

Other Related Party Transactions

Adelaide Park Lands Authority contracts staff from the City of Adelaide with the on-charge totalling \$130,331 for the year. The City of Adelaide provides an annual contribution to APLA matching the total expenditure incurred during the financial year.



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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the Adelaide Park Lands Authority ('the Authority'), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

In our opinion the financial report of the Adelaide Park Lands Authority, presents fairly, in all material respects, the Authority's financial position as at 30 June 2018 and its financial performance for the year ended on that date in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

Basis for opinion

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

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

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

The Authority's responsibility for the Financial Report

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

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

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. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.



Auditor's responsibilities for the audit of the Financial Report

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

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

This description forms part of our auditor's report.

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

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Andrew Tickle'.

Andrew Tickle
Director

Adelaide, 9 October 2018



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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 2018, I have maintained my independence in accordance with the requirements of APES 110 - Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

Andrew Tickle
Director

BDO Audit (SA) Pty Ltd

Adelaide, 29 August 2018

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ADELAIDE PARK LANDS AUTHORITY
General Purpose Financial Statements
for the year ended 30 June 2018

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Adelaide for the year ended 30 June 2018, the Council's Auditor (DO) has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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



Mark Goldstone
CHIEF EXECUTIVE OFFICER



David Powell
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 10 September 2018



**BROWN HILL AND KESWICK CREEKS
STORMWATER BOARD
ANNUAL REPORT 2017/18**

FOR THE CITIES OF ADELAIDE, BURNSIDE, MITCHAM, UNLEY AND WEST TORRENS



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1 Introduction

The Brown Hill Keswick Creek (BHKC) stormwater project (the 'project') is a collaborative undertaking between the Cities of Adelaide, Burnside, Mitcham, Unley and West Torrens.

The project is designed to mitigate significant flood risks arising from the four major watercourses of the catchment of Brown Hill and Keswick Creeks, including tributaries Parklands and Glen Osmond Creeks, through the implementation of a stormwater management plan (SMP) approved and gazetted in February 2017.

The SMP satisfies best practice outcomes for stormwater management as set out in the Stormwater Management Planning Guidelines of the Stormwater Management Authority (SMA).

The scope and complexity of the BHKC project are such that it could only be delivered effectively and efficiently by the five catchment councils working through a single entity. The councils therefore have established the Brown Hill and Keswick Creeks Stormwater Board as a regional subsidiary under the Local Government Act to co-ordinate implementation of the SMP.

2 Chairperson's report

This is the first annual report of the newly established Stormwater Board. The Board was established in February 2018 and therefore the report mainly reflects activities of the project leading up to the Board's establishment and subsequent transition, which is still in progress, from the former joint arrangement between the five project councils to the current regional subsidiary phase.

It is acknowledged that the activities and achievements discussed in this report were managed during the tenure of the councils' project steering group which operated until February 2018 and, the interim board, which was approved by the councils to ensure proper functioning of the Stormwater Board until appointment of the board proper in August 2018.

It is my pleasure as Chairperson of the Brown Hill and Keswick Creeks Stormwater Board to deliver the 2018 Annual Report.

Judith Choate

Chairperson

18 October 2018

3 Principal activities

The prime purpose of the Stormwater Board is to have the SMP works designed, constructed and maintained, subject to the councils' approval of any material changes in the design or cost of any works.

The SMP primarily involves the design and construction of \$140 million of flood mitigation infrastructure works (2016 values) along the major catchment watercourses, in order to

substantially reduce the number of properties affected by large flood events. Individual projects are outlined in Appendix 1.

Other benefits of planned flood mitigation works include creek rehabilitation, associated creek water quality and biodiversity improvements, as well as enhanced recreational amenity in open space areas traversed by watercourses. Works are also planned for improved quality of stormwater runoff and reduced impact on receiving waters.

The SMP also proposes non-infrastructure flood mitigation measures, including:

- Improved planning policies and assessment processes to ensure that new development is designed to reduce flood risk and potential exposure to flooding
- Greater use of water sensitive urban design in streetscapes and new developments
- Increased community awareness about flood risk and flood preparedness in conjunction with the State Emergency Service
- Clarifying responsibilities and promoting good practice for maintenance of creeks

Other functions of the Stormwater Board are set out in the charter.

4 Legislation

Legislation concerning stormwater management and powers and responsibilities of various parties are contained in the *Local Government (Stormwater Management Agreement) Amendment Act 2016* (Schedule 1A of the *Local Government Act 1999*) and the *Natural Resources Management Act 2004*.

Under the *Local Government (Stormwater Management) Amendment Act 2007*, the SMA was created, based on the Stormwater Management Agreement between the State Government and the Local Government Association. The Stormwater Management Agreement (original of 2006) was revised in 2013 and the Act subsequently amended in 2016.

Functions of the SMA include the facilitation and coordination of stormwater management planning by councils involving production of SMPs, and administration of the Stormwater Management Fund for funding assistance to local government in relation to stormwater management planning and works, including the BHKC project.

The Brown Hill and Keswick Creeks Stormwater Board has been established as a regional subsidiary pursuant to section 43 of and Schedule 2 of the *Local Government Act 1999*. Section 43 allows two or more councils to form a separately incorporated entity ('regional subsidiary') to provide specified services and/or activities, subject to obtaining Ministerial approval. The provisions relevant to a regional subsidiary are set out in Schedule 2 of the Act.

5 Project phases

5.1 Joint arrangement

From its inception in 2007 until February 2018, the project was conducted as a joint arrangement between the five project councils in accordance with a Memorandum of Agreement dated December 2008.

The Memorandum of Agreement included the following principal objectives and provisions:

- The councils would establish a regional subsidiary in terms consistent with principles for stormwater management including implementation of works and services of the relevant SMP.
- The councils would work collaboratively through a steering group, comprising chief executives or their delegate, with the power to employ a project director, engage expert advice and establish a technical support group (as well as other provisions).
- The City of Unley (as 'host' council) would provide for the administrative functions of the project, including entering into agreements with third parties, holding moneys, keeping financial and other records, and employing support staff.

During the joint arrangement phase the SMP was developed for subsequent approval by the SMA of the current (2016) version and its gazettal in February 2017. Also, during this phase certain investigations and works of the SMP were carried out, including works constructed before 2017/18, as indicated in Appendix 1.

5.2 Regional subsidiary

A condition of the SMP approval by the SMA was that a regional subsidiary be established within 12 months to fully implement the SMP and manage its works and other measures on behalf of the five constituent councils. The regional subsidiary (Stormwater Board) was established in February 2018, to be governed in accordance with a charter prepared by the five constituent councils and subsequently approved by the Minister for Local Government.

6 Governance

6.1 Project steering group

Members: Terry Buss (Chief Executive, City of West Torrens and Chairperson), Klinton Devenish (Executive Manager, City of Adelaide) as proxy for the Chief Executive, City of Adelaide, Paul Deb (Chief Executive, City of Burnside), Matthew Pears (Chief Executive, City of Unley) and Peter Tsokas (Chief Executive, City of Unley)

Meetings of the project steering group were held on: 11 August 2017, 1 September 2017, 29 September 2017, 27 October 2017, 10 November 2017, 12 January 2018, 2 February 2018, 29 March 2018, and 20 April 2018 (also first interim board meeting)

6.2 Council decisions

During the reporting period, the following matters, common to each of the five constituent councils, were decided:

- Councils resolved on regional subsidiary principles (to be embodied in the charter) in July and August 2017
- Councils approved the charter in November 2017
- Councils approved their nominee on the Nominations Committee (to select board members) and to delegate their CEs as interim board members pending appointment of the board proper – in April 2018
- Councils approved board member recommendations of the Nominations Committee in July 2018.

6.3 Charter

The charter governs the affairs of the Stormwater Board by setting out its purpose, function and powers, including governance provisions of Schedule 2 of the Local Government Act. It also provides the constituent councils with a legally enforceable agreement specifying their rights and obligations in achieving common interests.

In addition to the principal activities of the Stormwater Board (section 3), the charter also includes a number of related functions or services that could be expected of the Board including:

- Oversee the maintenance and repair and/or renewal of stormwater infrastructure of the SMP
- Oversee other works related to the SMP on behalf of and at the cost of a constituent council
- To “hold stormwater infrastructure” constructed by the implementation of the SMP on behalf of the constituent councils
- Implement non-infrastructure measures of the SMP or related measures
- Coordinate the assessment, planning, demolition, construction, operation and maintenance of stormwater infrastructure as part of the implementation of the SMP

The Stormwater Board is constituted as a body corporate and in all things acts through its board in accordance with the charter.

6.4 Interim board

Members: Terry Buss (Chief Executive, City of West Torrens and Chairperson of the board), Mark Goldstone (Chief Executive, City of Adelaide), Paul Deb (Chief Executive, City of Burnside), Matthew Pears (Chief Executive, City of Unley) and Peter Tsokas (Chief Executive, City of Unley)

Meetings of the interim board were held: 20 April 2018 (three members present) and 15 June 2018 (four members present)

6.5 Board proper

The role and membership of the board are set out in the charter. The board is comprised of five members. Elected members and officers of the constituent councils are precluded

from board membership. Board members are appointed for a three-year term, excepting that the first appointments are made on a differential basis – two members for three years, two members for two years and one member for one year.

Board members were selected through the process of a Nominations Committee (as defined in the charter) comprising one representative of each constituent council. The selected persons were then approved by each council. The Chairperson is determined by the board members.

The process required selection of persons with demonstrable skills relevant to the purpose of the regional subsidiary, particularly in respect of corporate financial management, corporate governance, project management, general management, engineering, economics or environmental management.

Members – as at the date of this report and appointed subsequent to the reporting period:

Judith Choate – Chair

Ms Choate is a lawyer with 28 years of experience in corporate governance, risk management, project management and stakeholder issues, particularly in the property and infrastructure sectors. She currently works as a Director at KPMG Law, as well as being a Non-Executive Director on the National Board of Governors for the College of Law.

Rachel Barratt

Ms Barratt has worked in South Australian water and natural resource management for over 20 years, in both public and private enterprise. With a Masters in Environmental Studies from the University of Adelaide, she is currently the Chief Executive of the Water Industry Alliance and has extensive expertise with stormwater management issues and stakeholder management.

Paul Bowler

Mr Bowler has 30 years of experience in leadership roles in construction and infrastructure development across Australia. His experience includes the successful development, procurement and delivery of many major projects, including several projects valued between \$200 million and \$1 billion.

Paul Gelston

Mr Gelston is a civil engineer who recently retired as Chief Operating Officer at the Department of Planning, Transport and Infrastructure in SA. He has over 40 years of experience in the delivery of major infrastructure projects at both State Government and Local Government level at the City of Prospect.

Geoff Vogt

Mr Vogt has extensive experience in the financial services and insurance industries and is currently CEO of Industry Leaders Fund Inc. He is also Chairman of Centennial Park Cemetery Authority, a member of the Eastern Region Alliance Water Board, and a Director of KeyInvest. He was also previously CEO of the Motor Accident Commission in SA.

Meetings of the board proper, all subsequent to the reporting period but by the time of this report being prepared, were held: 3 August 2018 (all present), 9 August 2018 (all present), 16 August 2018 (all present) and 20 September 2018 (four members present)

7 Activities in 2017/18

7.1 Management and administration

In early 2018, the project team (project steering group and technical group) carried out an assessment of strategic and operational risks facing the project as it enters the major works implementation phase under stewardship of the new entity.

A project execution plan was prepared which focusses mainly on project governance, management and administration of the project leading up to 2018, in order to serve as a basis for planning issues likely to affect the Stormwater Board. The PEP is potentially a useful planning tool to supplement and fill gaps between the prescribed Plans of the charter.

The project works funding offer (50% of the project estimated cost, via the Stormwater Management Fund) made by the previous state government in February 2017 (and accepted by the councils) has been of concern in regards to its 20-year timeframe. The project steering group explored the viability of councils borrowing funds to accelerate the works program; however, questions regarding certainty of the state's offer left the issue unresolved.

In January 2018 the project wrote to the Minister for Environment and Water seeking to shorten the timeframe of the State's funding offer from 20 years, but the response was not favourable. Following the state election in March 2018, the funding offer was raised with the incoming Minister, who has since confirmed the Government's commitment to uphold the funding offer over 20 years.

In respect of the Stormwater Board:

- The project steering group completed preparation of the charter in October 2017 and obtained the councils' approval in November
- The charter was submitted to the Minister for Local Government on 15 January 2018 (for subsequent gazettal on 27 February 2018)
- The Stormwater Board was registered with the Local Government Association Mutual Liability Scheme on 29 April 2018
- Board member positions were advertised in May 2018 and subsequently formalised in July 2018
- The financial budget for 2018/19 was approved by the interim board in June 2018
- The four-year business plan was prepared for referral to constituent councils by 30 September 2018
- Transitional arrangements were initiated in the latter part of the reporting period for the transfer of project administrative functions from Unley Council to the

Stormwater Board (including accounting, financial auditor and managerial resources, banking function and ATO registrations)

Other business:

- A presentation about the project was made to SA major projects conference in July 2017
- The project responded in September 2017 to the SMA concerning draft revised Stormwater Management Planning Guidelines

7.2 Operations and works

Under management by Mitcham Council, detailed design of capacity upgrade works in Brown Hill Creek through Soldiers Memorial Reserve, Hawthorn (Hawthorn Reserve project) together with preliminary works were completed in February 2018. Tenders for major construction were called by Mitcham Council late in the period and a successful tender of approximately \$2.5 million is planned to be let in October. The project is within the scope of the SMP and therefore liable for funding under the BHKC project.

Arcadian Developments made known its proposed major residential accommodation project at Everard Park in early 2018. The development would affect construction of SMP capacity upgrade works along a section of Brown Hill Creek which is partially located in the development site. This has prompted construction of the creek works earlier than planned, if possible. Design investigations therefore are underway, for potential construction of works in 2018/19, in advance of the Arcadian development.

In April 2018, a contract was awarded to Tonkin Consulting for detailed design of stormwater detention basins in the South Park Lands. Progress has been satisfactory. However, community consultation, the next step in the process, has been delayed because of local government elections and the preceding caretaker period in October/November 2018, and is now planned for early 2019.

Other minor design works were carried out in respect of creek capacity upgrade works along upper Brown Hill Creek

- Design feasibility investigation of creek capacity upgrade for section between Ethel and Leah Streets, Forestville.
- Design feasibility investigation of creek capacity upgrade in Millswood property (within SMP scope) affected by property owner's proposed works to prevent further erosion and potential structural risk.
- An investigation was commenced into methodologies for reviewing and potentially updating the hydrological modelling of the creek – for purposes of future detailed design.

8 Financial overview

The financial position of the project as at 30 June 2018, based on operations and works from inception of the BHKC project in 2007/08, including the period since the Stormwater Board was established in February 2018, is as follows.

(Amounts in \$)

	Full 2017/18 (12 months)			Full project (from 2007/08)		
	Exp.	Income	Surplus / (deficit)	Exp.	Income	Surplus / (deficit)
Operating	354,626	191,688	(162,938)	4,837,024	4,695,514	(141,510)
Expensed				200,236	199,033	(1,203)
Capital	253,669	246,870	(6,799)	9,255,770	9,455,850	200,080
Total	608,295	438,558	(169,737)	14,293,030	14,350,397	57,367

The above financial information has not been audited in the form presented, but is drawn from records of Unley Council's full operations which separately identify BHKC project financial records and are subject to annual audited financial statements.

9 Audited financial statements

Audited financial statements for the period in 2017/18 from establishment of the Stormwater Board on 27 February 2018 are in Appendix 2.

Appendix 1

Infrastructure works for flood mitigation and storm water quality improvement identified for construction in the SMP (together with estimated costs totaling \$140 M)

Works Of The Major Implementation Phase	
South Park Lands detention basins (\$17.4 M)	Three basins (Glenside, Victoria Park and Park 20) will reduce peak flow in Parklands Creek and reduce the flood risk in North Unley and properties surrounding the South Park Lands. Also, peak flows into Keswick Creek will be reduced.
Lower Brown Hill Creek capacity upgrade (\$39.1 M)	Creek capacity will be increased to accommodate peak flows from upper Brown Hill Creek together with high flows diverted from Keswick Creek.
Flow diversions from Keswick Creek to lower Brown Hill Creek (\$43.1 M)	High flows in Keswick Creek will be diverted into lower Brown Hill Creek to reduce the risk of flooding in western suburbs from Keswick Creek.
Upper Brown Hill Creek capacity upgrade (part \$30.8 M)	Creek capacity will be increased along critical sections totalling about 30% of its full length.
Upper Brown Hill Creek rehabilitation (part \$30.8 M)	Along the full length, a 'one off' maintenance will be carried out to restore the creek to good condition and improve its flow carrying capacity.
Glen Osmond Creek minor works (\$0.8 m)	The watercourse will be upgraded at flow restriction points along concrete lined open channel sections and at two road bridges.
Gross pollutant traps (GPTs) (\$1 M)	Additional GPTs will be installed (at locations not yet determined) and existing ones upgraded along principal watercourses of the catchment in collaboration with the AMLRNRMB
Completed Works	
Ridge Park flood control dam (\$2.8 M)	Situated on Glen Osmond Creek, immediately downstream of its rural catchment, the dam will assist in reducing peak flows downstream in Glen Osmond and Keswick Creeks.
Brown Hill Creek diversion culvert by DPTI (\$5 M)	In 2013, as part of its Goodwood Junction railway upgrade project, DPTI diverted part of Brown Hill Creek through a 360 m long culvert, which superseded the need for other works proposed by the BHKC project.
Mount Osmond interchange dam modification	This modification improves the effectiveness of the flood detention dam constructed as part of the Adelaide Crafrers Road upgrade project.

Brown Hill and Keswick Creeks Stormwater Board

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 June 2018**

Brown Hill and Keswick Creeks Stormwater Board

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Brown Hill and Keswick Creeks Stormwater Board

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$
Income		
Operating Contributions	2	160,000
Capital Contributions	2	<u>246,870</u>
Total Income		406,870
Expenses		
Operating Expenses	3	163,948
Total Income		<u>163,948</u>
Surplus (deficit) for the year		<u>242,922</u>
Total Comprehensive Profit (Loss)		<u>242,922</u>

The accompanying Notes form part of these financial statements

Brown Hill and Keswick Creeks Stormwater Board

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	Note	2018 \$
Assets		
Current Assets		
Cash and Cash Equivalents		-
Total Current Assets		<u>-</u>
Non-Current Assets		
Property, Plant and Equipment	4	<u>249,189</u>
Total Assets		<u><u>249,189</u></u>
Liabilities		
Current Liabilities		
Trade and other payables	5	6,267
Total Current Liabilities		<u>6,267</u>
Total Liabilities		<u><u>6,267</u></u>
Net Assets		<u><u>242,922</u></u>
Member's Funds		
Accumulated surplus	6	<u>242,922</u>
Total Members Funds		<u><u>242,922</u></u>

The accompanying Notes form part of these financial statements

Brown Hill and Keswick Creeks Stormwater Board

**STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2018**

	Note	Accumulated Surplus \$	Total \$
2018			
Balance at the beginning of the year	7	-	-
Surplus for the year		242,922	242,922
Balance at the end of year		<u>242,922</u>	<u>242,922</u>

The accompanying Notes form part of these financial statements

Brown Hill and Keswick Creeks Stormwater Board

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$
Cash from operating activities		
Receipts from constituent councils		406,870
Payments to suppliers		(157,681)
Net cash provided from operating activities	7	<u>249,189</u>
Cash from investing activities		
Expenditure on new / upgraded assets		(249,189)
Net cash provided from investing activities		<u>(249,189)</u>
Net increase in cash held		-
Cash at beginning of financial year		-
Cash at end of financial year		<u>-</u>

The accompanying Notes form part of these financial statements

Brown Hill and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 1: Statement of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group Interpretations (UIGs) and relevant South Australian legislation.

The Brown Hill and Keswick Creeks Stormwater Board (the Board) is a Local Government Regional Subsidiary established under Section 43 of and Schedule 2 to the Local Government Act 1999. The Regional Subsidiary is under the control of City of Adelaide, City of Burnside, City of Unley, City of Mitcham and City of West Torrens.

The Board was established by a Gazette dated 27 February 2018. The Board has been established to implement the construction and maintenance of infrastructure and other measures for the purposes of a stormwater management plan prepared by the constituent councils and approved by the Stormwater Management Authority.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected noncurrent assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on by the members of the Board.

(a) Comparatives

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

Where the Board has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. The Board's cash is held in a bank account operated by the City of Unley.

(c) Income taxes

The activities of the Board are exempt from taxation under the Income Tax Assessment Act 1997.

(d) Goods and Services Tax (GST)

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

Brown Hill and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

(e) Impairment

At the end of each reporting period, the Board assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset where it is not possible to estimate the recoverable amount of an individual asset, the Board estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(g) Revenue

Non-reciprocal grant revenue is recognised in the statement of comprehensive income when the Board obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Board and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied. When grant revenue is received whereby the Board incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Revenue from constituent Councils are recognised as income as and when they are received

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

(h) Trade and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Board during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Brown Hill and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

(i) Trade and other receivables

These include amounts due from ATO and accrued interest on deposits in financial institutions. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(j) Critical Accounting Estimates and Judgments

Key estimates

Impairment - general

The Board assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Board that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(k) Property Plant and Equipment

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

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

The cost of non-current assets constructed by the Board includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Board for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Infrastructure – Stormwater \$10,000

Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. All assets are currently held at cost

Brown Hill and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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

Brown Hill and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 2: Income	2018
	\$
Operating Contributions	
City Of Mitcham	32,000
City Of Burnside	32,000
City Of West Torrens	32,000
Adelaide City Council	32,000
City of Unley	32,000
Total Operating Contributions	160,000
Capital Contributions	
City Of Mitcham	24,687
City Of Burnside	29,624
City Of West Torrens	120,966
Adelaide City Council	19,750
City of Unley	51,843
Total Capital Contributions	246,870
Total Income	406,870

Note 3: Operating Expenses	2018
	\$
Catering	90
Consultants	11,861
Contracts services	5,748
RS charter gazettal	4,502
Insurance	10,500
Legal	3,818
Marketing	930
Salaries	125,670
Telephone, Fax	829
Total Operating Expenses	163,948

Note 4: Property Plant and Equipment	2018
	\$
Work In Progress	249,188
	249,188

Work in progress includes two infrastructure projects currently in the detailed design phase.

South Parklands Stormwater - design	80,060
Hawthorn Reserve Creek upgrade	169,128

Brown Hill and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 5: Trade and other Payables

	2018
	\$
Payables	6,267
	<u>6,267</u>

Note 6: Accumulated Surplus

	2018
	\$
Opening Balance	-
Surplus for the year	242,922
Net transfers (to)/from reserves:	
Unspent funds reserve	-
Net transfers (to)/from accumulated surplus:	-
Net Transfers (to)/from reserves	<u>-</u>
Balance at year end	<u>242,922</u>

Note 7: Reconciliation of cash flow

	2018
	\$
Net surplus for the year	242,922
<i>Changes in assets and liabilities</i>	
Increase/(decrease) in trade and other payables	6,267
Net cash provided from operating activities	<u>249,189</u>

Brown Hill and Keswick Creeks Stormwater Board

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 8: Financial Instruments

Details of the significant accounting policies and methods adopted including the criteria for the recognition, the basis of measurement and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 Summary of Significant Account Policies.

Categorisation of Financial Instruments

	Note	2018	
		Carrying Amount	Fair Value
Financial liabilities		\$	\$
Trade and other Payables	6	6,267	6,267
Total Financial liabilities		6,267	6,267
Financial Assets			
Cash and cash equivalents	4	-	-
Total Financial Assets		-	-

Receivable and payable amounts disclosed exclude amounts relating to statutory receivables and payables.

The fair values disclosed in the table above have been based on cash and cash equivalents, trade and other receivables and trade and other payables short term instruments in a nature whose carrying value is equal to fair value.

i. Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligation that could lead to a financial loss to the Board.

Credit risk is managed through maintaining procedures to regularly monitor the financial stability of customers and counterparties and by investing surplus funds in financial institutions that maintain a high credit rating.

There is no collateral held by the Board securing trade and other receivables.

ii. Liquidity Risk

Liquidity risk arises from the possibility that the Board might accounting difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Board manages this risk by preparing and monitoring budgets, only investing surplus cash with major financial institutions and proactively monitoring the recovery of unpaid debts.

No assets have been pledged as security for any liabilities.

Brown Hill and Keswick Creeks Stormwater Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

iii. Market Risk

Exposure to interest rate risk arises on financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows.

The following table illustrates sensitivities to the Board's exposure to changes in interest rates.

	2018	
	% Weighted Average Interest rate	Carrying Value
Financial liabilities	\$	\$
Trade and other Payables	0%	6,267
Financial Assets		
Cash at bank	0%	-

Note 9: Contingent Liabilities and Contingent Assets

At 30 June 2018, the Board is unaware of any liability, contingent or otherwise, which has not already been recorded elsewhere in this financial report.

Note 10: Capital Commitments

At 30 June 2018, the Board is unaware of any capital or leasing commitments which have not already been recorded elsewhere in this financial report.

Note 11: Events after the end of the reporting period

Since the reporting date, there have been no events that would materially impact on the contents of this report.

Brown Hill and Keswick Creeks Stormwater Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 12: Economic Dependence

Brown Hill and Keswick Creeks Stormwater Board is dependent on its constituent councils and other funding bodies for the majority of its revenue used to achieve its objectives. At the date of this report, the Board believe that the Member Councils and other bodies will continue to support the Board.

Note 13: Related Party Transactions

The total remuneration paid to key management personnel of Brown Hill and Keswick Creeks Stormwater Board Incorporated during the year was as follows:

Key management personnel include the Project Manager currently employed by the City of Unley and the chairperson of the Board. Neither have received funds directly from the Board.

Other related parties includes close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members. There were no transactions with other related parties.

Note 14: Capital Management

The Committee controls the capital of the entity to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised within tolerable risk parameters. The Committee ensures that the overall risk management strategy is in line with this objective. The committee operates under policies approved by the board. Risk management policies are approved and reviewed by the board on a regular basis. These include credit risk policies and future cash flow requirements. The entity's capital consists of financial liabilities, supported by financial assets. There have been no changes to the strategy adopted by the Committee to control the capital of the entity since the previous year.

Note 15: Board details

The registered office of the Board and principal place of business is;
City of Unley
181 Unley Road, Unley SA, 5061

Brown Hill and Keswick Creeks Stormwater Board

**CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

In the opinion of the committee, the Financial Statements comprising of the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Members' Funds, Statement of Cash Flows and Notes to the Financial Statements:

1. Presents a true and fair view of the financial position of Brown Hill and Keswick Creeks Stormwater Board as at 30 June 2018 and its performance for the year ended on that date in accordance with Accounting Standards and other mandatory professional reporting requirements.
2. At the date of this statement, there are reasonable grounds to believe that Brown Hill and Keswick Creeks Stormwater Board will be able to pay its debts as and when they fall due.

The Board is responsible for the reliability, accuracy and completeness of the accounting records and the disclosure of all material and relevant information.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:



Name: Terry Buss PSM
Position: Interim Chairperson
Date: 30th October 2018



Name: Peter Tsokas
Position: Interim Member
Date:



INDEPENDENT AUDITOR'S REPORT

To the members of the Brown Hill and Keswick Creeks Stormwater Board

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of the Brown Hill and Keswick Creeks Stormwater Board ("the Board"), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by the Board and the Chairperson.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Board as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility for the Financial Report

The Board 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* and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Luke Williams CA, CPA, Registered Company Auditor
Partner

31 / 10 / 2018



CITY OF
ADELAIDE

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