

Audit Committee Agenda & Reports

25 October 2021

Our Vision

*A City which values its heritage, cultural diversity,
sense of place and natural environment.*

*A progressive City which is prosperous, sustainable
and socially cohesive, with a strong community spirit.*

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
Norwood
Payneham
& St Peters

21 October 2021

To all Members of the Audit Committee

Committee Members

- Mayor Robert Bria
- Cr John Minney (Presiding Member)
- Cr Mike Stock
- Ms Sandra Di Blasio (Independent Member)
- Ms Brigid O'Neill (Independent Member)

Staff

- Mario Barone (Chief Executive Officer)
- Sharon Perkins (General Manager, Corporate Services)
- Andrew Alderson (Financial Services Manager)

NOTICE OF MEETING

I wish to advise that pursuant to Sections 87 and 88 of the *Local Government Act 1999*, the next Ordinary Meeting of the Audit Committee, will be held in the Mayors Parlour, Norwood Town Hall, 175 The Parade, Norwood, on:

Monday 25 October 2021, commencing at 7.00pm

Please advise Sharon Perkins on 83664585 or email sperkins@npsp.sa.gov.au, if you are unable to attend this meeting or will be late.

Yours faithfully



Mario Barone
CHIEF EXECUTIVE OFFICER

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

1.	CONFIRMATION OF MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 10 AUGUST 2021	1
2.	PRESIDING MEMBER'S COMMUNICATION.....	1
3.	QUESTIONS WITHOUT NOTICE	1
4.	QUESTIONS WITH NOTICE	1
5.	WRITTEN NOTICES OF MOTION	1
6.	STAFF REPORTS	1
6.1	FINANCIAL SUMMARY 2020-2021 ACTUAL RESULTS V ADOPTED BUDGET	2
6.2	ANNUAL FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021.....	8
6.3	LONG-TERM FINANCIAL PLAN	16
6.4	REGIONAL SUBSIDIARIES – ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021	26
6.5	FINANCE POLICIES.....	29
6.6	INTERNAL CONTROL AND RISK MANAGEMENT ASSESSMENT	31
6.7	AMENDMENT TO 2021-2022 AUDIT COMMITTEE WORK PROGRAM.....	35
7.	CONFIDENTIAL REPORTS	36
8.	OTHER BUSINESS	36
9.	NEXT MEETING	36
10.	CLOSURE.....	36

6.1 FINANCIAL SUMMARY 2020-2021 ACTUAL RESULTS V ADOPTED BUDGET

REPORT AUTHOR: Financial Services Manager
GENERAL MANAGER: General Manager, Corporate Services
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA75186/A248168
ATTACHMENTS: A

PURPOSE OF REPORT

This report provides a summary of the 2020-2021 Audited result and explanations for variations from the 2020-2021 Adopted Budget.

BACKGROUND

Pursuant to Section 127 of the *Local Government Act 1999* (the Act), the Council must prepare Annual Financial Statements in accordance with the *Local Government (Financial Management) Regulations 2011* (the Regulations).

Section 10 of the Regulations, requires the Council to prepare and consider a report, no later than 31 December in each year, showing the audited financial results of the Council for the previous financial year, compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

The financial information contained in this report is based on the 2020-2021 Annual Financial Statements, the 2020-2021 Adopted Budget and the various policies adopted by the Council as they impact the Councils financial performance (e.g. Rating Policy.)

FINANCIAL AND BUDGET IMPLICATIONS

The Council concluded the Financial Year with an Operating Surplus of \$1.110 million, compared to the Council's Adopted Operating Budget, which forecast an Operating Deficit of \$0.798 million. Details of the drivers behind the variances from the Adopted Operating Surplus, are contained in the Discussion Section of this report.

It should be noted that the 2020-2021 Adopted Budget was developed over a challenging period where the ongoing economic and social impacts of the COVID-19 Pandemic were unknown and there was uncertainty regarding the future impacts of the social distancing and gathering restrictions that were in place at the time. As such the Adopted Budget reflected the decisions based on the assumption that the social distancing and mass gathering restrictions would remain in place for some time following the containment of the health impacts of the COVID-19 pandemic, which included the suspension or cancellation of services, programs and events during the first six months of the 2020-2021 Financial year.

The Adopted Budget also included a Financial Support Package which included:

- zero (0%) rate revenue increase, except where the rate increase is a result of new development, property improvements, a change in land use or zoning or a result of a sale, which is currently estimated to be 0.64%;
- Applications for financial hardship were assessed on a case-by-case basis to provide ratepayers with assistance best suited to their circumstance.
- waiving The Parade Development Separate Rate for businesses within the Norwood Parade Business Precinct;
- three (3) month rent relief for Commercial and Community tenants of Council own buildings (subject to demonstrating financial hardship resulting from the COVID-19 Pandemic);
- waiving permit fees for community sporting groups which utilise the Council's sporting grounds;
- rebating Outdoor Dining Permit fees from 1 July 2020 until 31 December 2020; and
- additional Economic Development spend to promote Councils business precincts.

After capital items, the Council is reporting a Net Surplus of \$15.3 million against an Adopted Net Surplus of \$3.1 million., with the favourable variance being driven by revaluation of Infrastructure, Property, Plant & Equipment.

EXTERNAL ECONOMIC IMPLICATIONS

Nil

SOCIAL ISSUES

Nil

CULTURAL ISSUES

Nil

ENVIRONMENTAL ISSUES

Nil

RESOURCE ISSUES

Nil

RISK MANAGEMENT

Nil

CONSULTATION

- **Elected Members**
Elected Members have received regular reports on the Councils financial performance throughout the year.
- **Community**
Not Applicable.
- **Staff**
Responsible Officers, General Managers and Council's External Auditors.
- **Other Agencies**
Not Applicable.

DISCUSSION

The 2020-2021 Annual Financial Statements have been finalised and will be presented to the Council for adoption at the Council Meeting to be held on 1 November 2021. A separate report has been provided on the 2020-2021 Annual Financial Statements for consideration by the Audit Committee.

Statement of Comprehensive Income

Operating Result

The Council is reporting an Operating Surplus of \$1.110 million, compared to the Council Adopted Operating Budget, which forecasted an Operating Deficit of \$0.798 million, a favourable variance of \$1.898 million. The major variances (over \$50,000 or 5%) from the Adopted Operating Surplus are outlined in Table 1 below.

TABLE1: MAJOR VARIANCES FROM ADOPTED OPERATING SURPLUS

Reasons for the Variance	Amount (\$)
Statutory Charges was \$242,100 favourable to the Adopted Budget driven primary by: <ul style="list-style-type: none"> • The introduction of Dog & Cats Online (DACO) has provided a number of alternative options to promote animal registrations, as such the Council has noted an increase in payment of animal registrations - (\$40,000). • Hoardings (\$41,000); • Rate Search Fees (\$16,000) • During the second half of the financial year, there was a significant increase in the number of development applications lodged resulting in higher than anticipated Planning Consent and Building Assessment fees (\$129,000). 	242,100
User Charges was \$173,300 favourable to the Adopted Budget driven primary by: <ul style="list-style-type: none"> • As a result of higher than anticipated daily attendances, an increase in the number of children utilising the Centre for Kindergarten hours, and COVID-19 Business Continuity payments which continued to be received during the first quarter of 2020-2021, the Child Care Centre fee income was \$78,000 favourable to the Adopted Budget. • The COVID-19 restrictions associated with the operation of public swimming pools were lifted earlier than anticipated, providing the opportunity to open the Swimming Centres in October 2020, albeit with capacity limits. With the introduction of session times and an on-line booking system, the Council was in position to effectively manage the capacity limits and respond to the restrictions put in place resulting from isolated outbreaks, as such the user fee income from across both Swimming Centres was \$218,000 favourable to the Adopted Budget. • As part of the Financial Support Package, the Council resolved to provide three (3) month rent relief for Commercial and Community tenants of Council own buildings (subject to demonstrating financial hardship resulting from the COVID-19 Pandemic), with the anticipated cost being \$30,000, however given the lifting of the restrictions no Commercial and Community tenants sought assistance. • While the opportunity to host mass gathering events were relaxed earlier than anticipated, the capacity limits and quarantine requirements for cross border travel, resulted in a number of planned events for the Concert Hall being either cancelled or postponed, as such hire income was \$123,000 unfavourable to the Adopted Budget. 	173,300
Grant funding received was \$220,600 favourable to the Adopted Budget driven primary by: <ul style="list-style-type: none"> • With approval of the Federal Government, a \$160,000 from the 2021-2022 Roads to Recovery Funding was brought forward to the 2020-2021 Financial year to undertake the reconstruction of Shelley Street. • Recognition of funding received from Green Industries SA, for the Reinvigorating Kitchen Organics Program (\$55,000) 	220,600
Other Income was \$196,400 favourable to the Adopted Budget driven primary by: <ul style="list-style-type: none"> • insurance re-imburements for property claims made during the year which amounted to \$93,000. • The Council's service provider of Depot temporary staff and Apprentices were eligible for Job-keeper Payments, as such payments received were passed through to the Council via reduced service charges (\$87,000). • an unbudgeted special distribution, based on the value of loans and cash on deposit was received from the Local Government Financing Authority (\$46,100). 	196,400
Unfilled vacant positions, combined with time taken to fill vacant positions have resulted in a favourable variance in Employee Expenses. In part, this has been offset by the use of temporary/contract staff to back fill vacant positions (\$406,254).	371,100

Reasons for the Variance	Amount (\$)
During the year, the Council completed 31 of the 41 Operating Projects included in the budget, with favourable variance of \$321,000. The majority of the savings were delivered across the following projects;	609,000
<ul style="list-style-type: none"> • Tour Down Under (\$85,000) – Due to international border closures, the event was cancelled. The Council hosted a series of minor bicycle related events during the January 2021 School Holidays. • Resilient East Project (13,000) – The City of Burnside, as the host Council, was successful in obtaining external grant funding for 2020-2021, as such the Council's contribution was not required. • Additional Street Tree Planting (\$43,000) – The 2019-2020 Additional Tree planting budget was planned to be carried forward to the 2020-2021, however the 2019-2020 program was completed by 30 June 2020. • Electronic Document Management System (\$86,000) - The planned upgrade was undertaken by internal staff, as opposed to being undertaken by the software provider. In addition, additional consulting hours were not required during the year. • Footpath Defect rectification project (\$63,000) – The program was completed with greater utilisation of internal resources as opposed to external contractors. 	
Ten (10) of the planned projects were yet to be completed as at 30 June 2021, with the budget to be carried forward to the 2021-2022 financial year. (\$288,000)	
The long term borrowings planned to be drawn down as part of the Adopted Budget were not required, resulting in reduced financing costs.	192,000
Legal fees were unfavourable to the Adopted Budget by \$369,200, mainly due to the legal expenses incurred on the legal proceedings relating to scramble crossing at the intersection of the Parade and George Street Norwood.	(369,200)
Depreciation expense was greater than anticipated due to the full year impact of the 2019-2020 Asset Capitalisation and unit cost revaluation.	(234,000)

Non-Operating Income

Non-Operating Income includes grant funding specifically for asset upgrades or renewals and gain/(loss) on asset disposals and assets received free of charge.

For the 2020-2021 Financial year, the Council is reporting Non- operating Income of \$2.2 million against an Adopted budget of \$1.9 million, a favourable variance of \$300,000. The favourable variance is set out in Table 2 below.

TABLE 2: MAJOR VARIANCES FROM ADOPTED NON-OPERATING INCOME

Reasons for the Variance	Amount (\$'million)
Loss on the sale and or disposal of the Council's small Plant and Equipment at the end of its operational life, combined with write-off of the carrying values of the Council Civil Infrastructure, upon renewal.	(1.200)
Recognition of Grant funding received specifically for new of upgraded assets	1.500
<ul style="list-style-type: none"> • Beulah Road Bicycle Path - \$230,000 • Payneham Road Tennis Courts - \$187,000 • Kent Town Streetscape Upgrade - \$100,000) • Third Creek Drainage Upgrade – Stage 1 - \$150,000 • Langman Grove Road Reconstruction - \$222,000 • Norwood Oval Women's Facilities - \$633,000 	

Non-Operating Income, the Council is reporting a Net Surplus of \$3.3 million against an Adopted Net Surplus of \$1.1 million.

Other Comprehensive Income

Other Comprehensive Income comprises items of income and expenses that are not recognised in the Net Surplus (Deficit) for the year, as required or permitted by Australian Accounting Standards. Such items include the impact of changes in asset values due to revaluations. The value of Other Comprehensive Income reported in the Statement of Comprehensive Income, is a Surplus of \$12 million.

Balance Sheet

The Net Assets of the Council at 30 June 2020 is \$499 million, against an Adopted Budget of \$490 million, a favourable variance of \$9 million.

Major reasons for the variance in the Net Assets include;

Assets

Cash deposits with the Local Government Financing Authority is favourable by \$3.2 million, with the variance resulting from the opening cash balance used to develop the 2020-2021 Budget being lower than the actual closing cash balance at the 30 June 2020.

The carrying values of Infrastructure, Property, Plant & Equipment is reporting a variance of \$3.5 million, resulting from the opening balance used to develop the 2020-2021 Budget being lower than the final value at the completion of the 2019-2020 Financial Statements, combined with lower asset capitalisation offset by a higher than anticipated change in asset value resulting from condition audits and unit cost reviews.

Other Non-current assets represent Capital Works-in-Progress. As at 30 June 2021, works on capital project not yet completed amounted to \$2.5 million.

Liabilities

Trade and Other Payables – with the timing of expenditures at the end of financial year the Council had a larger than anticipated value of invoices due that anticipated in the Adopted budget resulting in the \$3.3 million unfavourable variance.

The long term borrowings planned to be drawn down as part of the Adopted Budget were not required, resulting in a favourable variance of \$5.6 million

Attachment A contains the 2020-2021 Financial Statements comparing the actual result to the 2020-2021 Adopted Budget as required by Section 10 of the Regulations.

Bad and Doubtful Debts

The Councils accounts receivable balance has been reviewed at the end of the financial year for the recoverability of the outstanding debts. The outstanding amounts which make up the reported Accounts Receivable balance are considered to be recoverable.

With the ongoing impacts of the COVID-19 pandemic a more lenient approach to recovering outstanding amounts was applied which has seen an increase in the value of debts over 150 days. It would be expected that debts will be paid.

OPTIONS

There are no options associated with this issue.

CONCLUSION

Nil

COMMENTS

Nil

RECOMMENDATION

That the report be received and noted.

Attachment A

Financial Summary 2020-2021 Actual Results v Adopted Budget

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

Statement of Comprehensive Income for the year ended 30 June 2021

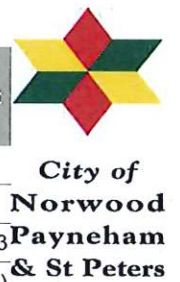
	2020-2021 Actual \$'000	2020-2021 Adopted Budget \$'000	Variance from Adopted Budget \$'000
Income			
Rates	36,288	36,278	
Statutory charges	1,751	1,509	242
User charges	3,506	3,332	173
Grants, subsidies and contributions	2,921	2,701	221
Investment Income	19	65	(46)
Other Revenues	771	575	196
Net Gain - Equity Accounted Council Business	217	-	217
Total Revenues	45,473	44,460	1,013
Expenses			
Employee Costs	14,448	15,654	1,206
Materials, contracts & other expenses	19,165	18,878	(287)
Depreciation, Amortisation & Impairment	9,968	9,734	(234)
Finance Costs	454	800	346
Net Loss - Equity Accounted Council Business	327	192	(135)
Total Expenses	44,363	45,258	896
Operating Surplus (Deficit)	1,110	(798)	1,909
Net gain/(loss) on disposal or revaluation of assets	(1,145)	27	(1,172)
Amounts received specifically for new or upgraded assets	3,303	1,845	1,458
Physical resources received Free of charge	-	-	-
Non Operating Items – joint ventures	-	-	-
Net Surplus (Deficit)	3,268	1,074	2,195
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	12,046	2,000	10,046
Share of other comprehensive income - joint ventures and associates	5	-	5
Total Other Comprehensive Income	12,051	2,000	10,051
Total Comprehensive Income	15,320	3,074	12,246



City of
Norwood
Payneham
& St Peters

Statement of Financial Position as at 30 June 2021

	2020-2021 Actual \$'000	2020-2021 Adopted Budget \$'000	Variance from Adopted Budget \$'000
Assets			
Current Assets			
Cash & cash equivalents	7,071	3,898	3,173
Trade & other receivables	3,699	5,430	(1,731)
Total Current Assets	10,770	9,328	1,442
Non-current Assets			
Financial Assets	104	19	85
Equity accounted investments in Council businesses	2,207	2,872	(665)
Infrastructure, Property, Plant & Equipment	507,904	504,392	3,512
Other Non-current Assets	2,509	-	2,509
Total Non-current Assets	512,725	507,283	5,442
Total Assets	523,495	516,611	6,884
Liabilities			
Current Liabilities			
Trade & Other Payables	8,006	4,730	3,276
Borrowings	972	1,547	(575)
Short-term Provisions	3,326	2,724	602
Total Current Liabilities	12,304	9,001	3,303
Non-current Liabilities			
Long-term Borrowings	9,392	14,389	(4,997)
Long-term Provisions	1,328	1,160	168
Other Non-current Liabilities	1,164	1,968	(804)
Total Non-current Liabilities	11,884	17,517	(5,633)
Total Liabilities	24,188	26,518	(2,330)
Net Assets	499,306	490,093	9,213
Equity			
Accumulated Surplus	60,099	62,473	(2,374)
Asset Revaluation Reserve	439,208	427,620	11,588
Total Equity	499,306	490,093	9,213



Statement of Changes in Equity for the year ended 30 June 2021



	2020-2021 Actual \$'000	2020-2021 Adopted Budget \$'000	Variance from Adopted Budget \$'000
Accumulated Surplus			
Balance at end of previous reporting period	56,825	61,399	(4,574)
Net Surplus/(Deficit) for Year	3,268	1,074	2,195
Other Comprehensive Income	-	-	-
Other equity adjustments - equity accounted Council businesses	5	-	5
Balance at end of period	60,099	62,473	(2,374)
Asset Revaluation Reserve			
Balance at end of previous reporting period	427,162	425,620	1,542
Change in revaluation of infrastructure, property, plant & equipment	12,046	2,000	10,046
Balance at end of period	439,208	427,620	11,588
Total Equity at the end of the Reporting Period	499,306	490,093	9,214

City of
Norwood
Payneham
& St Peters

Statement of Cash Flow for the year ended 30 June 2020



City of
Norwood
Payneham
& St Peters

	2020-2021 Actual \$'000	2020-2021 Adopted Budget \$'000	Variance from Adopted Budget \$'000
Cash Flows from Operating Activities			
Receipts			
Rates - General & Other	36,672	37,793	(1,121)
Fees & Other Charges	1,613	1,509	104
User Charges	3,113	3,332	(219)
Investment Receipts	19	2,701	(2,682)
Grants Utilised for Operating Purposes	2,756	65	2,691
Other Revenues	998	575	423
Payments			
Employee Costs	(14,546)	(15,489)	943
Materials, Contracts & Other Expenses	(18,075)	(18,218)	143
Finance Payments	(447)	(800)	353
Net Cash provided by (or used in) Operating Activities	12,102	11,468	634
Cashflows from Investing Activities			
Receipts			
Amounts Specifically for New or Upgraded Assets	2,626	1,845	781
Sale of Replaced Assets	26	27	(1)
Sale of surplus assets	21	-	21
Repayments of Loans by Community Groups	11	-	11
Payments			
Expenditure on Renewal/Replacement of Assets	(9,652)	(11,645)	1,993
Expenditure on New/Upgraded Assets	(5,508)	(8,331)	2,823
Capital Contributed to Equity Accounted Council Businesses	(81)	(100)	19
Net Cash Provided by (or Used in) Investing Activities	(12,556)	(18,204)	5,648
Cashflows from Financing Activities			
Receipts			
Proceeds from Borrowings	-	5,871	(5,871)
Payments			
Repayments of Borrowings	(1,653)	(1,807)	154
Net Cash Provided by (or Used in) Financing Activities	(1,653)	4,064	(5,717)
Net Increase (Decrease) in Cash Held	(2,107)	(2,672)	565
Cash & Cash Equivalents at Beginning of Period	9,177	6,571	2,606
Cash & Cash Equivalents at End of Period	7,071	3,899	3,172

Uniform Presentation of Finances for the year ended 30 June 2021



City of
Norwood
Payneham
& St Peters

	2020-2021 Actual \$'000	2020-2021 Adopted Budget \$'000	Variance from Adopted Budget \$'000
Operating Revenues	45,473	44,460	1,013
<i>less</i> Operating Expenses	(44,363)	(45,258)	896
Operating Surplus (Deficit)	1,110	(798)	1,909
Less: Net Outlays on Existing Assets			
Capital Expenditure on Renewal/Replacement of Existing Assets	9,652	11,645	(1,993)
<i>less Proceeds from Sale of Replaced Assets</i>	(26)	(27)	1
<i>less</i> Depreciation, Amortisation & Impairment	(9,968)	(800)	(9,168)
	(342)	10,818	(11,160)
Less: Net Outlays on New and Upgraded Assets			
Capital Expenditure on New/Upgraded Assets	5,508	8,331	(2,823)
<i>less</i> Amounts received specifically for new or upgraded assets	(2,626)	(5,437)	2,811
<i>less Proceeds from Sale of Surplus Assets</i>	(21)	-	(21)
<i>less</i> Assets Received Free of Charge	-	(5,341)	5,341
	2,860	(2,447)	5,307
Net Lending (Borrowing) for Financial Year	(1,408)	(9,169)	7,761

	2020-2021 Actual \$'000	2020-2021 Adopted Budget \$'000
Key Financial Indicators		
Operating Surplus / (Deficit) - \$'000	1,110	(798)
Adjusted Operating Surplus	1,158	(798)
Operating Surplus Ratio - %	2.4%	-1.8%
Adjusted Operating Surplus Ratio - %	2.5%	-1.8%
Net financial Liabilities - \$'000	13,314	17,171
Net Financial Liabilities Ratio - %	29.3%	38.6%
Interest Cover Ratio - %	1%	2%
Asset Sustainability Ratio - %	124%	109%

6.2 ANNUAL FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

REPORT AUTHOR: Financial Services Manager
GENERAL MANAGER: General Manager, Corporate services
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA75186/A261687
ATTACHMENTS: A – C

PURPOSE OF REPORT

The purpose of this report is to present the 2020-2021 Financial Statements to the Audit Committee for review and recommendation to the Council for adoption.

BACKGROUND

Pursuant to Section 127 of the *Local Government Act 1999* (the Act), the Council must prepare Annual Financial Statements in accordance with the *Local Government (Financial Management) Regulations 2011* (the Regulations).

Section 13 of the Regulations requires that the Financial Statements of a Council be prepared in accordance with the requirements set out in the Model Financial Statements. The City of Norwood, Payneham & St Peters has prepared the Annual Financial Statements in accordance with the Model Financial Statements.

Section 126 (4) (a) of the Act requires that the functions of an Audit Committee to include “*reviewing annual financial statements to ensure that they present fairly the state of affairs of the council*”.

A copy of the Annual Financial Statements is contained in **Attachment A**.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

The Council’s long term strategic directions are outlined in the *City Plan 2030 – Shaping our Future*. The 2020-2021 Annual Business Plan and supporting Budget, set out the services and programs and initiatives for the 2020-2021 Financial Year.

While financial sustainability remains a priority for the Council, due to the Covid-19 Pandemic, the Council, with the 2020-2021 Annual Business Plan and Budget, provided a Financial Support Package to support the citizens and the business community; with the key element being a 0% rate revenue increase, as a result, the Council adopted an Operating Deficit of \$798,000.

FINANCIAL AND BUDGET IMPLICATIONS

Statement of Comprehensive Income

The Council concluded the Financial Year with an Operating Surplus of \$1.110 million (2019-2020: \$1.995 million), compared to the Operating Deficit of \$168,578 as set out in the 2020-2021 Third Budget Review.

After taking into account Capital Items which includes the impact of assets revaluations and grant funding specifically for asset upgrades or renewals and asset disposals, the Council is reporting a Net Surplus of \$15.320 million (2019-2020: \$5.145 million).

The reasons for the variations to the Adopted Budget are outlined in Item 6.2: Financial Summary.

EXTERNAL ECONOMIC IMPLICATIONS

Nil

SOCIAL ISSUES

Nil

CULTURAL ISSUES

Nil

ENVIRONMENTAL ISSUES

Nil

RESOURCE ISSUES

Nil

RISK MANAGEMENT

Nil

CONSULTATION

- **Elected Members**
Nil
- **Community**
Not Applicable.
- **Staff**
Responsible Officers, General Managers and the Council's External Auditors.
- **Other Agencies**
Nil

DISCUSSION

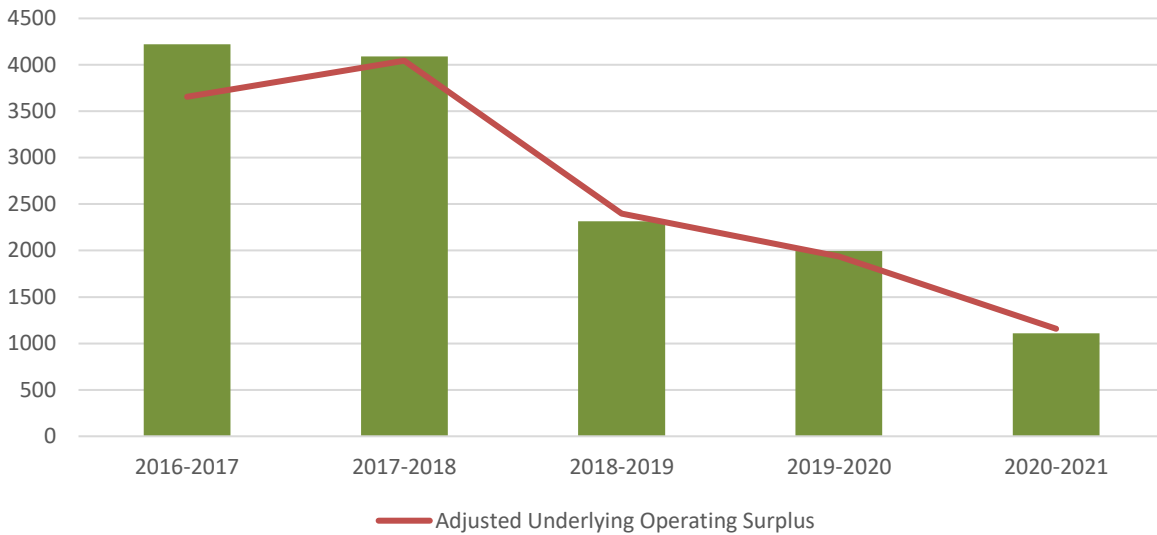
Statement of Comprehensive Income

a. Operating Result

As detailed in Figure 1 below, the Council concluded the financial year with an Operating Surplus of \$1.110 million (2019-2020: \$1.995 million). The reported Operating Surplus is less than previous years. Given that the Council resolved as part of the Financial Support Package not to increase rate revenue, total income only increased by 0.15% whilst expenditure increased by 2.2%.

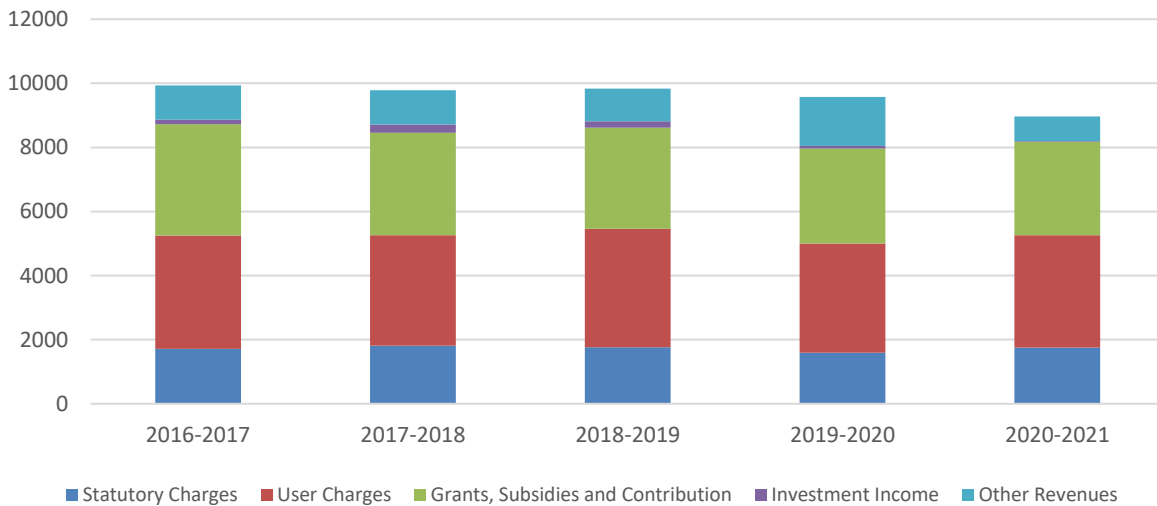
As the Committee is aware, for the last three (3) consecutive years, the Federal Government has made advance payments equal to approximately two quarters of the Financial Assistance Grants. Adjusting for the effect of the advance payments, the underlying Operating Surplus is \$1.158 million for 2020-2021, (2019-2020: \$1.935 million). Figure 1 below, shows the Operating Surplus over the last five years and compares the impacts of the advance payment of Financial Assistance Grants.

FIGURE 1: OPERATING SURPLUS (DEFICIT) - \$'000



As detailed in Figure 2 below, non-rate revenues have decreased (2.5%) compared to the 2019-2020 financial year, which is primarily due to the 2019-2020 Financial Year, the Council received \$221,000 from South Australia Power Network as settlement of a dispute for the overcharge on street lighting charges.

FIGURE 2: NON-RATE REVENUES - \$'000



The cost to deliver the Council’s continuing services (i.e. Recurrent Operating Costs) increased by 2.8% (\$1.167 million) compared to 2019-2020. Primary drivers behind this increase were:

- Following a review of the Council’s Street Sweeping Program, the Queensland Box Sweeping program, which was previously treated as an operating project, was incorporated within the Council’s existing Street Sweeping program, resulting in an increase in recurrent expenditure by \$115,702 compared to 2019-2020.
- Legal costs associated with the scramble crossing between the Parade and George Street (\$367,412).
- Increased waste disposal (\$172,598) costs resulting from increases in the unit prices for putrescible municipal waste.
- Employee costs increased by \$193,928 is due to a number of vacant positions being filled in during 2020-2021 financial year or at the end of 2019-2020 financial year.

Offsetting these cost increases, water usage costs were \$124,887 lower when compared to the 2019-2020, due to higher rainfall occurring during 2020-2021 financial year and as a result, this reduced the need for irrigation.

In addition to the continuing services, the Council delivered twenty three (23) Operating Projects, which encompassed a number of new service initiatives and one-off activities or programs. The net cost of delivering the Operating Projects was \$463,000 (2019-2020: \$470,000). Due to the physical distancing requirements and mass gathering restrictions imposed by the State Government in response to the COVID-19 pandemic, a number of planned events and activities were cancelled. Major Operating Projects which were undertaken during the year included:

- footpath defects works program;
- Raising the Bar;
- various Heritage, Cultural, Youth and Arts Programs and Events;
- additional Street Tree Planting; and
- Traffic & Integrated Transport Investigations

Ownership costs, which incorporate interest paid on long term borrowings and depreciation, increased by 5.2% (\$519,000). The increase is attributed to depreciation costs on the major assets which have been capitalised in prior years and the full year impact of the building valuation which was undertaken in 2019-2020 offset by a reduction in interest paid.

b. Non-Operating Items

A Non-Operating Surplus of \$2,158,000 is reported for 2020-2021 (2019-2020 Non-Operating Deficit \$405,000). The Non-Operating Surplus comprised of:

- Loss on Sale and Write off of Infrastructure Assets renewed as part of the Capital Works program. (\$1.144 million)
- Grant Funding received or recognised for Capital Projects including \$3.038 million
 - Norwood Oval Women's Facilities \$632,500
 - Second Creek Outlet Upgrade \$500,000
 - Payneham Oval Women's Facilities \$490,000
 - Buttery Reserve Tennis Courts \$450,000
 - Beulah Road Bicycle Boulevard \$231,017
 - Langman Grove Road Construction \$222,197
 - Payneham Oval Tennis Courts \$187,500
 - Stormwater Drainage Program \$106,750
 - Library Book Acquisition \$106,000
 - St Peters Street Streetscape Upgrade \$38,125
 - Burchell Reserve Upgrade \$38,125
 - Implementation Schools Review of Traffic Management Actions \$36,000

c. Other Comprehensive Income

Other Comprehensive Income comprises items of income and expenses that are not recognised in the Net Surplus (Deficit) for the year, as required or permitted by other Australian Accounting Standards. Such items include the impact of changes in asset values due to revaluations. The value of Other Comprehensive Income reported in the Statement of Comprehensive Income, is a Surplus of \$12.046 million.

The major factor contributing to the Surplus is the indexation of the Councils' Civil Infrastructure Assets. In line with the Councils Asset Revaluation Policy, independent valuations of the major long term asset classes are undertaken on a rolling five (5) year period. For the 2020-2021 financial year, no independent valuations were undertaken however, the Councils' Infrastructure assets' unit costs are revised by Tonkin Consulting.

Balance Sheet

The Net Assets of the Council at 30 June 2021 is \$499 million, an increase of \$9 million from 2019-2020. Major movements include;

a. Assets

Current Assets have decreased by \$1.296 million, predominately due to decrease in cash held with the Local Government Financing Authority. The decrease in cash was due to cash reserves being utilised to fund new and upgraded assets, including asset projects carried forward from 2019-2020

Non-Current Assets have increased by \$16 million, predominately due to expenditure of \$16 million on capital works which were undertaken over the year, which in part was offset by the allowance for depreciation.

b. Liabilities

During 2020-2021 Financial Year, total liabilities decreased by \$0.8 million. The decrease was the predominately due to the repayment of existing loans.

c. Revaluations

In line with the Councils *Asset Revaluation Policy*, formal valuations of the major asset classes are undertaken on a rolling five (5) year period. For the 2020-2021 financial year, the independent valuations has been required to be undertaken for Storm-water assets, however the valuation was not finalised and carried forward to 2021-2022 financial year. While no independent valuations were undertaken, the carrying values of Assets Classes were reviewed and adjusted where appropriate.

The revaluation impact for each asset class is detailed in Table 2.

TABLE 2: IMPACT OF ASSET REVALUATION

Asset Class	Revaluation Increase/(Decrease) \$million	Comments
Land	3.382-	Based on the Valuer Generals review of property values within the Council area, a 2% increase in Fair Value was deemed appropriate.
Buildings and Other Structures	1.173	Represents a 2% increase in the Fair value with the indexation based on the annual average movement in value of like assets
Open space Assets	(0.511)	Represents a 3% decrease in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting
Road Infrastructure	4.599	Represents a 7% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Kerbing	1.731	Represents a 3% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Footpaths	0.784	Represents a 3% increase in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Linear Park	(0.462)	Represents a 0.2% decrease in Fair Value based on the unit price assessment undertaken by Tonkin Consulting.
Storm-water Drainage	1.353	Represents a 2% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Off- Roads Carparks	(0.008)	Represents a 0.4% decrease in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Traffic Control Assets	0.005	Represents a 0.2% increase in Fair Value, based on the unit price assessment undertaken by Tonkin Consulting.
Total	12.046	

Overall, the revaluation increase for the 2020-2021 financial year is \$12 million, compared to an increase of \$3.5 million for the 2019-2020 financial year.

Statement of Cash Flows

For the 2020-2021 Financial year, the Council is reporting a net decrease in cash and cash equivalents of \$2.107 million. The Council generated \$12.102 million from operating activities, with the funds used to complete the Councils Capital Infrastructure Works Program and the Asset Replacement Program (\$9.651 million), and principal repayments (\$1.653 million) associated with the Councils borrowings.

Section 126 (4) (a) of the *Local Government Act 1999*, requires that the functions of an Audit Committee are to include the review of the Annual Financial Statements to ensure that they present fairly the state of affairs of the Council. To ensure that the Audit Committee discharges its responsibilities under the Act, the following papers are provided for review.

Attachment B - contains further clarification to the Significant Accounting Policies used in the preparation of the 2020-2021 Financial Statements.

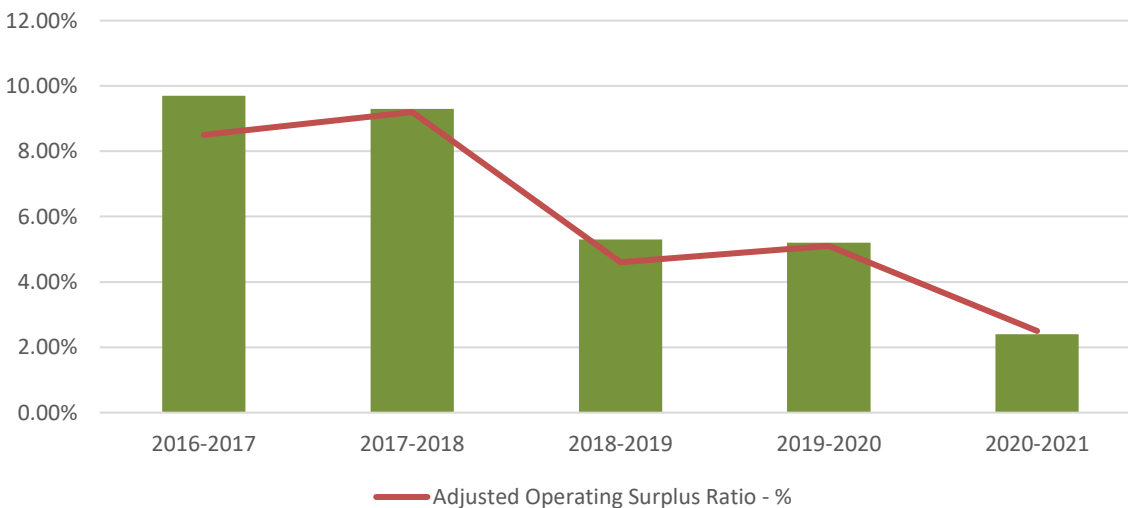
Attachment C - contains answers to the most common questions expected from Elected Members in respect of the preparation of the 2020-2021 Financial Statements.

Financial Ratios

The Model Financial Statements requires the Council to disclose in the Financial Statements, the following three (3) Financial Ratios;

- Operating Surplus Ratio (refer to Figure 3);
- Net Financial Liabilities Ratio (refer to Figure 4); and
- Asset Sustainability Ratio (refer to Figure 5).

FIGURE 3: OPERATING SURPLUS RATIO



LTFP Target: less than or equal to 10%

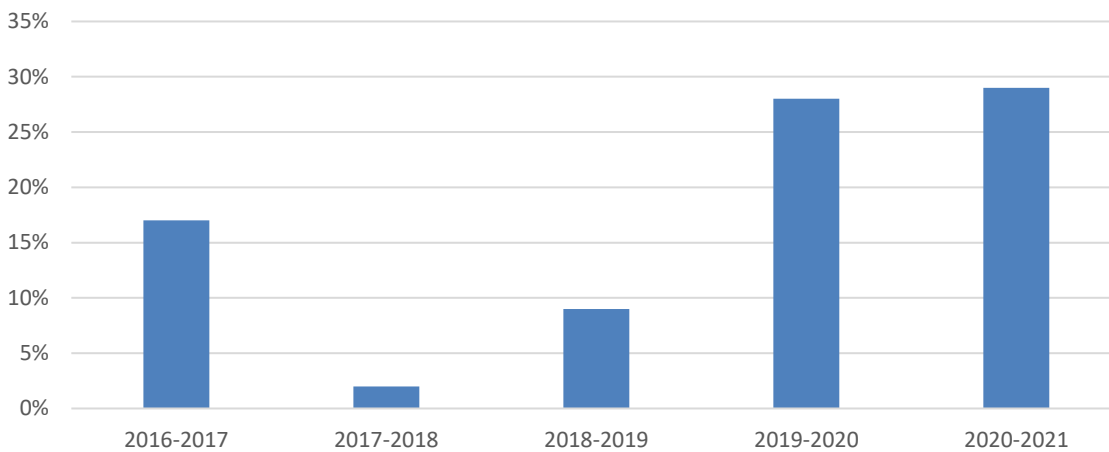
The Operating Surplus/ (Deficit) Ratio expresses the Council's Operating Surplus/ (Deficit) as a percentage of Operating Revenue.

Figure 3 above shows the Adjusted Operating Surplus Ratio, which takes into account the effect of the advance payments of the Financial Assistance Grants in each of the respective years. The advanced payments which have been adjusted are detailed in Table 3 below.

TABLE 3: FINANCIAL ASSISTANCE GRANTS ADVANCE PAYMENTS

Financial Year	Number of Quarters Advanced	Increase in Operating Surplus (Value of Advance)
2020-2021	2	\$607,000
2019-2020	2	\$655,000
2018-2019	2	\$595,000
2017-2018	2	\$614,000
2016-2017	-	\$565,000

FIGURE 4: NET FINANCIAL LIABILITIES RATIO

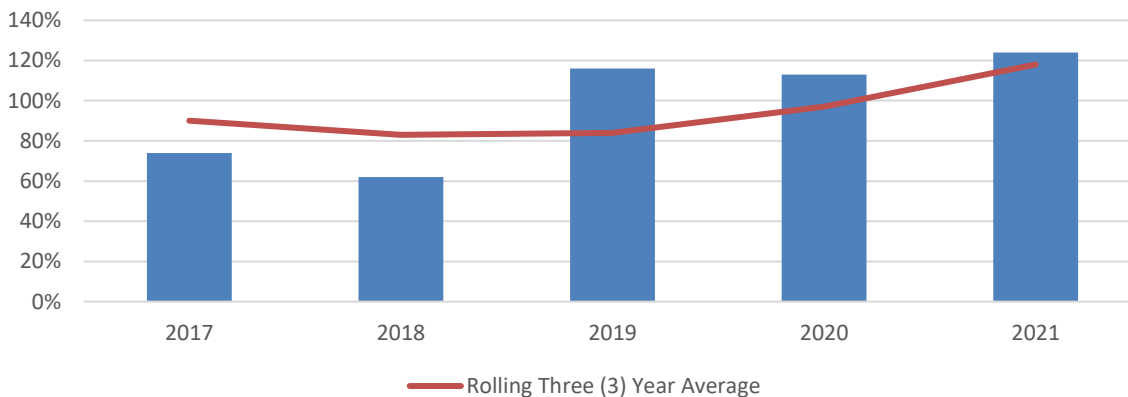


LTFP Target: less than or equal to 75%

The Net Financial Liabilities Ratio measures the extent to which the net amount owed by the Council is met by its Operating Revenue. Net Financial Liabilities are represented by Total Liabilities less Current Assets.

The Council's Long Term Financial Plan has set a target of less than 75%. The minor increase in the ratio for 2020-2021, is due to the impact of reduced cash.

FIGURE 5: ASSET SUSTAINABILITY RATIO



LTFP Target: between 90% and 110% on a 3 year rolling average.

The Asset Sustainability Ratio measures whether the Council is renewing or replacing existing physical assets (roads, footpaths, buildings etc.), at the same rate the stock of assets is "wearing out". Asset Sustainability measures the extent of the renewal expenditure incurred, against the planned renewal expenditure, as set out in the Council Asset Management Plans.

The Council's Long Term Financial Plan has set a target of between 90% and 110%, on a three (3) year rolling average. In some instances, the Council may be required to accelerate or decelerate the renewal or replacement of its existing asset base. Based on the renewal expenditure set in the Council's Infrastructure and Asset Management Plans, for the 2020-2021 financial year, the three (3) year rolling average is marginally above the upper limit of the target rate at 118%.

OPTIONS

There are no options associated with this issue.

CONCLUSION

The Council concluded the financial year with an Operating Surplus of \$1.110 million (2019-2020: \$1.995 million).

After Capital Items, which includes the impact of assets revaluations and grant funding specifically for asset upgrades or renewals and asset disposals, the Council is reporting a Net Surplus of \$15.320 million (2019-2020: \$5.145 million).

The Council's Auditor, BDO Advisory (SA) Pty Ltd, have completed the audit of the Council's Financial Statements and have advised that they will sign an unqualified Independent Auditors' Reports in the form prescribed, upon the Presiding Member of the Audit Committee signing the "Council Certificate of Audit Independence".

There were no significant issues raised during the audit of this year's Financial Statements which would prevent the Audit Committee recommending to the Council to adopt the 2020-2021 Financial Statement.

COMMENTS

Nil

RECOMMENDATION

That the Audit Committee recommend to the Council that:

- a. The Annual Financial Statements for the year ended 30 June 2021, be adopted.
- b. The Annual Financial Statements for the year ended 30 June 2021, be dated 2021 and be signed on behalf of the Council by the Mayor.
- c. The Asset Revaluations as set out in Table 2 of this report, be adopted.

Attachment A

Annual Financial Statements For Year End 30 June 2021

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

Table of Contents

CERTIFICATION OF FINANCIAL STATEMENTS	4
Statement of Comprehensive Income for the year ended 30 June 2021	5
Statement of Financial Position as at 30 June 2021	6
Statement of Changes in Equity for the year ended 30 June 2021	7
Statement of Cash Flow for the year ended 30 June 2021	8
Notes to and Forming Part of the Financial Statements for the year ended 30 June 2021	9
Note 1 - Significant Accounting Policies	9
Note 2 - Income	14
Note 3 - Expenses	16
Note 4 - Asset Disposals & Fair Value Adjustments	17
Note 5 - Current Assets.....	18
Note 6 - Non Current Assets	18
Note 7 - Infrastructure, Property, Plant & Equipment	19
Note 8 - Liabilities	23
Note 9 - Reserves	24
Note 10 Assets Subject to Restriction	24
Note 11 - Reconciliation to Statement of Cash Flow.....	25
Note 12 - Functions.....	26
Note 13 - Financial Instruments.....	28
Note 14 - Commitments	30
Note 15 - Financial Indicators.....	31
Note 17 - Leases.....	33
Note 18 - Superannuation	34
Note 19 - Joint Ventures and Associated Entities	35
Note 20 - Assets and Liabilities not recognised	38
Note 21 - Events Occurring After Reporting Date	38
Note 22 – Related Party Disclosures.....	38
STATEMENT OF AUDITOR INDEPENDENCE.....	39

Financials

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 2021 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.

Robert Bria
MAYOR

Mario Barone
CHIEF EXECUTIVE OFFICER

Dated November 2021

Financials

Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Income			
Rates	2	36,287,820	36,181,201
Statutory charges	2	1,751,114	1,595,430
User charges	2	3,505,662	3,408,253
Grants, subsidies and contributions	2	2,921,485	2,958,655
Investment income	2	18,786	87,981
Reimbursements	2	56,818	133,674
Other income	2	714,296	1,012,820
Net Gain – Equity Accounted Council Businesses	19	217,074	27,605
Total Income		45,473,055	45,405,619
Expenses			
Employee costs	3	14,447,559	14,050,351
Materials, contracts & other expenses	3	19,165,311	18,936,897
Depreciation, amortisation & impairment	3	9,968,299	9,503,233
Finance costs	3	454,465	404,968
Net loss - Equity Accounted Council Businesses	19	327,202	515,399
Total Expenses		44,362,836	43,410,848
Operating Surplus		1,110,219	1,994,771
Asset disposal & fair value adjustments	4	(1,145,242)	(1,529,255)
Amounts received specifically for new or upgraded assets	2	3,303,447	1,124,670
Net Surplus transferred to Equity Statement		3,268,424	1,590,186
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	12,045,839	3,542,270
Share of other comprehensive income - joint ventures and associates	19	5,388	12,526
Total Other Comprehensive Income		12,051,227	3,554,796
Total Comprehensive Income		15,319,651	5,144,982

This Statement is to be read in conjunction with the attached Notes contained in pages 9 to 40

Financials

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
Assets			
Current Assets			
Cash and cash equivalents	5	7,070,828	9,177,369
Trade & other receivables	5	3,699,322	2,889,164
Total Current Assets		10,770,150	12,066,533
Non-current Assets			
Financial Assets	6	104,044	104,780
Equity accounted investments in Council businesses	6	2,207,035	2,463,297
Infrastructure, Property, Plant & Equipment	7	507,904,397	476,469,020
Other Non-current Assets	6	2,509,203	17,891,485
Total Non-current Assets		512,724,679	496,928,582
Total Assets		523,494,829	508,995,115
Liabilities			
Current Liabilities			
Trade & Other Payables	8	8,006,434	7,309,501
Borrowings	8	971,642	1,651,032
Provisions	8	3,325,976	3,134,785
Total Current Liabilities		12,304,052	12,095,318
Non-current Liabilities			
Borrowings	8	9,391,818	10,356,769
Provisions	8	1,328,251	1,159,734
Liability - Equity accounted Council businesses	8	1,164,265	1,396,501
Total Non-current Liabilities		11,884,334	12,913,004
Total Liabilities		24,188,386	25,008,322
Net Assets		499,306,443	483,986,793
Equity			
Accumulated Surplus		60,098,826	56,825,014
Asset Revaluation Reserves	9	439,207,617	427,161,779
Total Equity		499,306,443	483,986,793

This Statement is to be read in conjunction with the attached Notes contained in pages 9 to 40

Financials

Statement of Changes in Equity for the year ended 30 June 2021

	Notes	Accumulated Surplus	Asset Revaluation Reserve	Total Equity
		\$	\$	\$
2021				
Balance at end of previous reporting period		56,825,014	427,161,779	483,986,793
Net Surplus for Year		3,268,424	-	3,268,424
Other Comprehensive Income				
Changes in revaluation of infrastructure, property, plant & equipment	9	-	12,045,839	12,045,839
Share of other comprehensive income - joint ventures and associates	19	5,388	-	5,388
Balance at end of period		60,098,826	439,207,617	499,306,443
2020				
Balance at end of previous reporting period		55,222,301	423,619,509	478,841,810
Net Surplus / (Deficit) for Year		1,590,187	-	1,590,187
Other Comprehensive Income				
Changes in revaluation of infrastructure, property, plant & equipment	9	-	3,542,270	3,542,270
Impairment (expense) / recoupments offset to asset revaluation reserve	9	12,526	-	12,526
Balance at end of period		56,825,014	427,161,779	483,986,793

This Statement is to be read in conjunction with the attached Notes contained in pages 9 to 40

Financials

Statement of Cash Flow for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash Flows from Operating Activities			
Receipts			
Rates - General & Other		36,672,325	36,107,158
Fees & Other Charges		1,612,735	1,646,331
User Charges		3,112,698	3,297,230
Investment Receipts		18,786	87,981
Grants Utilised for Operating Purposes		2,755,845	3,677,136
Reimbursements		221,709	423,400
Other Revenues		776,220	1,051,097
Payments			
Employee Costs		(14,547,338)	(13,486,214)
Materials, Contracts & Other Expenses		(18,073,548)	(19,029,522)
Finance Payments		(447,160)	(406,609)
Net Cash provided by (or used in) Operating Activities	11b	12,102,272	13,367,988
Cash Flows from Investing Activities			
Receipts			
Amounts specifically for new or upgraded assets		2,625,998	1,164,735
Sale of replaced assets		25,659	50,739
Sale of surplus assets		21,190	7,179
Repayments of loans by community groups		11,040	43,077
Payments			
Expenditure on renewal/replacement of assets		(9,651,815)	(8,919,370)
Expenditure on new/upgraded assets		(5,507,612)	(13,174,690)
Capital contributed to associated entities	19	(80,714)	(80,714)
Net Cash provided by (or used in) Investing Activities		(12,556,254)	(20,909,046)
Cash Flow from Financing Activities			
Receipts			
Proceeds from Borrowings		-	6,500,000
Payments			
Repayments of Borrowings		(1,652,559)	(1,933,691)
Net Cash provided by (or used in) Financing Activities		(1,652,559)	4,566,309
Net Increase (Decrease) in cash held		(2,106,541)	(2,974,750)
Cash & cash equivalents at beginning of period	11	9,177,369	12,152,118
Cash & cash equivalents at end of period	11	7,070,828	9,177,369

This Statement is to be read in conjunction with the attached Notes contained in pages 9 to 40

Financials

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2021

Note 1 - Significant Accounting Policies

The principal accounting policies adopted by the Council in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

2. The Local Government Reporting Entity

The City of Norwood Payneham & St Peters is incorporated under the *South Australian Local Government Act 1999* and has its principal place of business at 175 The Parade, Norwood. These financial statements include the consolidated fund and all entities through which the Council controls resources to carry on its functions.

Trust monies and property held by the Council but subject to the control of other persons have been excluded from these reports.

3. Income Recognition

The Council recognises revenue under AASB 1058 Income of Not-for-Profit Entities (AASB 1058) or AASB 15 Revenue from Contracts with Customers (AASB 15) when appropriate. In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Council expects to be entitled in a contract with a customer. In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

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 occurs first.

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

In recent years the payment of untied grants (financial assistance grants/ local roads/ supplementary grants) has varied from the annual allocation as shown in Table 1 below:

Table 1: Untied Financial Assistance Grants

Financial Year	Cash Payment Received	Annual Allocation	Difference
2020-2021	\$1,113,164	\$1,161,256	\$(48,092)
2019-2020	\$1,208,049	\$1,147,922	\$60,127
2018-2019	\$1,112,031	\$1,130,713	\$(18,682)

Financials

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2021

As these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the Operating Result for these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grant monies received and the grant entitlements allocated.

4. Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at the Council's option, without a significant 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 an adequate allowance made for amounts the receipt of which is considered doubtful.

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

5. Infrastructure, Property, Plant & Equipment

5.1 Initial Recognition

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

All assets are capitalised at 30 June of the year the asset is ready for use and the depreciation expenditure will commence from 1 July. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to Infrastructure, Property, Plant & Equipment when completed ready for use.

5.2 Materiality

Assets with an economic life in excess of one year are capitalised where the cost of acquisition exceeds materiality thresholds established by the Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

Materiality thresholds have been reviewed and remain as follows:

Land	\$0*
Buildings & Other Structures	\$3,000
Infrastructure	\$3,000
Plant & Equipment	\$1,000
Furniture & Fittings	\$1,000
Other Assets	\$1,000

* With the exception of Land under Roads and Easements, all land will be capitalised and recorded as an asset of the Council.

5.3 Subsequent Recognition

Certain asset classes are re-valued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided in Note 7.

5.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Financials

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2021

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

Building & Other Structures		10 to 100 years
Plant, Furniture & Equipment		3 to 20 years
Furniture & Fittings		10 to 20 years
Infrastructure	Road Seal	10 to 40 years
	Road Pavement	80 to 150 years
	Footpaths	15 to 50 years
	Off Road Car parks	100 years
	Traffic Control	30 to 60 years
	Linear Park	30 to 60years
	Kerbing	40 to 70 years
	Stormwater	80 to 100 years
Open Space Assets		10 to 100 years
Other Assets	Library Books	2 to 8 years
Leasing Assets		2 to 5 years

5.5 Land under Roads

The Council has elected not to recognise land under roads acquired prior to 1 July 2008 as an asset in accordance with AASB 1051 Land under Roads. Land under roads acquired after 30 June 2008 has not been recognised, as in the opinion of the Council it is not possible to reliably attribute a fair value, and further that such value if determined would be immaterial.

5.6 Impairment

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

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

5.7 Borrowing Costs

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

6. Payables

6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid thirty (30) days from invoice date unless otherwise specified.

6.2 Payments Received in Advance & Deposits

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

7. Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

Financials

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2021

8. Employee Benefits

8.1 Salaries, Wages & Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based on costs) 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 average discount rate	2.67% (2020: 2.68%)
Weighted average settlement period	1.31 years (2020: 1.32 years)

No accrual is made for sick leave as 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. The Council does not make payment for untaken sick leave.

8.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme or where selected by employees under the "choice of fund" legislation to another complying fund. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

9. 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. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

10. Joint Ventures and Associated Entities

The Council participates in cooperative arrangements with other Councils for the provision of services and facilities. The Council's interests in cooperative arrangements and are accounted for in accordance with AASB 128 Investments in Associates and are set out in detail in Note 19.

11. Leases

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Council as a lessee

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Plant and Equipment	2 to 5 years
Property	2 to 5 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Council uses its incremental borrowing rate or the interest rate implicit in the lease.

Financials

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2021

Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

12. GST Implications

In accordance with Urgent Issues Group 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

13. Accounting Standards and UIG Interpretations

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

Financials

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2021

Note 2 - Income

	Notes	2021	2020
		\$	\$
Rates			
General Rates		35,773,231	35,576,084
Less: Mandatory rebates		(985,640)	(966,042)
Less: Discretionary rebates, remissions & write offs		(20,983)	(101,226)
		34,766,608	34,508,815
Other Rates (including service charges)			
Natural Resource Management levy		1,426,381	1,401,311
Parade Rate		-	243,565
		1,426,381	1,644,876
Other Charges			
Penalties for late payment		130,608	143,035
Less: Discretionary rebates, remissions & write offs		(35,777)	(115,525)
		94,831	27,510
		36,287,820	36,181,201
Statutory Charges			
Development Act fees		439,071	322,543
Town planning fees		52,224	33,763
Animal registration fees & fines		172,251	152,411
Parking fines / expiation fees		720,900	750,248
Other registration fees		213,942	223,168
Sundry		152,726	113,297
		1,751,114	1,595,430
User Charges			
Admission Charges - Pools		374,069	336,492
Activity Program Revenues		11,181	15,901
Child Care Centre Fees		1,080,144	806,575
Subsidies received on behalf of users		1,401,316	1,410,691
Hall & Equipment hire		409,512	564,326
Sales - general		51,512	67,811
Sundry		177,928	206,458
		3,505,662	3,408,254
Investment Income			
Interest on investments			
Local Government Finance Authority		17,322	74,336
Banks & Other		1,464	10,633
Loans to community groups		-	3,012
		18,786	87,981
Reimbursements			
for private works		12,420	10,529
other		44,398	123,145
		56,818	133,675
Other Income			
Insurance & other recoupments - infrastructure, property, plant & equipment		169,847	377,828
Sundry		544,449	634,991
		714,296	1,012,819

Financials

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2020

Note 2 continued - Income

	Notes	2021	2020
		\$	\$
Grant Subsidies, Contributions			
Amounts received specifically for new or upgraded assets		3,303,447	1,124,670
Other grants, subsidies and contributions		2,921,485	2,958,655
		<u>6,224,932</u>	<u>4,083,325</u>
The functions to which these grants relate are shown in Note 12.			
Sources of grants			
Commonwealth government		2,708,563	2,772,556
State government		3,100,729	727,523
Other		415,640	583,246
		<u>6,224,932</u>	<u>4,083,325</u>
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		-	
Less: expended during the current period from revenues recognised in previous reporting periods			
Roads Infrastructure		-	
Subtotal		-	
Unexpended at the close of this reporting period		-	
Net increase (decrease) in assets subject to conditions in the current reporting period			
		-	
Physical Resources Received free of charge			
Artwork		-	
Total Physical Resources Received		-	

Financials

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2021

Note 3 - Expenses	Notes	2021	2020
			\$
Employee Costs			
Salaries and Wages		11,682,060	11,202,762
Employee leave expense		1,524,530	1,513,935
Superannuation - defined contribution plan contributions	18	1,229,298	926,923
Superannuation - defined benefit plan contributions	18		214,412
Workers' Compensation Insurance		644,814	546,545
Income Protection Insurance		224,067	208,856
Less: Capitalised and distributed costs		(857,210)	(563,082)
Total Operating Employee Costs		14,447,559	14,050,351
<i>Total Number of Employees (Full time equivalent at end of reporting period)</i>		132	134
Materials Contracts & Other Expenses			
Prescribed Expenses			
Auditor's Remuneration - Auditing the financial reports		25,078	24,900
Elected members' expenses		331,127	300,615
Lease Expense – low value assets/short term leases		104,296	127,192
Subtotal		460,501	452,707
Other Materials, Contracts & Expenses			
Contractors		6,886,014	6,713,134
Energy		573,394	611,862
Water		514,436	613,254
Administration Costs		1,178,366	1,198,382
Grants and Donations		91,380	166,291
Rates and Taxes		89,160	96,557
Waste Collection & Disposal		4,083,665	3,888,574
Insurance		762,641	715,091
Subscriptions and Licences		576,486	572,594
Legal Expenses		562,460	279,326
Levies paid to Government			
-Landscape Levy		1,365,201	1,375,767
-Other Levies		88,100	77,642
Parts, Accessories & Consumables		1,031,471	1,135,212
Professional Services		621,667	574,003
Sundry		280,369	448,002
Subtotal		18,704,810	18,465,691
Total Other Materials, Contracts & Expenses		19,165,311	18,918,397
Finance Costs			
Interest on Loans		452,858	399,096
Interest on Leases		1,607	5,872
		454,465	404,968

Financials

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2021

Note 3 continued - Expenses	Notes	2021 \$	2020 \$
Depreciation, Amortisation & Impairment			
Depreciation			
Buildings		1,796,910	1,721,759
Open Space Infrastructure		997,364	953,851
Roads Infrastructure		1,972,496	1,841,624
Kerbing		1,196,863	1,145,486
Footpaths		1,065,476	1,035,649
Linear Parks		34,642	33,350
Stormwater Drainage		1,451,701	1,407,929
Off Street Car parks		44,988	45,286
Traffic Control		126,038	122,187
Plant & Equipment		321,012	317,225
Furniture & Fittings		95,206	95,445
Other Assets		756,622	652,780
Right-of-use assets	17	108,981	130,661
		9,968,299	9,503,232
Note 4 - Asset Disposals & Fair Value Adjustments			
Infrastructure, Property, Plant & Equipment			
Assets renewed or directly replaced			
Proceeds from disposal		21,190	50,739
Less: Carrying amount of assets sold	7	1,192,091	1,587,173
Gain (Loss) on disposal		(1,170,901)	(1,536,434)
Assets surplus to requirements			
Proceeds from disposal		25,659	7,179
Less: Carrying amount of assets sold	7	-	-
Gain (Loss) on disposal		25,659	7,179
Net Gain (Loss) on disposal or revaluation of Assets		(1,145,242)	(1,529,255)

Financials

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2021

Note 5 - Current Assets

	Notes	2021	2020
		\$	\$
Cash & Equivalent Assets			
Cash on Hand and at Bank		444,669	430,228
Deposits at Call		6,626,159	8,747,141
		7,070,828	9,177,369
Trade & Other Receivables			
Rates - General & Other		1,108,627	1,500,142
Accrued Revenues		7,941	52,459
Debtors - General		2,187,259	892,278
GST Recoupment		110,893	521,960
Prepayments		555,898	195,174
Loans to community organisations		5,968	9,262
Sundry		71,290	66,443
		4,047,875	3,237,718
Less: Allowance for Doubtful Debts		348,554	348,554
Total		3,699,322	2,889,164

Note 6 - Non Current Assets**Financial Assets**

Council Rates Postponement Scheme		104,044	97,034
Loans to community organisations		-	7,746
		104,044	104,780

Equity Accounted Investment in Council Businesses

Eastern Health Authority Inc.	19	181,905	147,436
Eastern Waste Management Authority Inc.	19	174,324	137,853
ERA Water Inc	19	1,850,806	2,178,007
		2,207,035	2,463,296

Other Non-Current Assets

Capital Works-in-Progress		2,509,203	17,891,485
		2,509,203	17,891,485

Financials

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2021

Note 7 - Infrastructure, Property, Plant & Equipment

	FAIR VALUE LEVEL	2020				2021			
		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	3	169,107,409	-	-	169,107,409	172,489,559	-	-	172,489,559
Buildings & Other Structures	3	128,210,848	816,026	(68,575,930)	60,450,944	131,607,412	15,408,168	(71,780,297)	75,235,283
Infrastructure									
Open Space Infrastructure	3	25,583,130	2,061,827	(11,659,856)	15,985,101	26,392,661	2,426,108	(11,942,115)	16,876,654
Roads	3	119,905,818	1,955,433	(50,367,392)	71,493,859	128,964,066	2,638,939	(55,038,162)	76,564,843
Kerbing	3	79,832,994	1,582,575	(24,948,060)	56,467,509	82,873,020	1,443,497	(26,361,400)	57,955,117
Footpaths	3	50,938,781	777,698	(23,730,347)	27,986,132	52,021,903	1,271,681	(24,705,795)	28,587,789
Linear Parks	3	753,967	1,094,578	(369,937)	1,478,608	1,411,651	-	(429,672)	981,979
Stormwater Drainage	3	127,853,515	542,909	(65,888,395)	62,508,029	131,611,203	4,279,954	(69,239,490)	66,651,667
Off Roads Car parks	3	2,761,928	41,321	(706,868)	2,096,381	2,819,849	93,979	(776,901)	2,136,927
Traffic Control	3	5,707,460	66,696	(3,029,577)	2,744,579	5,863,079	1,526,332	(3,244,386)	4,145,025
Plant & Equipment			6,898,418	(5,030,049)	1,868,369		6,975,422	(5,171,321)	1,804,101
Furniture and Fittings			2,610,068	(1,922,970)	687,098		2,643,725	(2,018,176)	625,548
Other assets		3,607,783	2,713,573	(2,867,906)	3,453,450	3,607,783	3,722,615	(3,521,283)	3,809,116
Right of use assets		-	272,213	(130,661)	141,552	280,431	-	(239,642)	40,789
Total Infrastructure, Property, Plant & Equipment		714,263,633	21,433,335	(259,227,948)	476,469,020	739,942,616	42,430,420	(274,468,640)	507,904,397
<i>Comparatives</i>		<i>699,425,432</i>	<i>23,090,080</i>	<i>(249,092,047)</i>	<i>473,423,465</i>	714,263,633	21,433,334	(259,227,949)	476,469,018

Financials

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2020

Note 7 continued - Infrastructure, Property, Plant & Equipment

	FAIR VALUE LEVEL	2020 \$ CARRYING AMOUNT	Carrying amount movements during the year					2021 \$ CARRYING AMOUNT
			Additions		Disposals	Depreciation	Net Revaluation	
			New/Upgrade	Renewals				
Land	3	169,107,410	-	-	-	-	3,382,148	172,489,558
Buildings & Other Structures	3	60,450,944	10,792,025	4,616,143	-	-	1,173,081	75,235,283
Infrastructure								
Open Space Infrastructure	3	15,985,101	2,221,955	204,152	(25,861)	(997,364)	(511,331)	16,876,654
Roads	3	71,493,859	219,572	2,419,367	(194,470)	(1,972,496)	4,599,011	76,564,843
Kerbing	3	56,467,509	224,997	1,218,500	(490,250)	(1,196,863)	1,731,224	57,955,117
Footpaths	3	27,986,133		1,271,681	(388,663)	(1,065,476)	784,114	28,587,789
Linear Parks	3	1,478,608				(34,642)	(461,987)	981,979
Stormwater Drainage	3	62,508,029	79,529	4,200,425	(37,550)	(1,451,701)	1,352,936	66,651,667
Off Roads Car parks	3	2,096,381	75,352	18,627		(44,988)	(8,444)	2,136,927
Traffic Control	3	2,744,580	1,463,609	62,723	(4,935)	(126,038)	5,087	4,145,025
Plant & Equipment		1,868,369	11,719	247,117	(2,092)	(321,012)	-	1,804,101
Furniture and Fittings		687,096	1,201	32,456		(95,206)	-	625,548
Other assets	3	3,453,450	717,448	443,109	(48,270)	(756,622)	-	3,809,116
Right of use assets		141,552	-	8,218	-	(108,981)	-	40,789
Total Infrastructure, Property, Plant & Equipment		476,469,023	15,807,407	14,742,518	(1,192,091)	(9,968,299)	12,045,839	507,904,398
<i>Comparatives</i>		<i>473,423,465</i>	<i>4,443,018</i>	<i>6,150,672</i>	<i>(1,587,173)</i>	<i>(9,503,232)</i>	<i>3,542,269</i>	<i>476,469,023</i>

Financials

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 7 continued - Infrastructure, Property, Plant & Equipment

Valuation of Assets

AASB 13 Fair Value Measurement requires disclosure of the valuation principles adopted for all valuations according to the relevant level in the fair value hierarchy. The hierarchy has three levels and measurements are categorised based on the lowest level that a significant input can be categorised into. The fair value hierarchy levels are outlined below:

Level 1: Measurements are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

Level 3: Measurements are based on unobservable inputs for the asset or liability.

Effectively, the hierarchy level reflects the dependence on market evidence used to establish the fair value (i.e. transactions of similar assets).

Valuation Techniques

The valuation approach to define fair value is dependent on the degree to which a market assists in substantiating the value of an asset. The primary approaches by which assets may be valued in the marketplace are:

Market Approach: uses prices and other relevant information generated by market transactions for similar or substitute assets or liabilities.

Income Approach: converts estimated future cash flows or income and expenses into a single current (i.e. discounted) value.

Cost approach: reflects that current replacement cost of an asset at its current service capacity.

All of Council's non-financial assets are considered as being utilised for their highest and best use.

At 1 July 2004 upon the transition to International Financial Reporting Standards (IFRS), the Council elected pursuant to AASB 1.19 to retain a previously established cost under generally accepted accounting principles (GAAP) as its deemed cost. With subsequent additions 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, fair value is taken to be the current replacement cost.

Non-current assets, other than receivables, land under roads and investments are valued as follows, and all subsequent additions after valuation are recorded at cost or fair value on acquisition.

Land and Buildings

Land and Buildings assets are independently valued every five (5) years. An independent valuation of the Council's Land and Buildings was undertaken in the 2017-2018 Financial Year by JLL Infrastructure Advisory Pty Ltd based on fair values of the assets as at 30 June 2018.

As the result of revaluation, all of the Council's land assets were reassigned to the fair value hierarchy level 3 from level 2 and all of the Council's building and other structure assets were reassigned to the fair value hierarchy level 3. The transfers took effect as at 30 June 2018.

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.

If there is no known market for buildings, infrastructure and other assets, these assets are valued at depreciated 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; and
- 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 the Council.

Financials

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 7 continued - Infrastructure, Property, Plant & Equipment

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.

In 2020-2021, a review and update of replacement cost has been undertaken by the Council based on the annual average movement in value of like assets. Accordingly, Land and Building assets were indexed by 2% and 2% respectively.

The 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.

Open Space Assets

The Councils open space assets were independently condition assessed by Tonkin Consulting as at 1 July 2016. The basis of valuation adopted was written down replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost. Accordingly, total replacement value, total economic working life and residual economic working life were reliably established for each asset. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2020.

Road Infrastructure (*Roads, Kerbing & Footpaths*)

Road Infrastructure assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 1 July 2018 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2020.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Linear Park

Linear Park assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 1 July 2018 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2020.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater Drainage

Stormwater Drainage assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 1 July 2014 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2020.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Off Roads Carparks

Off Roads Carparks assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 1 July 2018 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2020.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Financials

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 7 continued - Infrastructure, Property, Plant & Equipment

Traffic Control Devices

Traffic Control Devices assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 1 July 2018 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2020.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Furniture & Equipment

These assets are recognised on the cost less subsequent accumulated depreciation and impairment costs.

Library Books & Materials

These assets are recognised on the cost less subsequent accumulated depreciation.

Right of Use Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The council uses the modified retrospective method to calculate the leased related balance. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Note 8 - Liabilities

	Notes	2021		2020	
		\$ Current	\$ Non-current	\$ Current	\$ Non-current
Trade & Other Payables					
Goods & Services		1,743,249		559,968	
Payments received in advance		1,875,865		1,698,216	-
Accrued expenses - employee entitlements		389,121		326,164	-
Accrued expenses - other		3,474,619		4,236,914	-
Interest Payable		111,931		104,627	-
Deposits, Retentions & Bonds		99,621		83,430	-
St Peters RSL Trust		42,523		42,346	-
Future Open Space Trust Fund		255,441		244,973	-
New Tree Legislation Fund		14,064		12,863	-
		8,006,434		7,309,501	-
Borrowings					
Loans - LGFA		931,098	9,391,818	1,541,028	10,322,917
Lease Liabilities		40,544		110,004	33,852
		971,642	9,391,818	1,651,032	10,356,769
<i>All LGFA interest bearing liabilities are secured over the future revenues of the Council</i>					
Provisions					
Employee entitlements (including on-costs)		3,325,976	1,328,251	3,134,785	1,159,734
		3,325,976	1,328,251	3,134,785	1,159,734
Liability - Equity Accounted Council Business					
Highbury Landfill Authority Inc.	19	-	1,164,265	-	1,396,501
		-	1,164,265	-	1,396,501

Financials

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 9 - Reserves	Notes	1 July 2020	Net Increments (Decrements)	30 June 2021
		\$	\$	\$
Asset Revaluation Reserves				
Land		150,814,756	3,382,148	154,196,904
Buildings & Other Structures		71,020,771	1,173,081	72,193,851
Infrastructure				
Open Space Infrastructure		7,516,771	(511,331)	7,005,441
Roads		60,165,038	4,599,011	64,764,049
Kerbing		61,835,298	1,731,224	63,566,522
Footpaths		29,202,629	784,114	29,986,742
Linear Parks		404,466	(461,987)	(57,521)
Stormwater Drainage		41,937,510	1,352,936	43,290,446
Off Road Car Park		1,666,620	(8,444)	1,658,175
Traffic Control Devices		1,965,342	5,087	1,970,430
Other assets		632,578	-	632,578
2021 Total		427,161,779	12,045,839	439,207,617
<i>2020 Totals</i>		<i>423,619,509</i>	<i>3,542,270</i>	<i>427,161,780</i>

Purpose of Reserve

Asset Revaluation Reserve

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).

Note 10 Assets Subject to Restriction	Notes	2021	2020
		\$	\$
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.			
Cash & Financial Assets	5		
Deposits at Call		411,648	389,379
Total Assets subject to Externally Imposed Restrictions		411,648	389,379
The following liabilities, included in Note 8, may be discharged from restricted assets in the first instance.			
Future Open Space Trust Fund	8	255,440	244,973
Deposits and Bonds held by Council	8	99,621	89,197
St Peter RSL Trust Funds	8	42,523	42,346
New Tree Legislation Fund	8	14,064	12,863
		411,648	389,379

Financials

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 11 - Reconciliation to Statement of Cash Flow

Notes

2021

2020

\$

\$

(a) Reconciliation of Cash

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

Total cash & equivalent assets	5	7,070,828	9,177,369
Balances per Statement of Cash Flow		<u>7,070,828</u>	<u>9,177,369</u>

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

Net Surplus (Deficit)		3,268,424	1,377,050
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		9,968,299	9,503,233
Equity movements in equity accounted investment (increase) decrease		110,127	487,794
Net (increase) decrease in Non-Current Council Rates Postponement Scheme		(7,011)	1,184
Net increase (decrease) in unpaid employee benefits		422,665	486,419
Net (Gain) Loss on Disposals		1,145,241	1,529,255
Grants for capital acquisitions (treated as Investing Activity Receipts)		(2,625,998)	(1,164,734)
		<u>12,281,747</u>	<u>12,220,201</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(813,451)	43,378
Net increase (decrease) in trade & other payables		633,976	1,104,408
Net Cash provided by (or used in) operations		<u>12,102,272</u>	<u>13,367,988</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of			
Physical resources received free of charge		-	
Amounts recognised in income statement			
Finance Leases		60,021	

(D) Financing Arrangements

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

Cash Advance Facilities		6,000,000	6,000,000
Corporate Credit Cards		35,000	35,000

The Council has immediate access to a short-term draw-down facility, and variable interest rate borrowings under a Cash Advance facility from the Local Government Finance Authority of SA.

:
-

Financials

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 12 - Functions

	INCOME, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES									
	Income *		Expenses *		Operating Surplus (Deficit) *		Grants Included in Income		Total Assets Held (Current and Non-Current)	
	Actual	Actual	Actual	Actual	Actual	Actual				
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Community Services	4,006,581	3,801,047	5,245,358	5,163,859	(1,238,775)	(1,362,812)	1,099,053	1,083,645	2,481,3120	24,626,888
Culture	268,488	442,458	2,142,120	2,364,367	(1,873,632)	(1,921,909)	229,066	121,926	5,514,027	5,472,642
Economic Development	(723)	225,576	1,247,378	969,841	(1,248,101)	(744,265)	-	-	-	-
Environment	699,689	890,520	7,532,638	7,374,338	(6,832,949)	(6,483,818)	1,260,794	540,035	3,653,043	3,625,625
Recreation	545,344	527,551	3,407,966	3,379,386	(2,862,622)	(2,851,834)	1,618,000	5,000	220,147,515	218,495,226
Regulatory Services	1,651,678	1,523,332	2,770,297	2,686,043	(1,118,619)	(1,162,711)	-	-	2,757,013	2,736,321
Transport & Communication		361,019	989,637	1,159,629	(989,637)	(798,609)	489,214	-	238,126,148	224,391,015
Plant Hire/Depot Indirect	8,766	7,426	827,324	856,832	(818,559)	(849,406)	-	-	-	-
Council Administration	38,076,157	37,979,546	19,872,915	18,941,153	18,203,241	19,038,393	1,113,164	1,208,049	28,483,960	29,647,394
TOTALS	45,255,980	45,758,476	44,035,633	42,895,448	1,220,347	2,863,028	5,809,291	2,958,655	523,494,826	508,995,112

* Excludes 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.

Financials

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 12 continued - Components of Functions

The activities relating to Council functions are as follows:

Business Undertakings

Private Works

Community Services

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Preventive Health Services, Other Health Services, Community Support, Elderly Citizens Facilities, Home Assistance Scheme, Other Services for the Aged and Disabled, Child Care Centres, Children and Youth Services, Community Assistance, Community Transport, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Public Conveniences, Car Parking – non-fee-paying, Telecommunications Networks, and Other Community Amenities.

Culture

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

Economic Development

Employment Creation Programs, Regional Development, Support to Local Businesses, Tourism, and Other Economic Development.

Environment

Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, Other Environment, Stormwater and Drainage, Street Cleaning, Street Lighting, Street scaping, Natural Resource Management Levy, and Other Environment.

Recreation

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

Regulatory Services

Dog and Cat Control, Building Control, Town Planning, Clean Air/Pollution Control, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

Transport

Bridges, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Traffic Management, Local Government Grants Commission – roads (formula funded), and Other Transport.

Council Administration

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

Financials

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 13 - Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

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

Terms & conditions: Deposits are returning fixed interest rates between 0.30% and 0.70% (2020: 0.25% and 1.25%).

Carrying amount: approximates fair value due to the short term to maturity.

Receivables - Rates & Associated Charges (including legal & penalties for late payment)

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 5.20% (2020: 6.60%) Although the 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. Although the 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 the Governments of the Commonwealth & State.

Liabilities - Creditors and Accruals

Carrying amount: approximates fair value.

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

Terms & conditions: Liabilities are normally settled on 30 day terms.

Carrying amount: approximates fair value.

Liabilities - Interest Bearing Borrowings

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

Terms & conditions: secured over future revenues, borrowings are for a fixed term ranging from between 10 years to 20 years; interest is charged at fixed (or variable - describe) rates between 2.40% and 6.77% (2020: 2.40% and 6.77%)

Carrying amount: approximates fair value.

Liabilities - Finance Leases

Accounting Policy: accounted for in accordance with AASB 117 Leases.

Financials

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 13 continued Financial Instruments

Liquidity Analysis

2021	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	7,070,828	-	-	7,070,828	7,070,828
Receivables	2,266,490	-	-	2,266,490	2,266,490
Other Financial Assets	5,968	-	-	5,968	5,968
Total	9,343,286	-	-	9,343,286	9,343,286

2021	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Liabilities					
Payables	3,151,076	1,236,176	259,365	4,646,617	4,646,617
Current Borrowings	1,306,477	-	-	1,306,477	931,099
Lease Liabilities	33,872	7,118	-	40,991	40,543
Non-Current Borrowings	-	6,398,406	4,734,238	11,132,644	9,391,818
Total	4,491,425	7,641,700	4,993,603	17,126,728	15,010,077

2020	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	9,177,368	-	-	9,177,368	9,177,368
Receivables	1,011,180	-	-	1,011,180	662,626
Other Financial Assets	9,262	7,746	-	17,008	17,008
Total	10,197,810	7,746	-	10,205,556	9,857,003

2020	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Liabilities					
Payables	10,223,113	1,053,437	293,618	11,570,168	11,570,168
Current Borrowings	1,986,581	-	-	1,986,581	1,541,028
Lease Liabilities	112,360	34,467	-	146,827	143,856
Non-Current Borrowings	-	5,145,520	7,293,600	12,439,120	10,356,769
Total	12,322,054	6,233,424	7,587,218	26,142,696	23,611,821

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

	30 June 2021		30 June 2020	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Fixed Interest Rates	3.19	10,322,917	3.96	11,897,797
		<u>10,322,917</u>		<u>11,897,797</u>

Financials

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 13 continued Financial Instruments

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.

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 the 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 the 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. The 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. The 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 adverse manner.

Note 14 - Commitments

Notes

2021

2020

\$

\$

Capital Commitments

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

Infrastructure – Buildings		1,661,149
Infrastructure – Road & Footpath	2,350,626	272,677
Infrastructure – Open Space		466,992
	<u>2,350,626</u>	<u>2,400,818</u>
These expenditures are payable:		
Not later than one year	2,350,626	2,400,818
	<u>2,350,626</u>	<u>2,400,818</u>

Other Expenditure Commitments

Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	25,000	49,500
Employee Remuneration Contracts	822,133	821,375
	<u>847,133</u>	<u>870,875</u>

Financials

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 15 - Financial Indicators

	2021 Amounts	2021 Indicator	2020 Indicator	2019 Indicator
--	-----------------	-------------------	-------------------	-------------------

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.

Operating Surplus Ratio

Operating Surplus	1,110,219	2.4%	5.2%	5.3%
Total Operating Revenue	45,473,055			

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

Adjusted Operating Surplus Ratio	1,158,311	2.5%	5.1%	4.6%
Total Operating Revenue	45,521,147			

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

Net Financial Liabilities Ratio

Net Financial Liabilities	13,314,192	29%	28%	8.0%
Total Operating Revenue	45,473,055			

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

Asset Sustainability Ratio

Net Asset Renewals	9,651,815	124%	113%	116%
Infrastructure & Asset Management Plan required expenditure	7,755,073			

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.

Financials

Notes to and forming part of the Financial Statements for the year ended 30 June 2021**Note 16 - Uniform Presentation of Finances**2021
\$2020
\$

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

Income	45,473,055	45,786,081
Expenses	(44,362,836)	(43,410,847)
	1,110,219	2,375,234
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(3,651,937)	(8,919,370)
Add back Depreciation, Amortisation and Impairment	9,968,299	9,503,233
Add back Proceeds from Sale of Replaced Assets	21,190	50,739
	(6,337,552)	(634,602)
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	11,507,490	13,174,690
Add back Amounts received specifically for New and Upgraded Assets	2,810,018	1,164,734
Add back Proceeds from Sale of Surplus Assets	25,659	7,179
	8,671,813	12,002,777
Net Lending / (Borrowing) for Financial Year	(1,224,042)	(8,992,942)

Financials

Note 17 - Leases

Lease payment commitments of Council

The Council leases a fleet motor vehicles and storage facilities while set up below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period.

Right-of-use assets

	Buildings & Other Structures \$	Plant, Machinery and Equipment \$	Total \$
At 1 July 2020	13,147	128,405	141,552
Additions of right-of-use assets	-	8,218-	8,218-
Depreciation charge	(12,052)	(96,929)	(108,981)
At 30 June 2021	1,095	39,694	40,789

At 1 July 2019		212,192	212,192
Additions of right-of-use assets	26,294	33,727	60,021
Depreciation charge	(13,147)	(117,514)	(130,661)
At 30 June 2020	13,147	128,405	141,552

Leasing Liability

	Buildings & Other Structures \$	Plant, Machinery and Equipment \$	Total \$
As at 1 July 2020	13,667	130,188	143,855
Additions	-	8,218	8,218
Accretion of Interest		1,607	1,607
Payment	(13,667)	(99,470)	(113,137)
At 30 June 2021		40,543	40,543
Current		33,469	33,469
Non-Current		7,074	7,074

The maturity analysis of lease liabilities is included in Note 13

As at 1 July 2019*		212,192	212,192
Additions	26,294	33,727	60,021
Accretion of Interest	515	5,357	5,872
Payment	(13,142)	(121,088)	(134,230)
At 30 June 2020	13,667	130,188	143,855
Current	13,667	96,336	110,003
Non-Current		33,852	33,852

Amounts recognised in profit or loss

	2021 \$	2020 \$
Depreciation expense of right-of-use assets	108,981	130,661
Interest expense on lease liabilities	1,607	5,872
Expense relating to short term leases	25,103	7,435
Expense relating to leases of low-value assets	79,194	119,757
Total amount recognised in profit or loss	214,885	263,725

Financials

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 18 - Superannuation

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

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9.5% in 2020-2021; 9.5% in 2019-2020).

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 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 of contribution and final average salary. The Council makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6.3% (6.3% in 2019-2020) of "superannuation" salary.

Given that Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation, the Council makes a separate 3% for Salarylink members allocated to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink Plan is a multi-employer sponsored plan. As the Fund'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 by AASB 119.32(b), the 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 2020. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

The 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.

Financials

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 19 - Joint Ventures and Associated Entities

2021

2020

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

Highbury Landfill Authority Inc.

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

The Highbury Landfill Authority was established on 5 August 2004 by the member Councils.

The purpose of the Highbury Landfill Authority includes facilitation of the closure and post closure of the Highbury Landfill site as well as managing the joint venture interests and liabilities of the Councils in relation to the site.

On 31 December 2004, the property known as the Highbury Landfill site was transferred from East Waste to Highbury Landfill Authority Inc.

Council's respective interests are:

- interest in outputs of the joint operation	40.4%	40.4%
- ownership interest in the joint operation	40.4%	40.4%
- the proportion of voting power in the joint operation	40.4%	40.4%

Movements in Investment in Joint Operation

	\$	\$
Opening Balance	(1,396,500)	(1,429,064)
New Capital Contributions	80,714	80,714
Share in Operating Result	151,522	(48,150)
Share in Equity of Joint Operation	<u>(1,164,264)</u>	<u>(1,396,500)</u>

Contingent Liabilities

Each member of the operation is jointly and severally liable for the debts of the operation

- arising from Council's share of the joint operation	-	-
- arising from joint and several liability of all members	<u>300,000</u>	<u>-</u>

Financials

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 19 continued Joint Ventures and Associated Entities

2021

2020

Eastern Waste Management Authority Inc.

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

The Authority collects and disposes of each Council's waste streams.

Council's respective interests are:

- interest in outputs of the joint operation	14.3%	14.3%
- ownership interest in the joint operation	14.3%	14.3%
- the proportion of voting power in the joint operation	14.3%	14.3%

Movements in Investment in Joint Operation

	\$	\$
Opening Balance	137,853	101,022
Share in Operating Result	36,471	27,605
Share in Other Comprehensive Income	-	9,226
Share in Equity of Joint Operation	174,324	137,853

Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities. With the Adoption of AASB 16 Lease commitments are now recognised in the financial statements.

The East Waste Management Authority Inc. does have an expenditure commitment to replace the vehicle fleet which at the reporting date totalled \$2.3 million

Financials

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 19 continued Joint Ventures and Associated Entities

2021

2020

Eastern Health Authority Inc.

The City of Norwood Payneham & St Peters is a member Council of Eastern Health Authority. The other member Councils are the Cities of Burnside, Campbelltown, and Prospect and the Corporation of the Town of Walkerville.

The Authority provides health services to member Councils.

Council's respective interests are:

- interest in outputs of the joint operation	32.18%	31.05%
- ownership interest in the joint operation	32.18%	31.05%
- the proportion of voting power in the joint operation	32.18%	31.05%

Movements in Investment in Joint Operation

	\$	\$
Opening Balance	147,436	148,297
Share in Operating Result	29,081	(4,161)
Adjustment to Equity Share	5,338	3,300
Share in Equity of Joint Operation	181,905	147,436

Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities. With the Adoption of AASB 16 Lease commitments are now recognised in the financial statements.

ERA Water

The City of Norwood, Payneham and St Peters is a member Council of ERA Water. The other member Councils are the City of Burnside and the Corporation of the Town of Walkerville.

ERA Water is responsible for managing the Waterproofing Eastern Adelaide project involved the establishment of wetland bio filters, aquifer recharge and recovery, pipeline installations and water storage facilities. ERA Water supplies non-potable water to the Member Council's for the irrigation of the Member Council's parks and reserves. ERA Water may also supply water to external customers such as schools and other Councils for the irrigation of parks and reserves.

Council's respective interests are:

- interest in outputs of the joint operation	33.33%	33.33%
- ownership interest in the joint operation	33.33%	33.33%
- the proportion of voting power in the joint operation	33.33%	33.33%

Movements in Investment in Joint Operation

	\$	\$
Opening Balance	2,178,008	2,641,096
Share in Operating Result	(327,202)	(463,088)
Share in Equity of Joint Operation	1,850,806	2,178,008

Financials

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 20 - Assets and Liabilities not recognised

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

Land under Roads

As reported elsewhere in these Statements, the 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 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.

At reporting date, the Council controlled 171 km of road reserves of average width 14 metres.

Potential Insurance Losses

The Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At the reporting date, there were no claims made against Council that remain unsettled. The Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance. At the reporting date, there were no claims made by the Council that remain unsettled.

Legal Expenses

The 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 Occurring After Reporting Date

Consistent with disclosures under AASB 110 - Events after Balance Date, there were no events subsequent to 30 June 2021 that need to be disclosed in the financial statement.

Note 22 – Related Party Disclosures

The Related Parties (Key Management Personnel) of the City of Norwood Payneham & St Peters include the Mayor, Councillors, Chief Executive Officer, and certain prescribed officers pursuant to 112 of the *Local Government Act 1999*.

In all, 27 persons were paid the following total compensation:

	2021	2020
	\$	\$
Salaries, allowances & other short term benefits	1,278,607	1,261,459
Post-employment benefits	86,770	86,675
Long term benefits		6,523
Total Compensation Paid	1,365,377	1,354,657

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

No key management personnel or parties related to them had any transactions during the year on terms more favourable than those available to the general public.

Financials

STATEMENT OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the City of Norwood Payneham and St Peters for the year ended 30 June 2021 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*.

Mario Barone

CHIEF EXECUTIVE OFFICER

John Minney

PRESIDING MEMBER
AUDIT COMMITTEE

Dated 26 October 2020

Financials

CERTIFICATION OF AUDITORS INDEPENDENCE

Attachment B

Annual Financial Statements For Year End 30 June 2021

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

Significant Accounting Policies

The following provides a summary of the significant accounting policies adopted in the preparation of 2020-2021 Financial Statements to assist Audit Committee Members in understanding the basis of preparation of the Financial Statements submitted to the Council for adoption.

Audit Committee Members are also referred to the respective accounting policy in Note 1 to the Financial Statements.

Local Government Act 1999

Under Section 127 of the *Local Government Act 1999* (the Act), the Council must prepare Annual Financial Statements in accordance with the *Local Government (Financial Management) Regulations 2011* (the Regulations).

Section 13 of the Regulations requires the Financial Statements of the Council to be prepared in accordance with the requirements set out in the Model Financial Statements.

The City of Norwood, Payneham & St Peters has prepared the Annual Financial Statements in accordance with the Coalface Model Financial Statements.

Section 126 (4) (a) of the Act requires the functions of an Audit Committee to include reviewing Annual Financial Statements to ensure that they present fairly the state of affairs of the Council.

Accounting Standards

Section 8 of The Regulations requires that unless otherwise specified by the regulations, the Council must ensure that all accounting records, accounts and financial statements are prepared and maintained in accordance with all relevant Australian Accounting Standards.

The 2020-2021 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.

Carrying Value of Non-Current Assets

The overriding requirement for all non-current assets is that they be reviewed to determine whether the carrying amount is in excess of the recoverable amount at balance date. In line with the Council's Impairment Policy and Asset Capitalisation Policy, the carrying value and useful lives have been reviewed to ensure that the carrying amount is in excess of the recoverable amount.

Given the valuation is made on a going concern basis; the recoverable amount is determined by the future net cash inflows generated by an asset.

In the case of the Non-Current Assets held by the Council, the net cash inflows relevant to the determination of recoverable amount are determined from the grouping of these assets working together. It is not necessarily appropriate to isolate individual assets within that group and identify the expected net cash inflows applicable to each of them.

Recoverable amount is therefore determined on the basis of the total group of assets using future net profits of existing operations as an estimate of future net cash inflows.

Land, Buildings and Other structures

Land and Buildings assets are independently valued every five (5) years. In the interim years, the asset values are indexed based on the annual average movement in value of like assets.

In 2020-2021, a review and update of replacement cost has been undertaken by the Council based on the annual average movement in value of like assets. Accordingly, Land and Building assets were indexed by 2% and 2% respectively

Open Space Assets

The Councils open space assets were independently condition assessed by Tonkin Consulting as at 1 July 2016. The basis of valuation adopted was written down replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost. Accordingly, total replacement value, total economic working life and residual economic working life were reliably established for each asset. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2020.

Road Infrastructure (Roads, Kerbing & Footpaths)

Road Infrastructure assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 1 July 2018 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2020.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost. The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Linear Park

Linear Park assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 1 July 2018 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2020.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater Drainage

Stormwater Drainage assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 1 July 2014 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2020.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Off Roads Carparks

Off Roads Carparks assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 1 July 2018 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2020.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Traffic Control Devices

Traffic Control Devices assets are independently condition assessed every five (5) years. An independent condition assessment was undertaken as at 1 July 2018 by Tonkin Consulting. In the interim years, the Council annually assesses and where appropriate revises unit costs based on the independent assessment of those rates. The last review of the unit costs was undertaken as at 1 July 2020.

The basis of valuation is written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Investments in Joint Ventures and Associates

The City of Norwood, Payneham & St Peters is a member Council of:

Highbury Landfill Authority Inc.	40.36% share
Eastern Waste Management Authority Inc.	14.29% share
Eastern Health Authority Inc.	32.18% share
ERA Water	33.33% share

The Council accounts for its interest in Joint Ventures and Associates in accordance with AASB 128 – Investment in Associates, with the full details disclosed in Note 19 to the Financial Statements.

Related Party Transactions

The Related Parties (Key Management Personnel) of the City of Norwood Payneham & St Peters include the Mayor, Councillors, Chief Executive Officer, and certain prescribed officers pursuant to 112 of the *Local Government Act 1999*, in all 27 persons.

With the exception of salaries, allowances and other entitlements, there were no other related party transactions.

Attachment C

Annual Financial Statements For Year End 30 June 2021

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

MANAGEMENT QUESTIONNAIRE

We complete this questionnaire to the best of our knowledge and belief, having regard to materiality, and after having made enquiries of relevant Council officers (where appropriate).

Signed:



Name: Sharon Perkins

Position: General Manager, Corporate Services

Dated 20 / 10 / 2021



Andrew Alderson

Financial Services Manager

20 / 10 / 2021

Reporting to Audit Committee Members:

Question	Answer	Comments
Has a review of the City of Norwood Payneham & St Peters operations and the results of those operations been provided for consideration?	Y	Refer to Supporting Report – 2020-2021 Annual Financial Statement
Are there any significant changes in the state of affairs of the City of Norwood Payneham & St Peters that occurred during the financial year and have those particulars been disclosed? Provide details of any non-disclosure.	N	
Have the details of any likely developments in the operations of the City of Norwood Payneham & St Peters and the expected results of those operations in subsequent financial years been provided for consideration?	N	No information on likely developments are known that will significantly impact future years
Have the principal activities of the City of Norwood Payneham & St Peters, and any significant change in their nature in the course of the financial year, been stated?	N	No significant changes have occurred
Have the results of the City of Norwood Payneham & St Peters been substantially affected during the financial year by any item, transaction or event of a material and unusual nature?	N	
Have all Elected Members' remuneration been disclosed in the accounts?	Y	The aggregate value of Elected Member allowances are disclosed in Note 3 and Note 22 to the Accounts

Financial Statements:		
Question	Answer	Comments
Are you in a position to declare that the accounts of the City of Norwood Payneham & St Peters are drawn up so as to give a true and fair view of:		
(i) state of affairs at 30 June 2021?	Y	
(ii) cash flow statement for the year ended 30 June 2021?	Y	
Are there any matters in the accounts, which in your opinion should be brought to the notice of the Elected Members when it is dealing with the annual accounts?	Y	Refer to Paper on Attachment B: Significant Accounting Policies supporting the Annual Financial Statements 2020-2021 report.
Has the City of Norwood Payneham & St Peters kept accounting records, which correctly record and explain the transactions and financial position of the City of Norwood, Payneham & St Peters, in such a manner as to enable true and fair accounts to be prepared and thus enable the accounts to be efficiently and effectively audited?	Y	
Have there been any changes in accounting policies or principles or methods during the year?	N	
Having regard to the requirements of AASB 116 'Property Plant and Equipment' have steps been taken to ensure that individual assets have been written down to their recoverable amount?	Y	General review conducted as part of year-end accounts preparation. Refer to Paper on Significant Accounting Policies
Do the accounts comply with the accounting standards laid down by the accounting bodies? If not, give details.	Y	The City of Norwood Payneham & St Peters adopts the Model Financial Statements as required by the <i>Local Government Act 1999</i>
Have all disclosure requirements been reflected in the accounts?	Y	
As far as you are aware, are any additional disclosure required relating to a benefit by reason of a contract made by the City of Norwood Payneham & St Peters or related Council with any Elected Member, with a firm of which the Elected Member is a member or with a Council in which the Elected Member has a substantial financial interest?	N	Related Party Transactions with Key Management Personnel (which include Elected Members) have been disclosed in Note 22 of the Annual Financial Statements

Financial Statements: (cont.)		
Question	Answer	Comments
Is there shown in the Statement of Financial Position and related notes, the corresponding amounts for the immediately preceding financial year?	Y	
Is there shown in the Statement of Comprehensive Income and related notes, the corresponding amounts for the immediately preceding corresponding period?	Y	
Has there been consistency in the classification of all items contained within the financial statement? If not, what changes have occurred?	Y	
Events Subsequent to Balance Date:		
Question	Answer	Comments
Have any circumstances arisen after the financial year, which render the amount written off for bad debts or the amount of the provision for doubtful debts at balance date inadequate?	N	
Have any circumstances arisen after the financial year-end, which render the values attributed to the current assets or any other amount shown in the accounts misleading?	N	
Has there arisen any item, transaction, or event of a material and unusual nature likely to affect substantially the results of the operations of the next succeeding financial year?	N	
Since balance date have any events occurred which though properly excluded from the accounts are of such importance that they need to be disclosed.	N	

Income Tax:		
Question	Answer	Comments
Have the recognised procedures for tax effect accounting been observed?	N/A	The City of Norwood Payneham & St Peters is not subject to income tax
Have the external auditors had access to the appropriate information to verify the amount included for income tax expense, provision for taxation and related future tax assets and liabilities?	N/A	As above
Is a note included in the financial statements showing a breakup of income tax expense into that attributable to the current financial period, and any amount that is attributable to any other periods of time?	N/A	As above
Do the financial statements disclose, if material:	N/A	As above
(a) the amounts of any Deferred tax liabilities or Deferred Tax?		
(b) the amount of the deferred tax assets relating to tax losses and the conditions under which those losses will be recouped?		
(c) the potential benefit of tax losses not recognised as deferred tax assets?		
Are the deferred tax assets in relation to timing differences only carried forward as an asset where realisation of the benefit can be regarded as being assured beyond any reasonable doubt?	N/A	As above
Current Assets:		
Question	Answer	Comments
Are there any current assets, which are unlikely to realise in the ordinary course of business their value, recorded in the balance sheet?	N	
If so, what further amount should be written-off or provided for?		
Are you satisfied that there are no circumstances rendering misleading the value attributed to any current assets in the accounts?	Y	
Are you satisfied that the provision for doubtful debts covers fully any amounts likely to be irrecoverable and not already written-off?	Y	In line with the Council's Credit Policy, a provision for doubtful debt has been allowed for against accounts receivable for amount owing greater than 150 days.

Non-Current Assets:		
Question	Answer	Comments
Do the financial statements disclose the following matters in relation to a class of assets comprising non-current assets, inventories or investments:		Refer to Significant Accounting Policies Paper (Attachment B) and Note 7 to the Financial Statements
1. The basis of valuation	Y	
2. Whether it was an Internal or an independent valuation	Y	Refer to Significant Accounting Policies Paper (Attachment B).
3. If this is the first time the valuation appears as a note to the balance sheet the name of the person who made that valuation	N/A	
4. Have these details been appropriately recorded on the Asset Register?	Y	
Are the remaining lives shown for all fixed assets considered reasonable?	Y	
Does the amount charged to fixed assets represent all expenditure on actual capital additions?	Y	
Has all construction (work) in progress been reviewed, and those material assets that are physically completed been capitalised and included in the fixed asset register?	Y	
Have all disposals and scrapping of fixed assets been recorded in the books?	Y	Refer to Note 4 and 7 to the Financial Statements.
Has the accounting treatment specified by AASB 116 on acquisition of assets been applied during the year (i.e., the cost of acquisition shall be recorded as the purchase consideration plus incidental costs as at the date of acquisition)?	Y	
Has the assets and depreciation register been properly kept?	Y	
Are adequate checks maintained for monitoring capital costs against levels of approvals granted for the projects?	Y	Budget reviews undertaken three (3) times per year
Are there any circumstances existing at the date of the accounts which would make it appropriate to consider any special provision regarding the value of existing fixed assets? If so, specify the circumstances.	N	
Are non-current assets shown in the books of the Council at an amount which, having regard to its value to the Council as a going concern, exceeds the amount which it would have been reasonable for the Council to spend to acquire that asset as at the end of the financial year.	N	
If so, is adequate provision for writing down any such non-current asset made in the financial statements, or is there included in the financial statements such information and explanations as will prevent the financial statements from being misleading by reason of the amount of overstatement of that asset?	N/A	

Depreciation:		
Question	Answer	Comments
Are all non-current assets (including all buildings except investment properties) being depreciated to their recoverable value at the end of their estimated useful lives.	Y	
Are estimated useful lives and depreciation rates reviewed annually?	Y	
Do the financial statements disclose:		
Accumulated depreciation deducted from each class of assets?	Y	
Any material increase or decrease in depreciation arising from a reassessment of useful lives?	N/A	
Intangible Assets:		
Question	Answer	Comments
What such assets appear in the balance sheet?	N/A	
What is the basis for their valuation?	N/A	
Are the values shown reasonable?	N/A	
Liabilities:		
Question	Answer	Comments
Have all liabilities and guarantees, ascertained or contingent, been properly recorded in the balance sheet or referred to in the notes to the accounts.	Y	
Are there any liabilities, contingent or otherwise, which will become enforceable within 12 months of the end of the financial year which may affect the City of Norwood Payneham & St Peters ability to meet its obligations?	N	
Is the going concern concept still appropriate?	Y	
As regards lease commitments and liabilities have the financial statements been prepared in accordance with Australian Accounting Standards AASB 16.	Y	Refer to note 17 in the City of Norwood Payneham & St Peters financial statements for lease commitments relating to motor vehicles & storage facilities. Computer equipment leases were treated as low value lease payments.
Are there any income tax assessments still under review by the tax authorities? If so have all possible liabilities been provided for?	N/A	The City of Norward Payneham & St Peters is not subject to income tax

Liabilities:		
Question	Answer	Comments
Has adequate provision been made in the accounts for:		
1. Any legal action taken or pending against the City of Norwood, Payneham & St Peters?	Y	There is no material legal action is being taken or pending against the Council
2. Claims outstanding against the City of Norwood, Payneham & St Peters.	Y	There are no claims outstanding against the Council
3. Long Service Leave and Annual Leave?	Y	
Is any provisions surplus to requirements?	N	
Have any of the assets of the City of Norwood Payneham & St Peters been changed since the end of the financial year to secure the liabilities of another person?	N	
Are there any guarantees in favour of other persons?	N	
Has any contingent liability arisen in the City of Norwood Payneham & St Peters since the end of the financial year? If so, state details.	N	
Have all contractual commitments for capital expenditure at balance date been disclosed in the notes to the accounts?	Y	Refer to Note 14 to the Financial Statements. Capital Commitments predominately relate to Contracts signed in relation to the delivery of Norwood Oval Members & Women's Facilities
At the date of this enquiry are there reasonable grounds to believe that the Council will be able to pay its debts as and when they fall due?	Y	

Statement of Cash Flow:		
Question	Answer	Comments
Has a Statement of Cash Flow been prepared in accordance with AASB 107?	Y	
Does the statement disclose:		
The policy adopted for determining which items are classified as cash?	Y	
Cash inflows and cash outflows separately disclosed on a gross basis except in certain circumstances where net flows may be reported?	Y	
Cash flows classified so as to provide users with relevant information about the operating and other activities of the entity. The suggested categories for classification re "operating", "financing", and "investing"?	Y	
Cash balances at the beginning and end of the financial year, and reconciled to the related items in the balance sheet?	Y	
The following cash flows which are separately identified, regardless of their classification:		
1. Interest and other items of a similar nature received;	Y	
2. Interest and other costs of finance paid?	Y	
3. Distributions received from associated entities	Y	
4. Capital contributed to associated entities	Y	
Does the statement disclose:		
A reconciliation of cash flows from operating activities to the operating result?	Y	
The cash flow effect and other information in relation to entities acquired and disposed of during the period?	N/A	
Remuneration of Auditors:		
Question	Answer	Comments
Do the financial statements include a note disclosing the aggregate of the remuneration received, or due and receivable by the external auditors of the Council in connection with:		
• auditing the financial statements of the Council?	Y	
• any other services provided by the auditors to the Council?	N/A	The Council's External Auditors have not been engaged during the year to undertake any non-audit services.

Management Declarations:		
Question	Answer	Comments
In summary, to the best of our knowledge and belief:		
• the financial report and notes thereto comply with accounting standards as disclosed in Note 1 to the financial statements	Y	
• the financial report and notes thereto give a true and fair view of the financial position and performance of the Council	Y	
• the attached report and notes thereto are in accordance with the <i>Local Government Act 1999</i>	Y	
• there are reasonable grounds to believe that the Council will be able to pay its debts as and when they become due and payable	Y	

6.3 LONG-TERM FINANCIAL PLAN

REPORT AUTHOR: General Manager, Corporate Services
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA75186/A227685
ATTACHMENTS: A - B

PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee an update on the financial impact of the 2021-2022 Annual Budget on the financial forecasts set out in the Long Term Financial Plan (LTFP).

BACKGROUND

Section 122 of the *Local Government Act 1999* ("the Act"), requires the Council to prepare a Long Term Financial Plan for a period of at least ten (10) years. In addition, the Council must undertake a review of the Long Term Financial Plan as soon as practicable after adopting the Council's Annual Business Plan for a particular financial year.

In addition, pursuant to Section 122 (4) of the Act, the Council must undertake a comprehensive review of its Strategic Management Plans (which incorporates the Long Term Financial Plan), within two (2) years after each Local Government General Election.

Where a Council undertakes a review of its Strategic Management Plans, the Council must adopt a process or processes, to ensure that members of the public are given a reasonable opportunity to be involved in the development and review of its Strategic Management Plans.

The 2021-2031 Long Term Financial Plan was adopted by the Council on 18 January 2021. A copy of the adopted LTFP is contained in **Attachment A**.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

The Council's Strategic Management Plan, *CityPlan 2030*, provides the framework upon which the Council's Strategic Management Plans are developed. The Council's suite of Strategic Management Plans comprises the *CityPlan 2030: Shaping the Future*, the LTFP, the Infrastructure and Asset Management Plans and the Annual Business Plan and Budget.

The LTFP is the primary financial management tool which links all of the Councils' Strategic Management Plans, *City Plan 2030*, Whole of Life Asset Management Plans and the Annual Business Plan and Budget and the Social Development Framework.

FINANCIAL AND BUDGET IMPLICATIONS

The financial projections contained within the LTFP, are designed to provide an indication of the Council's direction and financial capacity, rather than predicting the future financial performance and position of the Council. The LTFP should be viewed as a guide to future actions or opportunities which encourages the Council to consider the future impact of decisions which are made on the Council's long-term financial sustainability. To this end, reference should be made each year to the LTFP when preparing the Annual Business Plan and Budget, to ensure that the broad financial outcomes of the Council are achieved.

EXTERNAL ECONOMIC IMPLICATIONS

This report provides information on the financial projections of the Council for the 10 year period from 2021-2022 through to 2031-2032. The financial projections are based on a set of assumptions, some of which are based on external economic indicators relating to wages growth and cost increases. Should the assumptions regarding the economic indicators not come true, the financial outcomes set out in the projections may not be delivered.

SOCIAL ISSUES

Nil.

CULTURAL ISSUES

Nil.

ENVIRONMENTAL ISSUES

Nil.

RESOURCE ISSUES

Nil.

RISK MANAGEMENT

Nil.

COVID-19 IMPLICATIONS

Nil.

CONSULTATION

- **Elected Members**

Through the various resolutions passed during the development of the 2021-2022 Annual Business Plan and Budget, Elected Members have contributed to the review of the financial projections set out in the LTFP.

- **Committee Members**

Committee Members, considered the 2021-2022 Annual Business Plan and Budget at meetings held on 24 May 2021 and 10 August 2021.

- **Community**

Pursuant to Section 122 (6) of the Act, the Council must adopt processes to ensure that members of the public have reasonable opportunity in the development or review of its strategic management plans however, given this review has been limited to the review of the financial projections only, as opposed to a review of the strategic objectives set out in the LTFP, a formal community consultation process is not recommended.

Members of the public were provided opportunity to provide feedback and comments on the 2021-2022 Annual Business Plan and Budget.

- **Staff**

Staff via the development of the 2021-2022 Budget have contributed to the review of the financial projections set out in the LTFP.

- **Other Agencies**

Not Applicable.

DISCUSSION

The 2021-2031 Long Term Financial Plan was adopted by the Council on 18 January 2021. Section 122 of the *Local Government Act 1999* ("the Act"), requires the Council to undertake a review of the Long Term Financial Plan as soon as practicable after adopting the Council's Annual Business Plan for a particular financial year. The Council adopted the 2021-2022 Annual Business Plan and Budget on 5 July 2021. In considering the 2021-2022 Annual Business Plan and Budget, the Council considered the impact of the decisions made when preparing the Annual Business Plan and Annual Budget on the LTFP, to ensure that the broad financial outcomes of the Council are continuing to be achieved.

In reviewing the LTFP, the broad underlying principles and assumptions adopted in preparing the 2021-2031 Long Term Financial Plan have been maintained.

The financial projections, which is contained in **Attachment B**, have been updated for the impact of the closing financial position as a 30 June 2021 and the adoption of the 2021-2022 Budget.

Financial Projections

The financial projections contained in the LTFP, seek to achieve the following objective:

A City which delivers on its Strategic Outcomes by managing our financial resources in a sustainable and equitable manner.

The Council's long term sustainability is dependent upon ensuring that, on average over time, the operating expenses are less than the projected revenues and that there is sufficient cash generated from the operating activities to meet the financial commitments required to meet asset renewal needs and the repayment of financing commitments.

Intergenerational equity is primarily achieved by funding the cost of renewing and replacing assets through revenue sources, including rates. This means the cost of replacing assets which benefit existing and future ratepayers, are being funded by those ratepayers.

The financial projections contained within the LTFP, are meant to provide an indication of the Council's direction and financial capacity rather than predicting the future financial performance and position of the Council.

The delivery of the Council's financial objective is measured against the achievement of four financial outcomes.

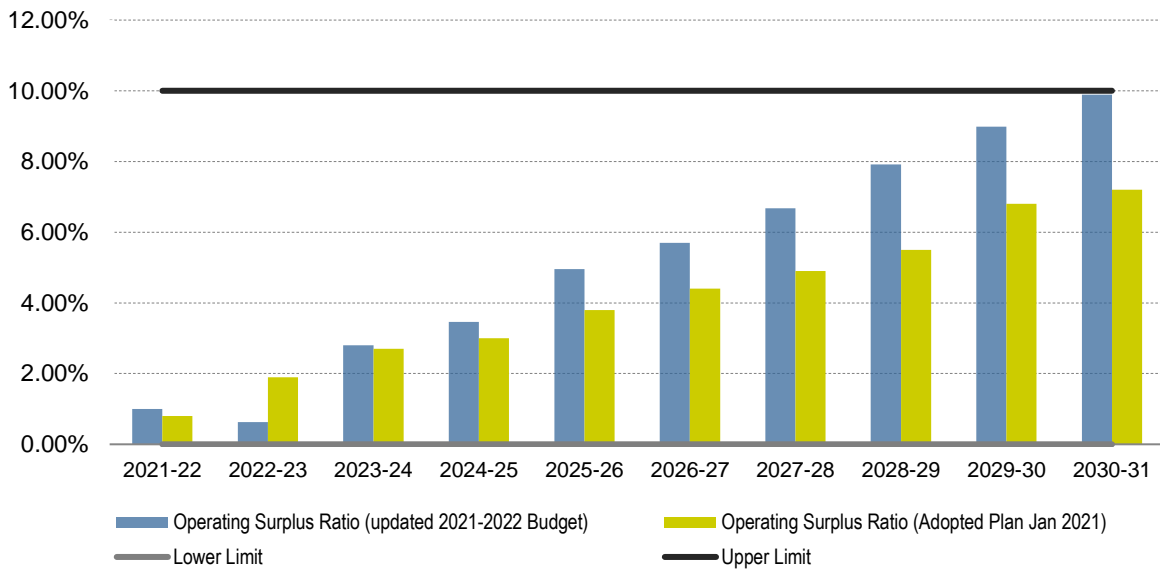
Outcome 1: A Balanced Budget

Council's services and programs, including depreciation of infrastructure and assets, is fully funded and the costs are shared equitably between current and future ratepayers

Achievement of this objective is measured by the *Operating Surplus Ratio*, which measure the extent that income from all sources meets the day to day operational costs and have income available capital funding and other purposes. The target has been set between 0% and 10%.

As illustrated in Figure 1 below, the revised financial projections are forecasting an improvement in the Operating Surplus from 2023-2024 onwards. This increase is driven by the anticipated improvement in the Operating Result following the redevelopment of the Payneham Memorial Swimming Centre, which is scheduled to be completed for the commencement of the 2023-2024 Swimming Season.

Figure 1: Operating Surplus Ratio

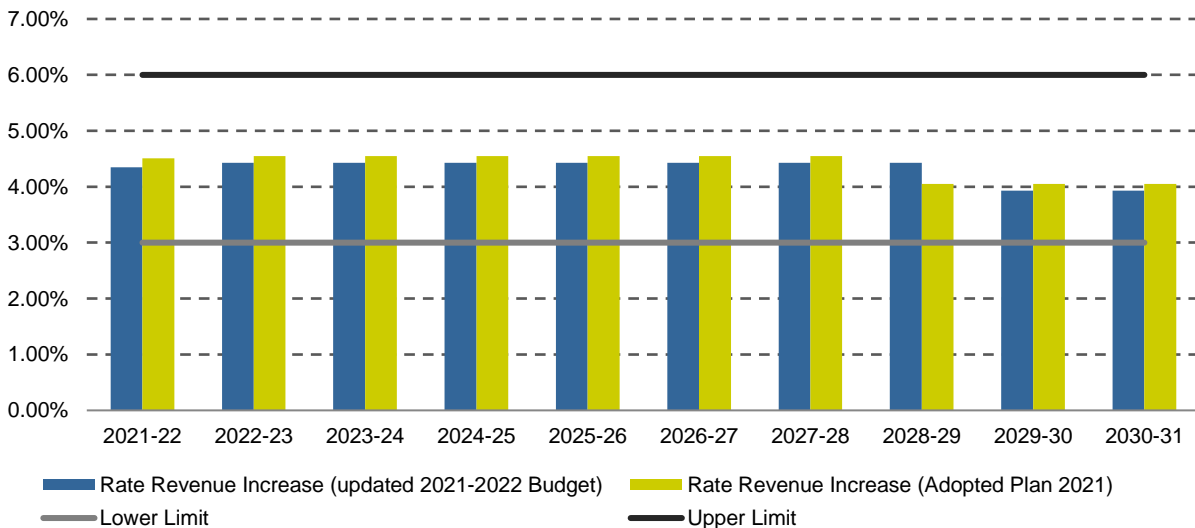


Outcome 2: Rate Stability

Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increase stable over the medium term

A number of factors impact on the annual rate increase which is adopted by the Council each year. Such factors include new property development, general valuation growth, general cost increases and the service level changes resulting from asset upgrades and new services, programs and activities. The target has been set at Rate Revenue increases to be set between 3% and 6%. As Committee Members may recall, the basis for determining rate revenue increase is the ten year average of the Local Government Price Index (LGPI), growth in new assessments and a factor for the future financial impacts of new and upgraded infrastructure investment. The revised financial projections are based on a slightly lower rate revenue, which is reflection of a slight reduction in the ten-year average of the LGPI.

Figure 2: Rate Revenue Increase



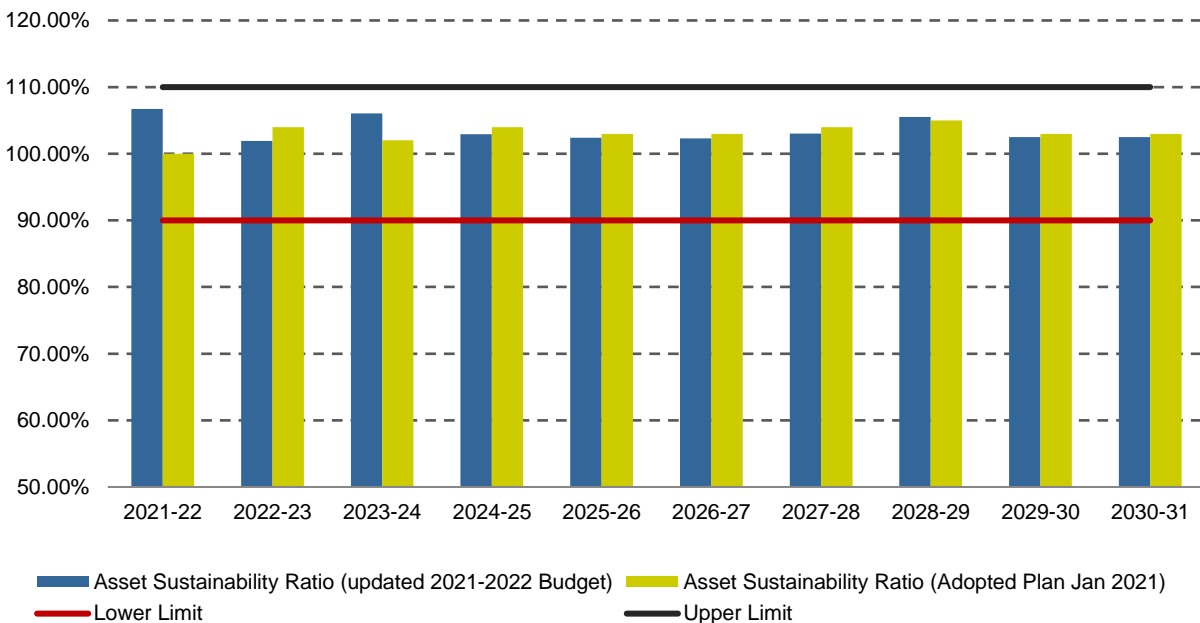
Outcome 3: Infrastructure and Asset Management

Maintain Infrastructure and Assets in line Council’s Whole-of-Life Infrastructure Framework to achieve the outcomes and objectives, as set out in City Plan 2030

Achievement of this objective is measured by the Asset Sustainability Ratio, which measures whether the Council is renewing or replacing existing physical assets (roads, footpaths, buildings etc.) at the rate it has set out in its Infrastructure and Asset Management Plans. It is recognised that given Asset Management Plans are developed for a 10 year period and like the LTFP periodically reviewed, renewal expenditure may be accelerated or deferred from one year to the next, as such the target has been set at between 90% and 110% over a rolling five year average.

The revised financial projections are based on the Asset Management Plans which have been adopted by the Council. The 2021-2022 ratio, includes unspent funds carried forward from 2020-2021. In addition, the adopted LTFP was based on a constant spend on Building renewal spend, whereas the adopted Asset Management Plan, while being based on the same level of spend over the ten year period, the annual proposed spend was more variable across the life of the adopted Asset Management Plan.

Figure 3: Asset Sustainability Ratio



Outcome 4: Debt Management

Prudent use of debt to invest in new long term assets to ensure intergenerational equity between current and future users

Managing debt is critical for the financial ‘health’ of the Council. If debt levels become too high, interest and principal loan repayments obligations will limit the capacity of the Council to invest in assets and services. Future investment in new and upgrade infrastructure and assets must be undertaken in a measured approach to ensure that the Council has the financial capacity to meet its current and on-going financial commitments and that intergenerational equity is maintained, as debt that is too high may lead to future generations paying for benefits that are received today.

Achievement of this objective is measured by the Net Financial Liabilities Ratio, which measures the level of debt being managed by the Council as a percentage of total revenue. The lower the ratio, the greater financial capacity the Council has to meet its future investment needs through the use of debt. The long term target which has been set by the Council is less than 75% of total revenue, however it is recognised that in some circumstances it may be appropriate for the ratio to exceed this target, if the Council is committed to sound financial strategies, which take into account all four (4) of its financial outcomes.

Financial Sustainability is dependent on the Councils ability to not only meet its operational costs but also have sufficient cash and financial resources to meet its debt management needs, as such the Council measures its debt servicing ratio, which measures interest and loan repayments as a percentage of Rate Revenue. The target has been set at 15% of rate revenue.

As detailed in Figure 4 and Figure 5 below, there has been a projected improvement in both the Debt Management Indicators. The main factor behind the improvement is the 2020-2021 closing cash position and a reduction in total borrowings over the remaining life of the Plan, as the Council has been successful in securing Grant funding for a number of Strategic Projects which had been included in the adopted Plan.

Figure 4: Net Financial Liabilities

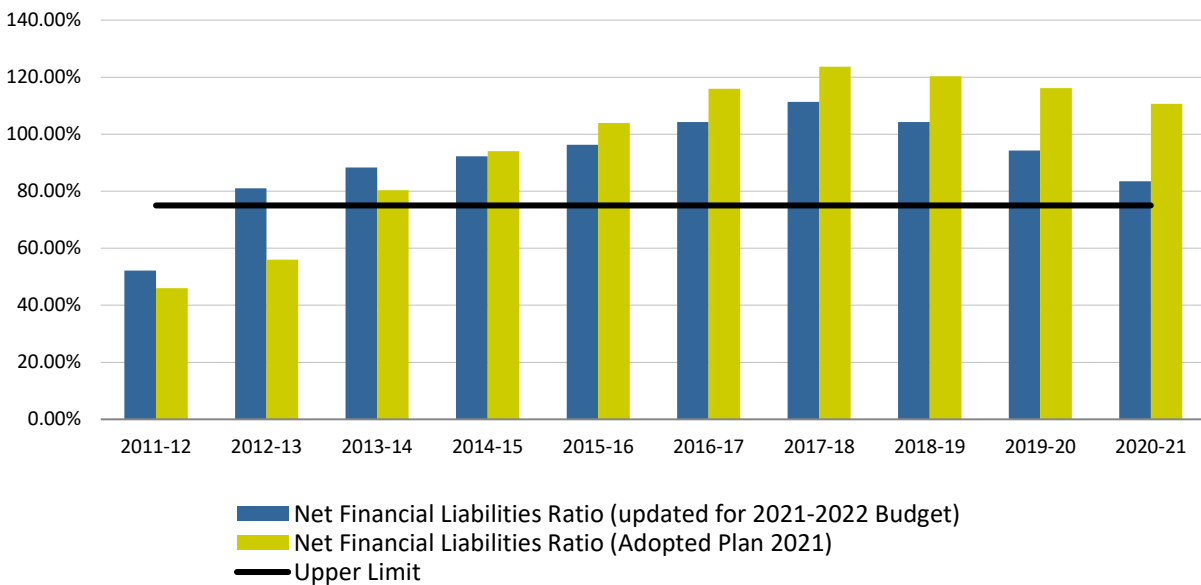
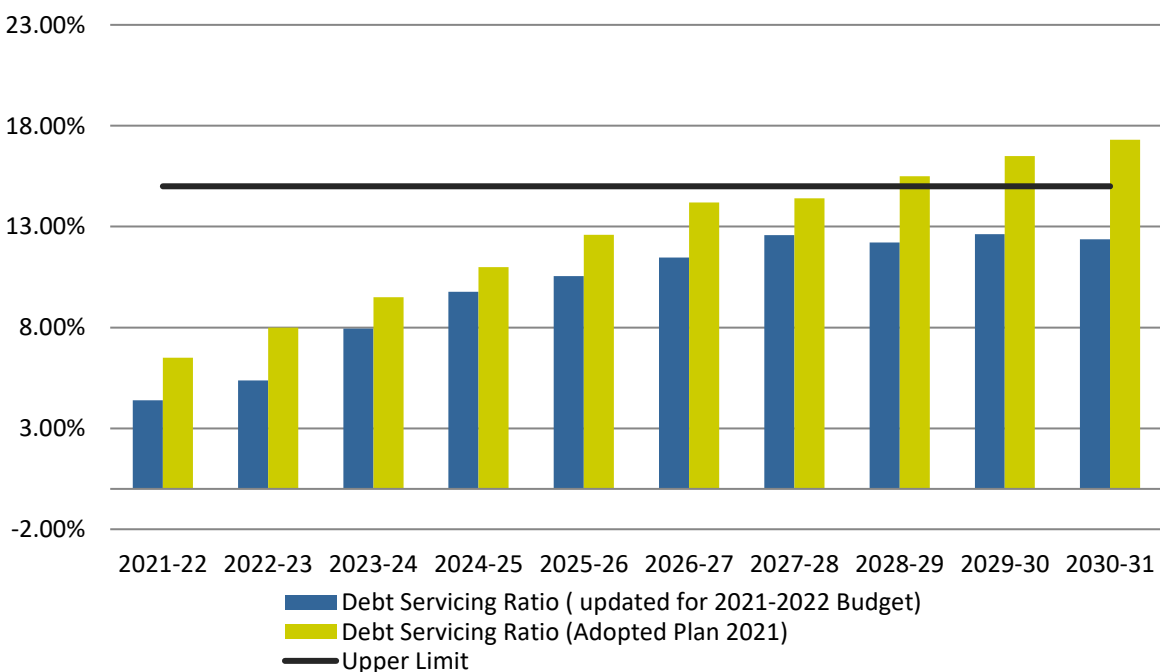


Figure 5: Debt Servicing Ratio



Assets: New and Upgrades

In preparing the 2021-2031 Long Term Financial Plan, the timing of major projects were assessed against the ranking criteria which took into account the condition of the asset whether the project is, required for the delivery of an outcome of the *City Plan 2030* or other Council endorsed strategic Plan and the risk to the Council should the project not be undertaken. Since the adoption of the 2021-2031 Long Term Financial Plan, the Council has been successful in obtaining grant funding to assist in the delivery of a number of planned projects. As a result, the financial projections have been updated to reflect the timing of such projects to ensure that the funding conditions are met and as a consequence other projects have been subsequently deferred. The financial projections incorporated in the revised LTFP are based on the project timings for the Strategic Projects as detailed in Table 1 below.

TABLE 1: STRATEGIC PROJECTS

Project Description	Revised Timing	Revised Funding allocation	Original Timing	Original Funding Allocation
Facility Upgrades				
Payneham Memorial Swimming Centre Redevelopment	2021-2022 through to 2023-2024	\$24 million, offset by Grant Funding of \$5.6 million 2021-2022 \$3 million 2022-2023 \$17 million 2023-2024 \$4 million	2021-2022 through to 2023-2024	\$10.1 million 2021-2022 \$3.2 million 2023-2024 \$6.9 million
Norwood Swimming Centre Redevelopment	2026-2027 through to 2027-2028	\$4.650 million 2026-2027 \$3.150 million 2027-2028 \$1.500 million	2026-2027 through to 2027-2028	\$4.650 million 2026-2027 \$3.150 million 2027-2028 \$1.500 million
Norwood Library	2028-2029 through to 2030-2031	\$4 million 2028-2029 \$1.0 million 2029-2030 \$1.5 million 2031-2031 \$1.5 million	2028-2029 through to 2030-2031	\$4 million 2028-2029 \$1.0 million 2029-2030 \$1.5 million 2031-2031 \$1.5 million
Norwood Concert Hall	2028-2029 through to 2029-2030	\$2 million 2028-2029 \$1.0 million 2029-2030 \$1.0 million	2028-2029 through to 2029-2030	\$2 million 2028-2029 \$1.0 million 2029-2030 \$1.0 million
Reserve Upgrades				
Burchell Reserve	2021-2022 through to 2022-2023	\$1.424 million 2021-2022 \$850,000 2022-2023 \$574,000	2021-2022 through to 2022-2023	\$1.025 million 2021-2022 \$770,000 2022-2023 \$255,000

Project Description	Revised Timing	Revised Funding allocation	Original Timing	Original Funding Allocation
Hannaford Reserve	2029-2030 Through to 2030-2031	\$1.225 million 2029-2030 \$250,000 2030-2031 \$975,000	2029-2030 through to 2030-2031	\$1.225 million 2029-2030 \$250,000 2030-2031 \$975,000
Patterson Reserve	2031-2032 through to 2032-2033	\$3 million 2031-2032 \$1.5 million 2032-2033 \$1.5 million	2031-2032 through to 2032-2033	\$3 million 2031-2032 \$1.5 million 2032-2033 \$1.5 million
Innovative Playground Redevelopment				
Dunstan Adventure Playground	2021-2022 through to 2022-2023	\$ 1 million offset by Grant Funding of \$450,000	2022-2023 through to 2023-2024	\$1.075 million 2022-2023 \$100,000 2023-2024 \$975,000
Adey Reserve	2033-2034	\$1.5 million	2033-2034	\$1.5 million
Streetscape Upgrades				
St Peters Street Streetscape	2021-2022 through to 2022-2023	\$3 million offset by Grant Funding of \$1.27million 2021-2022 \$1.750 million 2022-2023 \$1.257 million	2022-2023 through to 2024-2025	\$3 million 2022-2023 \$1.375 million 2023-2024 \$1.375 million 2024-2025 \$250,000
The Parade – Implementation of Master Plan	2024-2025 through to 2027-2028	\$27.1 million 2024-2025 \$7 million 2025-2026 \$6.7 million 2026-2027 \$6.7 million 2027-2028 \$6.7 million	2024-2025 through to 2027-2028	\$27.1 million 2024-2025 \$7 million 2025-2026 \$6.7 million 2026-2027 \$6.7 million 2027-2028 \$6.7 million
Magill Road	2030-2031 through to 2033-2034	\$7 million 2030-2031 \$1.5 million 2031-2032 \$1.5 million 2032-2033 \$2.0 million 2033-2034 \$2.0 million	2030-2031 through to 2033-2034	\$7 million 2030-2031 \$1.5 million 2031-2032 \$1.5 million 2032-2033 \$2.0 million 2033-2034 \$2.0 million

Project Description	Revised Timing	Revised Funding allocation	Original Timing	Original Funding Allocation
Kent Town Streetscape	Across life of the Plan	\$1.5 million	Across life of the Plan	\$1.5 million
		2021-2022 to 2023-2024 \$700,000		2021-2022 to 2023-2024 \$700,000
		2028-2029 to 2030-2031 \$800,000		2028-2029 to 2030-2031 \$800,000
Other				
Quadrennial Art Installation	Every four Years commencing 2022-2023	2022-2023 \$250,000	Every four Years commencing 2022-2023	2022-2023 \$250,000
		2026-2027 \$430,000		2026-2027 \$430,000
		2030-2031 \$380,000		2030-2031 \$380,000
River Torren Linear Park Shared Path	2021-2022 through to 2022-2023	\$2.6 million offset by Grant Funding of \$1.35 million	2027-2028 through to 2030-2031	\$2.2 million
		2021-2022 \$1.350 million		2027-2028 \$200,000
		2022-2023 \$1.250 million		2029-2030 \$990,000
				2030-2031 \$990,000
Complete Streets	Across life of the Plan	\$3.5 million	Across life of the Plan	\$3.5 million
		2021-2022 to 2023-2024 \$2 million		2021-2022 To 2023-2024 \$2 million
		2028-2029 to 2030-2031 \$1.5 million		2028-2029 to 2030-2031 \$1.5 million
Private Laneway conversion	Across life of the Plan	\$1.5 million	Across life of the Plan	\$1.5 million
		2021-2022 to 2023-2024 \$700,000		2021-2022 to 2023-2024 \$700,000
		2028-2029 to 2030-2031 \$800,000		2028-2029 to 2030-2031 \$800,000

OPTIONS

The Audit Committee has the following options with respect to the revised financial projects set out in the LTFFP:

1. Recommend to the Council the revised financial projections as presented in this report , which has been revised in line with the decision made by the Council in adopting the 2021-2022 Annual Business Plan and Budget be endorsed; or
2. Recommend to the Council that revised financial projections be changed by either:
 - changing the base assumptions; and/or
 - changing the timing of new capital project priorities; and/or
 - including new capital project priorities.

Given that the 2021-2031 Long Term Financial Plan has just recently been adopted and that the overall financial outcomes are consistent with those set out in the adopted LTFFP. Option 1 is recommended.

CONCLUSION

The LTFFP should be viewed as a guide to future actions or opportunities which encourages the Council to consider the future impact of decisions which are made on the Council's long-term financial sustainability. The financial projections provide an indication of the Council's direction and financial capacity to meet its long term goals which have been set out in the Councils Strategic Management Plans and for this reason, the projections should be regularly reviewed to ensure that decisions made by the Council, are not adversely impacting on the Council's ability to deliver on its objectives and maintain its financial sustainability. Decisions that have been made as part of the 2021-2022 Budget process, have impacted on the financial projections, primarily through major investment decisions being brought forward to take advantage of grant funding programs which have been released to aid in the economic recovery from the COVID-19 pandemic, however to date the projections remain in line with the financial targets set out in Long Term Financial Plan adopted in January 2021.

COMMENTS

If Committee Members have any questions or require clarification in relation to specific budget items, and/or any issues raised in this report, do not hesitate to contact the General Manager, Corporate Services, Sharon Perkins on 8366 4585 or e-mail: sperkins@npsp.sa.gov.au, prior to the meeting.

RECOMMENDATION

That the revised Long-Term Financial Plan financial projections, as contained in **Attachment B**, which has been revised in line with the decisions made by the Council when adopting the 2021-2022 Annual Business Plan and Budget, be recommended to the Council for adoption.

Attachment A

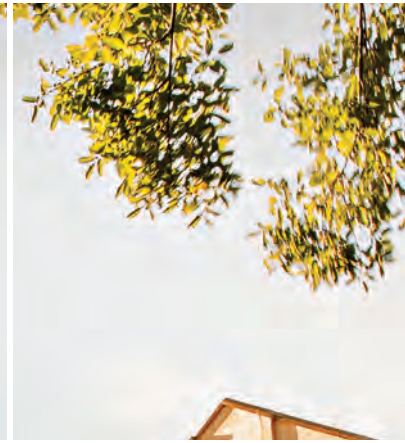
Long-Term Financial Plan

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



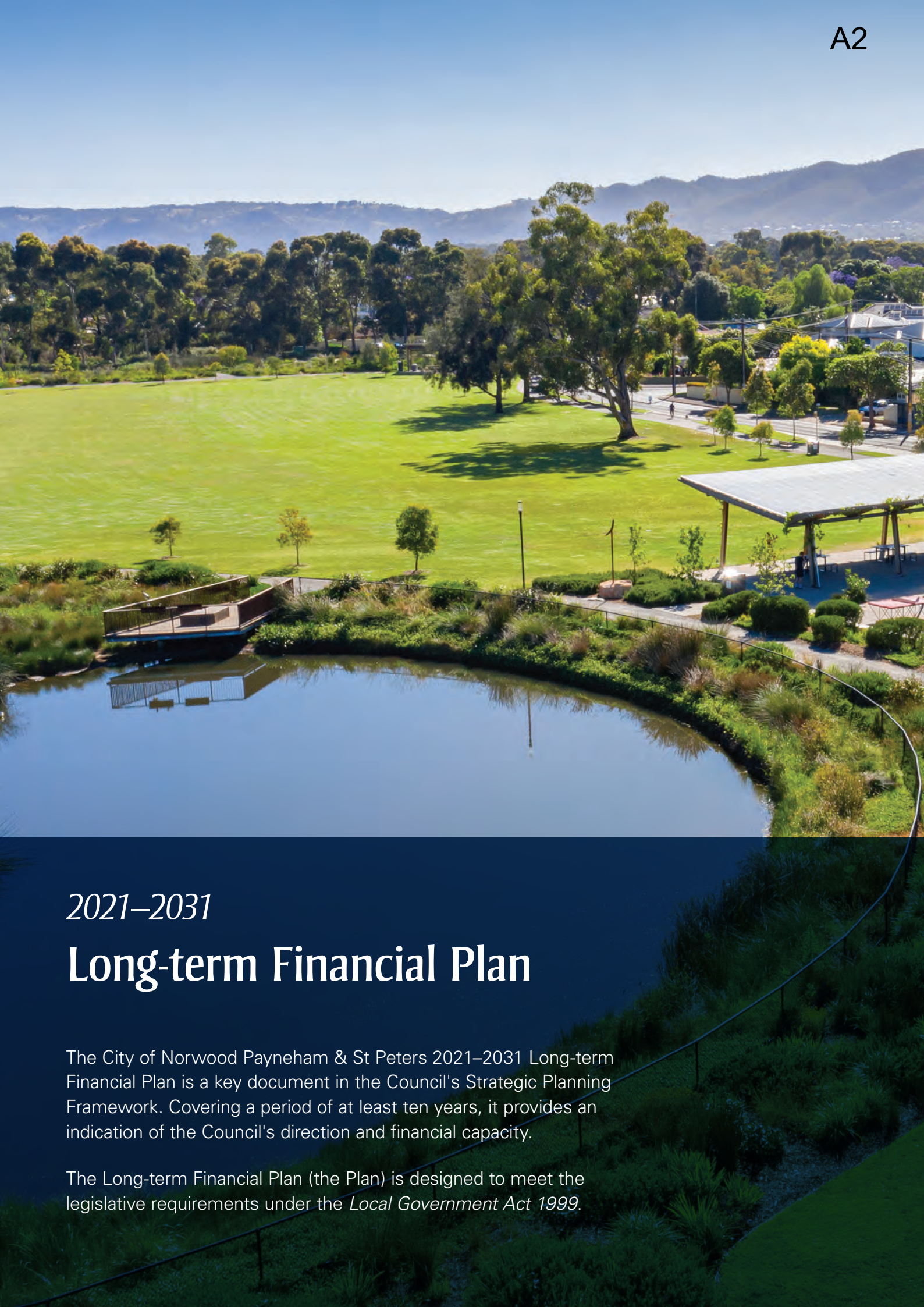
City of
**Norwood
Payneham
& St Peters**



2021–2031 Long-term Financial Plan



City of
Norwood
Payneham
& St Peters

An aerial photograph of a park. In the foreground, a curved pond reflects the sky and surrounding greenery. A wooden walkway with a railing leads to a small platform in the water. The middle ground is dominated by a large, well-maintained green lawn. To the right, there is a modern pavilion with a white roof and wooden posts. The background is filled with dense trees and rolling hills under a clear blue sky.

2021–2031

Long-term Financial Plan

The City of Norwood Payneham & St Peters 2021–2031 Long-term Financial Plan is a key document in the Council's Strategic Planning Framework. Covering a period of at least ten years, it provides an indication of the Council's direction and financial capacity.

The Long-term Financial Plan (the Plan) is designed to meet the legislative requirements under the *Local Government Act 1999*.

Contents

Introduction	3
City Snapshot	5
Strategic Planning Framework	7
Chief Executive Officers Statement on Financial Sustainability	8
Our Financial Goal	10
Our Performance	13
Our Achievements	18
Key Influences and Assumptions	23
Strategic Projects	26
Rates	31
Long-term Financial Plan Overview	32
Services	34
Financial Targets and Measures	37
Summary	42
Financial Projections	43



CITY OF
PORT ADELAIDE
ENFIELD

CAMPBELLTOWN
CITY COUNCIL

TOWN OF
WALKERVILLE

CITY OF
ADELAIDE

CITY OF BURNSIDE

FELIXSTOW

MARDEN

FELIXSTOW

GLYNDE

ROYSTON PARK

PAYNEHAM

TOWN OF
WALKERVILLE

JOSLIN

EVANDALE

PAYNEHAM SOUTH

ST PETERS

STEPNEY

TRINITY GARDENS

FIRLE

COLLEGE PARK

MAYLANDS

ST MORRIS

HACKNEY

MAYLANDS

MAGILL ROAD

CITY OF
ADELAIDE

NORWOOD

THE PARADE

KENT TOWN

KENSINGTON

KENSINGTON ROAD

EAST TERRACE

MARRYATVILLE

HEATHPOOL

HITT STREET

GRANT AVENUE

GREENHILL ROAD

GREENHILL ROAD

Introduction

The City of Norwood Payneham & St Peters is driven by the need to deliver to our ratepayers and residents enhanced and improved services through the most efficient and effective means possible. The ability to deliver on this and our strategic directions outlined in *CityPlan 2030* is dependent on the Council having financial resources available.

The Local Government Act 1999, requires Councils to prepare a Long-term Financial Plan covering a period of at least ten years.

The Plan is a key document in the Council's Strategic Planning Framework. It is the primary financial management tool which links the Council's Strategic Plan, *CityPlan 2030*, 'Whole-of-Life' Asset Management Plans and the Annual Business Plan and Budget.

Adopted in 2008, *CityPlan 2030* is focused on the concept that as a community, we can shape, model and influence our future by the actions we take today. *CityPlan 2030* captures the community's vision and aspirations for our City over the next 20 years and establishes broad directions which will shape our City's future, with the overall aim of achieving Community Well-being.

The foundation of *CityPlan 2030* is based on four strategic outcome areas which the Council refers to as the Quadruple Bottom Line. Quadruple Bottom Line (QBL) is a management tool which ensures that the Council's sustainability principles are embedded across all of its operations and undertakings. The QBL is about achieving social, cultural, economic and environmental sustainability, without irreversibly damaging the ecological systems which support everything that we do.



Adding the fourth Pillar of Culture to the traditional Triple Bottom Line approach of environmental, social and economic sustainability, highlights the importance which the Council and the community has placed on protecting and enhancing the City's unique character and 'sense of place'.

In line with *CityPlan 2030*, the Long-term Financial Plan focuses on these four strategic outcomes.

The Long-term Financial Plan is an important planning tool for the Council as it:

- reflects the future financial position based on delivering the service, activities, programs and initiatives undertaken by the Council; with the service levels defined in the Delivery Program;
- allows the costs of long-term strategic decisions to be quantified and debated; and
- assesses the financial sustainability of service levels.

The City is challenged by growing community demands and expectations and recognises the importance of growth, prosperity, sustainability and lifestyle. It is committed to effective governance and providing infrastructure and services that satisfy all user groups.

The Plan has been prepared on the basis of a number of objectives and assumptions that are outlined in this document. Strategies, priorities, issues and risks are all dynamic influences in relation to any planning and as such, the Plan is reviewed and adjusted annually, following the adoption of the Annual Business Plan and Budget to reflect material changes.

The financial projections contained within the Plan provide an indication of the Council's direction and financial capacity rather than predicting the future financial performance and position of the Council. The Plan should be viewed as a guide to future actions or opportunities which encourages the Council to think about the future impact of decisions made today on the Council's long-term financial sustainability.

Diagram 1. Quadruple Bottom Line Framework For Community Well-being

Our Vision

A City which values its heritage, cultural diversity, sense of place and natural environment.

A progressive City which is prosperous, with a strong community spirit.

37,056[#] residents

4,103
children (0-11)

16,828
adults (25-59)

5,552
young people (12-24)

8,879
older people (60+)

6,996 local businesses

48% males **52%** females



341km
of footpaths

More than
23,000 street trees



29 playgrounds

72 parks and reserves

180 ha open space

*Information collected in 2016 by Profile ID (<https://profile.id.com.au/npsp/language>).

Source: Australian Bureau of Statistics 2019 Estimated Resident Population



30.2% of the population born overseas

Top 5 birthplaces in the City

64.7%
Australia

4.8%
United Kingdom

4.3%
Italy

4.0%
China

2.6%
India

120 ethnicities

3 libraries

16 schools

2 swimming centres



171km
of roads

363km
of kerbing

City Snapshot

The City of Norwood Payneham & St Peters enjoys a reputation as one of Adelaide's most desirable places to live, work and visit.



Strategic Planning Framework

In working towards our vision, all of the programs, projects and services which the Council delivers are structured into four key outcome areas, referred to as the 'Four Pillars' of Community Well-being.



Chief Executive Officer's

Statement on Financial Sustainability

This Plan not only provides the future financial projections, as shown on the following pages, it also demonstrates how the Council has performed against the financial outcomes it has developed to measure its financial sustainability.

As demonstrated by Our Performance, set out on page 13 through to page 17, the Council was in a strong financial position to respond to the financial and economic impacts of the COVID-19 pandemic. The Council responded with a \$1.159 million dollar Financial Support Package in the 2020–2021 Budget, with the main element of that package being a 0% rate revenue increase, which for the wider community resulted in a zero rate increase.

Other elements of the Financial Support Package included:

- a rate cap of 1% to eligible residential and commercial ratepayers;
- waiving of The Parade Separate Rate for businesses within the Norwood Parade Business Precinct;
- three month rent relief for commercial and community tenants of Council owned buildings (subject to demonstrating financial hardship resulting from the COVID-19 pandemic);
- waiving of permit fees for community sporting groups which utilise the Council's sporting grounds;
- rebates of Outdoor Dining Permit fees from 1 July 2020 until 31 December 2020; and
- additional promotion and marketing of the Council's business precincts.

The economic recovery from the pandemic, from both the State and Federal Governments and the Council perspective, is paramount to the ongoing sustainability.

The long-term financial impact of the zero rate increase, over the life of the Long-term Financial Plan is \$7.8 million. Despite this, the future financial forecasts demonstrate that, given the strong financial position prior to the pandemic, the Council can plan to increase its annual Capital Works program to an average expenditure of \$20 million per annum, which is a combination of renewal of its existing asset base plus expenditure on infrastructure upgrades, which will provide not only an increased service level to the community but will also provide on-going economic stimulus to the local economy.

While this increased investment in infrastructure upgrades will come at a cost through increased borrowings, the Council will still be in position to meet its financial obligations.

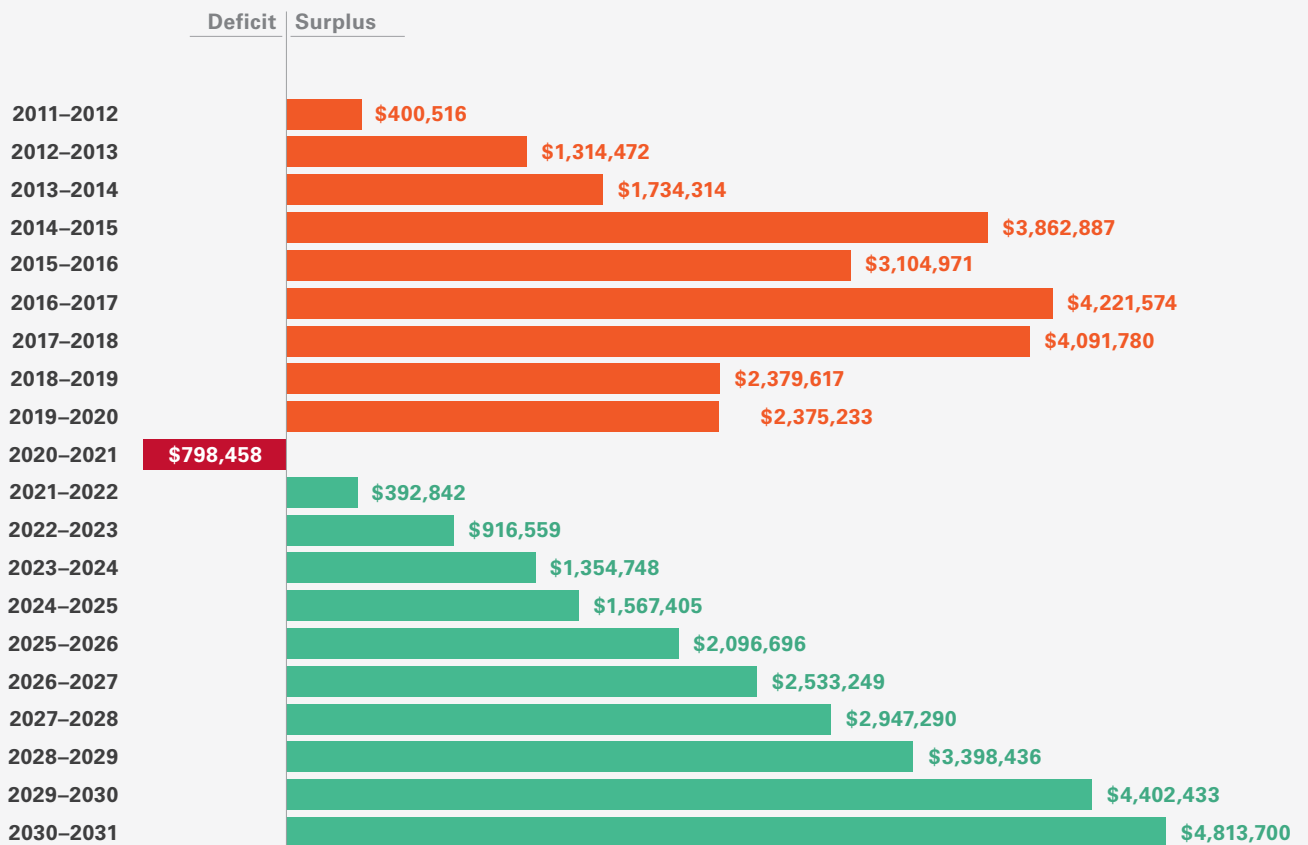
Key financial indicators used to assess the Council's long-term financial sustainability, as set out in the Plan, are in line with the Council's established benchmarks to ensure the sustainability of the Council's long-term financial performance and position.

The Long-term Financial Plan, has been developed on the principle of financial sustainability, and sets out the Council's financial strategies and commitments over the long term. It explains how the organisation will meet its obligations now and in the future, taking into account our services, our workforce, our finances and our assets. The Plan is driven by the need to deliver enhanced and improved services to our citizens, by the most efficient and effective means possible.

Figure 1

**Operating Surplus/Deficit
2021–2022 to 2030–2031**

Actual Budget Forecast



Continuously improving our Asset Management Plans to ensure we are appropriately maintaining our assets, using debt where appropriate and applying rate revenue increases reflective of the service levels provided to the community, will ensure that the Council has the financial capacity to meet the needs of our community in a financially sustainable way.

The Council’s Operating Result, as shown in Figure 1, demonstrates how the Council has been able to achieve financial sustainability over the last six years and how it will continue to maintain this into the future.

The Financial Goal and Outcomes the Council will use to measure the Council’s Financial Sustainability are set out on the following pages.

Mario Barone PSM
Chief Executive Officer

Our Financial Goal

Financial sustainability means having a financial position capable of meeting long-term service and infrastructure levels and standards, acceptable to the community, without substantial increases in rates or cuts to services.

The Council's long-term sustainability is dependent upon ensuring that, on average over time, the operating expenses are less than the associated revenues.

Financial sustainability implies equity between generations, to ensure that today's ratepayers pay only for their share of the City's assets. Intergenerational equity is primarily achieved by funding the cost of renewing and replacing assets through revenue sources including rates. This means the cost of replacing assets which benefit existing ratepayers are being funded by those ratepayers.

To ensure that we deliver on our financial goal, the Council has committed to achieving the financial outcomes set out below.

Outcome 1: A Balanced Budget

Council services and programs, including depreciation of infrastructure and assets, are fully funded and the costs are shared equitably between current and future ratepayers.

The benchmark target is an Operating Ratio between 0% and 10%.

The Council will measure its performance in achieving this outcome through the Operating Ratio.

The Operating Ratio measures the Council's ability to cover its operational costs and have surplus revenue available for capital funding and other purposes.

A positive ratio indicates the percentage of total own source revenue (principally rates) is available to assist in funding proposed capital expenditure, to meet loan repayments or to reduce debt. A negative ratio indicates the percentage increase in total own source revenue that would have been required to achieve a break-even operating result.

The Council's objective is to have a Long-term Financial Plan based on consistently achieving an Operating Surplus, having regard to asset management and service level needs.

Outcome 2: Rate Stability

Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increases stable over the medium term.

The benchmark target is rate revenue increases between 3% and 6%.

Rate revenue is a major component of the Council's revenue base. In determining future rate increases, the Council considers its strategic management plan, *CityPlan 2030*, the economic climate, the need to maintain and improve the Council's physical infrastructure and improve Community Well-being through its services, programs and facilities and an assessment of the community's capacity to pay rates.

The Council's objective is to have a Long-term Financial Plan based on consistent rate revenue increases which meet the increased cost of the base level services and programs but also reflect new assessment growth and increased service levels.



Outcome 3:

Infrastructure and Asset Management

Maintain Infrastructure and Assets in line with the Council's 'Whole-of-Life' Infrastructure framework to achieve the outcomes and objectives, as set out in *CityPlan 2030*.

The benchmark target is an Asset Sustainability Ratio between 90% and 110% on a three year rolling average.

The Council will measure its performance in achieving this outcome through the Asset Sustainability Ratio.

The Asset Sustainability Ratio measures how well the Council is performing with respect to the renewal or replacement of existing physical assets, such as roads, footpaths, kerbing, buildings and Council plant. Ideally, physical assets should be renewed or replaced at the same rate the stock of assets is wearing out, however it is recognised that there may be some instances that require the Council to either accelerate or decelerate the renewal or replacement of its existing asset base. It is for this reason, the target ratio is calculated based on a three year rolling basis. The ratio is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the planned spend outlined in the Council's Asset Management Plans.

Outcome 4:

Debt Management

Prudent use of debt to invest in new long-term assets to ensure intergenerational equity between current and future users.

The benchmark target is a Net Financial Liabilities ratio of less than 75% and a Debt Servicing Ratio of less than 15% of Rate Revenue.

Prudent debt management is the process of establishing and executing a strategy for managing a Council debt in order to raise the required amount of funding to achieve its capital investment objectives. It is important that the use of debt is balanced with other funding sources, such as grants and cash reserves, to ensure that the members of the community that receive the benefits from the investment, share the cost. In addition, the Council must ensure that it has the capacity to service its debt.

The Council will measure its performance in achieving this outcome through the Net Financial Liabilities Ratio and the Debt Servicing Ratio, with the Net Financial Liabilities measuring the extent of indebtedness of the Council as a percentage of operating revenue and the debt servicing ratio measuring the extent of rate revenue that is used to meet interest and principal loan repayments. If the ratio falls, over time, this indicates that the Council's capacity to meet its financial obligations from operating income is strengthening.

Our Performance





In 2010–2011, the Council undertook a major review of its Long-term Financial Plan. At that time, becoming a financial sustainable Council was the key priority.

Subsequent reviews of the Long-term Financial Plan has continued to be based on the central theme of financial sustainability so that the Council has the resources to undertake a number of strategic projects which enhance Community Well-being and also ensures that the Council can not only fund its continuing services, programs and activities but also meet its debt servicing requirements.

Our performance against the financial outcomes is the key indicator as to how successful the Council has been in achieving long term financial sustainability.

Outcome 1: A Balanced Budget

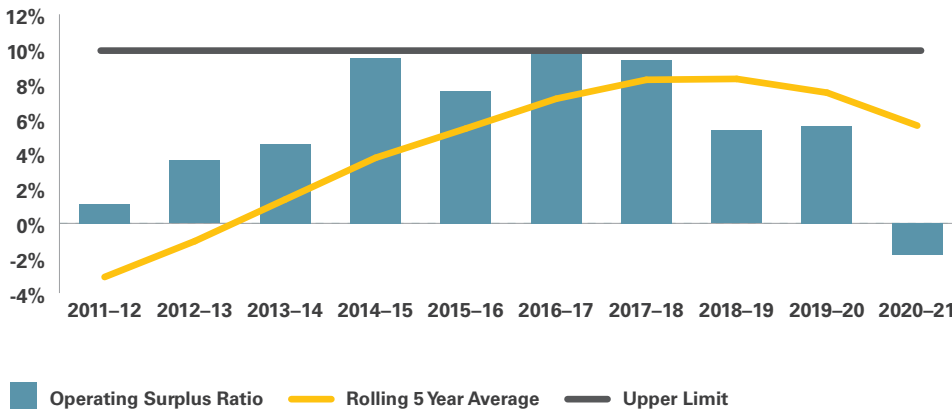
The Council’s services and programs, including depreciation of infrastructure and assets, are fully funded and the costs are shared equitably between current and future ratepayers.

In response to the known impacts of the COVID-19 pandemic, the Council adopted a Financial Support Package, which included a number of measures to assist the community. Measures included a 0% increase in rate revenue and other initiatives to support the business sector. As a result of the financial measures implemented, the Council made a conscious decision to budget for an Operating Deficit in 2020–2021.

Despite the budgeted operating deficit in 2020–2021, the Council, on a rolling five year average has maintained its operating surplus between the target bandwidth.

Target: Operating Ratio between 0% and 10%

Target Achieved 



Outcome 2: Rate Stability

Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increases stable over the medium term.

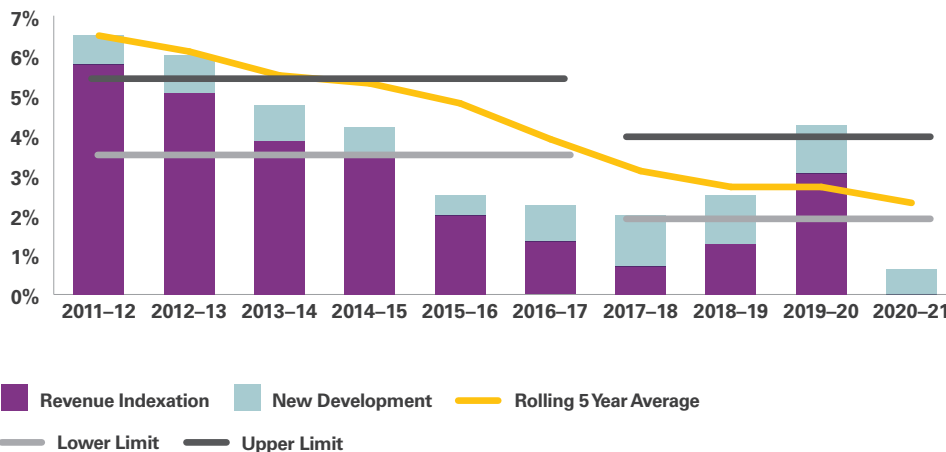
Rates are a form of property taxation and is the main source of income which the Council uses to fund the planned projects, services and programs. While rate revenue increases, and the associated rate increase has been decreasing, the rate revenue increases adopted by the Council over the last ten years have been outside the target range, as set out in the respective Long-term Financial Plans, for seven out of the last ten years. In response to the COVID-19 pandemic, the Council adopted a 0% rate revenue increase, except where the rate increase resulted from new development, property improvements, change in land use or zoning, or a result of a property sale.

When setting rates each year, the Council takes into account its strategic management plan *CityPlan 2030*, the economic environment, legislative changes, the need to maintain and improve the Council's infrastructure and enhance Community Well-being through services, programs and facilities. The key is to ensure the community does not experience 'rate shock' from year to year.

The ten year average increase in the average residential rate has been 2.91%, with the ten year average rate increase for the commercial rate payer has been 2.66%.

Target: Rate Revenue Increases between 2.0% and 5.5%

Target Not Achieved



* As part of the 2017-2018 review of the Long-term Financial Plan, the Council lowered the target bandwidth for rate revenue increases.

Outcome 3:

Infrastructure and Asset Management

Maintain Infrastructure and Assets in line with the Council’s ‘Whole-of-Life’ Infrastructure framework to achieve the outcomes and objectives, as set out in *CityPlan 2030*.

The Council takes a strategic approach to asset management and developed Asset Management Plans based on the total life cycle of assets. Asset management planning ensures delivery of services from infrastructure is provided in a financially sustainable manner.

The Asset Management Plans detail information about infrastructure assets including actions required to provide an agreed level of service in the most cost efficient manner. The Asset Management Plan's define the services to be provided, how the services are provided and what funds are required to provide the services.

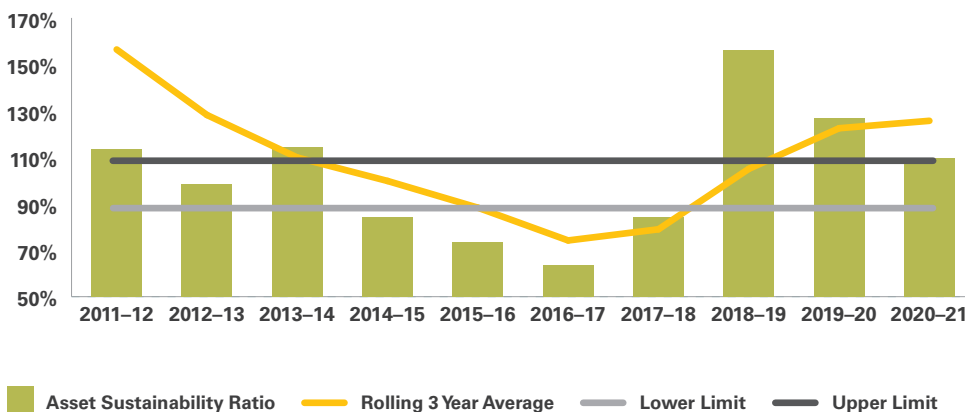
It is recognised that there may be some instances which require the Council to either accelerate or decelerate the renewal or replacement of its existing asset base.

As a result, the target ratio is calculated based on a three year rolling basis. The ratio is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the planned spend outlined in the Council’s Asset Management Plans, with the target being capital renewal spend being between 90% and 110% of the planned asset expenditure as outlined in the Asset and Infrastructure Management Plans.

During the term of the last Long-term Financial Plan, a number of renewal projects were deferred to align with new and upgrade projects to ensure there is an efficient use of resources, minimize the impact on the community and where possible, assets are not being replaced earlier than required.

Target: Asset Sustainability Ratio between 90% and 110% on a rolling three year average

Target Not Achieved

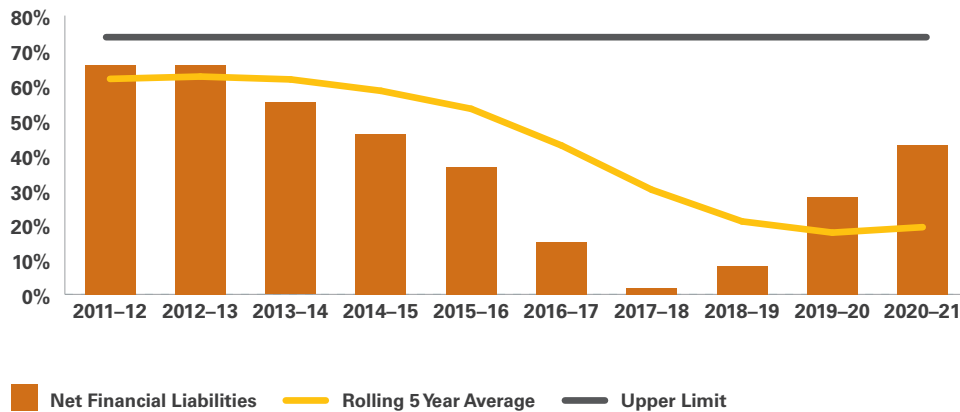


Outcome 4: Debt Management

Prudent use of debt to invest in new long-term assets to ensure intergenerational equity between current and future users.

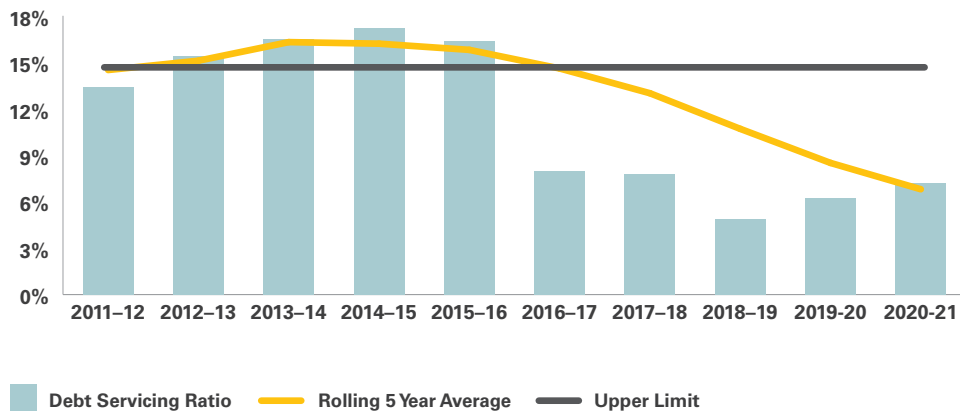
Where other funding sources, such as grant funding and cash reserves, are not available, the Council uses borrowings to fund the investment in new assets. In making investment decisions and associated borrowing decisions, consideration is given to the nature of the borrowings, the term in which the funds are borrowed and the capacity of the Council to meet the debt servicing commitments. Long-term borrowings will

only be used to fund new and/or the upgrade of existing assets. The Council's use of debt will be measured by the Net Financial Liabilities Ratio, which measures the net amount owed by the Council as a percentage of total operating revenue. The capacity to service its long-term borrowings, is measured by the Debt Servicing ratio, which is the extent of Rate Revenue required to meet principal loan repayments and interest expense.



Target:
Net Financial Liabilities Ratio less than or equal to 75% of Operating Revenue

Target Achieved



Target:
Debt Servicing Ratio does not exceed 15% of Rate Revenue

Target Achieved



Our Achievements



Award-winning Felixstow Reserve Redevelopment



In 2015, the Council prepared a Masterplan for Felixstow Reserve which incorporated two stages for its redevelopment.

The first stage of the project was the establishment of wetlands within the Felixstow Reserve, which was completed in late 2017. This project was undertaken as part of the Eastern Region Alliance (ERA) Waterproofing Eastern Adelaide Stormwater Harvesting and Re-Use Project.

The second stage, which was undertaken by the Council, involved the redevelopment of the remainder of the reserve. Felixstow Reserve was transformed into large open grassed areas, an active play space, nature play, walking trails, shared paths, increased tree planting and improved public facilities such as toilets, barbecues and picnic areas.

Stage two was completed in December 2018 and officially opened in February 2019.



Payneham Oval Clubrooms Upgrade



Upgrading the Payneham Oval clubrooms formed Stage 2 of the redevelopment of the Payneham Oval Complex, with Stage 1 comprising the new playground which was completed in August 2015.

The upgrade of the clubrooms included the installation of an access lift, upgrading toilets to make them accessible, new air conditioning, improved lighting and solar panels. Additional works included the installation of netting behind the southern goals, as well as landscaping.

The Payneham Oval Clubrooms Upgrade was completed in February 2019.

Since the last review of the Long-term Financial Plan, which was undertaken in 2017, the Council has delivered a number of strategic projects, programs and initiatives. The projects delivered have allowed the Council to continue to deliver on its vision of fostering a prosperous, vibrant and connected community.

The projects detailed below are considered the highlights since 2017–2018, in that the delivery of the project or initiative span across a number of the four key Outcome areas of *CityPlan 2030*, contributed to the delivery of the objectives of the Council's Annual Business Plan or a strategic project identified in the Long-term Financial Plan and were successful in achieving multiple Objectives, making them significant achievements which have contributed to improving the well-being of our community.



The Parade Masterplan



The Parade Masterplan, forms the long-term strategic framework for the planning, redevelopment and activation of The Parade. More specifically, the Masterplan focuses on protecting the identity and appeal of The Parade, and how this significant economic, social and cultural asset can contribute to the experience of those people who choose to live, work and play on The Parade. The Parade Masterplan establishes a holistic vision to direct the progressive enhancement of the streetscape to support local businesses, encourage new investment and maximise community enjoyment and appeal. Improvements which have been incorporated in the Masterplan focus on the prioritisation of pedestrian access and movement.

The implementation of The Parade Masterplan is one of the key projects proposed to be undertaken over the first five years of this Long-term Financial Plan.



New Members Clubroom and Women's facilities at Norwood Oval



The Council partnered with the Norwood Football Club to redevelop the new Norwood Oval Clubrooms and Members' facilities at Norwood Oval.

The redevelopment included a 180-seat capacity Members Facility, new kitchen and Premier's Bar, refurbished player's change rooms, including new women's facilities located under the Western Stand, accessible public toilets and a new merchandise outlet.

The new facilities were completed in September 2020.



Syd Jones Reserve Redevelopment

The redevelopment of the Syd Jones Reserve has resulted in a new quality space for residents, visitors and families to enjoy. The upgrade included a central playground, replacement of the tennis courts with a new multi-purpose hard surface, new shelter and barbecue and public facilities, new pathways, seating and lighting throughout and additional landscaping.



Completed construction of the River Torrens Linear Park Shared Pathway project between Felixstow Reserve and Battams Road

The enhancement of the River Torrens Linear Park Shared Pathway included new lighting, line marking and a widened continuous shared pathway. The shared pathway is part of a popular commuter network, connecting Felixstow Reserve, Felixstow to Ninth Avenue and Battams Road, Marden, for cyclists and pedestrians.

The extension of the shared path enhancements from Battams Road to Hackney Road are included as a key project of this Long-term Financial Plan.



Commenced a 15-year program to upgrade the City's stormwater drainage network

The City's stormwater drainage network is one of many infrastructure assets which is provided and maintained by the Council for the community.

The program will benefit the community by:

- addressing and reducing the impacts of flooding;
- helping to protect residents, their homes and property; and
- protecting the City's assets such as footpaths, kerbing and street trees.

Work commenced on the Third Creek Drainage Upgrade Project, which forms part of a \$38.4 million Stormwater Drainage Strategy to upgrade the City's stormwater drainage network over the next 15 years. Stage 1 of the Third Creek Drainage Upgrade Project, has been completed and has increased the capacity of Third Creek from Bridge Road to Payneham Road, Payneham.

Annual Eastside Business Awards

The Eastside Business Awards is an annual awards program for businesses located in the City of Norwood Payneham & St Peters. The awards are run by the Council in partnership with The Messenger to recognise and celebrate the achievements of businesses in the City of Norwood Payneham & St Peters.



Perpetual Sun



Perpetual Sun, unveiled in August 2018, is the City's third Quadrennial Major Public Artwork. Located on the corner of Nelson Street and Magill Road, Perpetual Sun is designed to engage, stimulate and challenge the audience, while promoting the City as a visually interesting and vibrant cultural Centre which values creativity.

The Council, as part of its Public Art Policy, undertakes a major public art installation during each Council term.

Kent Town Urban Design Framework and Kent Town Public Realm Manual



The Kent Town Urban Design Framework and Kent Town Public Realm Manual was developed to inform future developments in the Kent Town Precinct which integrate into attractive, greener and safer public spaces. As part of the Kent Town Urban Design Framework, the Council partnered with the State Government to deliver two Public Realm Enhancement Projects in Kent Town adjacent the East Park and La Verde apartments to demonstrate a new standard for the streetscape character and the quality which the Council and the community will expect of future Kent Town developments.



Drage Reserve Upgrade



Completed in 2019, Drage Reserve in Felixstow was designed and redeveloped with children of all ages and abilities in mind. Accessible playground features include a rubber base, making it accessible and safe for all children and a wheelchair-friendly trampoline, and more accessible entry points to the playground area, seating, barbecue facilities and drinking fountain.



Concerts in the Park



Concerts in the Park series is the Council's commitment to live music events for its residents and visitors. Concerts in the Park is a trio of open air, family friendly concerts, held annually from February through to April.



Held the first Raising The Bar Adelaide and the inaugural Raising The Bar Entrepreneurship events

In August 2018, the global award-winning event series, Raising the Bar, was brought to Adelaide and exclusively hosted in a number of venues across the City. Raising the Bar aims to make education a part of popular culture by presenting expert-led talks in pubs and bars in cities across the world.

Raising the Bar Adelaide and Raising the Bar Entrepreneurship was also hosted in 2019 and 2020.

Implemented the Council's unique Private Laneways Policy

The Private Laneways Policy provides a framework for the Council to assume ownership of and responsibility for private laneways within the City. The Council has finalised the conversion of Post Office Lane to a public road, with associated upgrade works completed in 2020.

The Council has committed over the life of this Plan, to continue the identification and conversion of private laneways to public roads, subject to meeting the defined criteria.



Beulah Road Bicycle Boulevard

As part of the Council's City-wide Cycling Plan, the Beulah Road Bicycle Boulevard involved the introduction of road and verge treatments, aimed to support safety, accessibility and appeal of cycle and pedestrian routes across the City. The Bicycle Boulevard covers 1.6km of Beulah Road from Portrush road to Fullarton Road, Norwood.

Implemented the LED Street Lighting Conversion Project which has resulted in a 65% reduction in CO2 emissions

In 2018–2019, the Council transitioned its residential (pedestrian category) street lighting to Light Emitting Diode (LED) technologies.

Launched the Eastside Wine & Ale Trail

The Eastside Wine & Ale Trail provides the opportunity to experience some of South Australia's finest wine and to taste some of Adelaide's best boutique beer, without leaving the City. The Council supports the Eastside Wine & Ale Trail, through the preparation of promotional material and feature advertising in premier and high end publications.

Key Influences and Assumptions

The City of Norwood Payneham & St Peters provides a variety of services, programs and activities. The provision of these services, programs and activities are in response to the responsibilities of Councils under the *Local Government Act 1999* and other relevant legislation in addition to community interest and expectations.

A number of significant factors have influenced the preparation of the Plan:

- Maintenance and renewal program for existing infrastructure assets, including roads, footpaths, Council properties and open spaces.
- Upgrade and new infrastructure projects informed by the Infrastructure and Asset Management Plans and Corporate Strategies which identify future infrastructure requirements.
- Commitment to major projects which span more than one year.
- Initiatives and major projects undertaken need to contribute to our vision, strategic direction and the wellbeing of our City.
- Prudent financial management to ensure financial sustainability.

The financial projections contained within the Plan are meant to provide an indication of the Council's direction and financial capacity rather than predicting the future financial performance and position of the Council.

Long-term financial planning is an iterative process and the assumptions applied are reviewed annually using updated information. This ensures the Council continually reviews its financial performance and remains firmly focused on maintaining long-term financial sustainability.

The assumptions used in the preparation of the Plan can significantly influence the outcome. Some information regarding the major financial assumptions has been included to provide context around how the Plan has been developed.

While the Plan uses specific assumptions to calculate future estimated operating income and expenditure, it will not remove the need for the Council to continue to achieve operational efficiencies.

The Plan has been prepared on the assumption that annually, new rateable properties will account for 0.5% increase to the overall capital value of properties within City. Any increase in the community size, will require an increase in expenditure to ensure service levels are maintained across the Council.

The key assumptions underlying the Plan are as follows:

Maintaining existing services at current service standards

The Plan is based on a business as usual assumption, which means that the Council will continue to provide the existing services at the current service levels.

The business as usual assumption does not take into account any change in direction or service level in response to community expectations, legislative requirements or changing economic conditions.

It is recognised that the adoption of a business as usual assumption is somewhat unrealistic for a planning timeframe of ten (10) years, given changes in the economic climate and community expectations and needs which may result in investment in new assets and service initiatives. While these new initiatives are unknown, for the purpose of developing the forward projections the Plan assumes new initiative expenditure of \$850,000 (indexed) per annum split 90%:10% between capital and operating expenditure respectively.

Rate Revenue Increases

The Plan assumes an average Rate Revenue indexation of 2.6% which is equivalent to the ten year average of the Local Government Price Index (LGPI) to fund normal operations. Rate Revenue growth resulting from new assessments is assumed to be 0.5%. The Plan includes an additional 1.5% rate revenue increase to assist with the funding of an increase in the Capital Works program with respect to the Council's Stormwater Drainage Program, road reconstructions and re-seal program, and major infrastructure upgrades. The additional stormwater drainage works proposed in the Asset Management Plan, upgrade and expand the Council's existing stormwater network to address surface flooding along the Council's creek catchments, in particular the Trinity Valley. Road reconstructions are required due to pavement failures and increasing vehicle use.

Major infrastructure upgrades included within the Plan but not limited to, are streetscape upgrades for The Parade and St Peters Street, the redevelopment of the Council's two Swimming Centres and the redevelopment of the Norwood Library and Norwood Concert Hall.

Cost Escalation

The Reserve Bank of Australia has an inflationary target of between 2% and 3% per annum. Based on the ten year average, CPI increases have been set at 2.0% for the life of the Plan.

Increases in employment expenses have three main elements. These are:

- increases contained in the Enterprise Agreements;
- increases and movements of levels within the current workforce and;
- additional positions that are required to meet the strategic direction of the Council and the growth of the community.

The financial projections have assumed that wages and salary costs will increase by 2.0% per annum. The Council's Enterprise Agreements cover periods of up to three years. It should be noted however, as these agreements will be renegotiated twice during the planning timeframe of the Plan, the potential for unforeseen variations in the financial projections exist.

Asset Renewal and Replacement

The Council has in place 'Whole-of-Life' Asset Management Plans for each major class of assets. The financial projections included in the Plan are based on the asset renewal and replacement programs outlined in the 'Whole-of-Life' Asset Management Plans. The financial projections set out in this Plan reflect the proposed timing of asset renewals and upgrades as set out in the Council's suite of Infrastructure and Asset Management Plans and other relevant Corporate Strategies.

Due to the unique nature of the Council's asset base, the input costs to renew and replace the existing asset base can be subject to cost escalations greater than CPI. The financial projections have assumed that construction costs will increase by 2.3%.

Funding

The Plan assumes that the Council will borrow to fund new and upgraded assets. Loan repayments are calculated on loan schedules that are currently in existence and the estimation of any future loan borrowings.

Interest rates on new borrowings are forecast between 2.4% and 2.75% per annum. Interest rate on investment income is forecast at 1.0% per annum.

Cash and cash equivalents projections, when possible, are based on an ideal closing cash balance equivalent to one month's working capital requirements.

Grants and Subsidies

The Council receives grants and subsidies from both the State and Federal Governments to fund Council services and programs. It is assumed existing Operating Grants will continue to be provided in the future and have been indexed by 2% per annum.

The Council will endeavor to seek Capital Grant income to assist in funding specific new capital projects. However, as this revenue is dependent on the pool of Government funding available, it is difficult to predict how successful the Council will be in securing funds in the future. Therefore no Capital Grant Funding, other than funding already secured, has been included within the Plan. The Council may defer the timing of some projects set out in the Plan, with the view of the asset construction only going forward subject to grant funding being secured.

Other Fees and Charges

Revenue generated from fees and charges are separated between statutory charges, set by legislation, and user charges. As part of the South Australian Government Budget Fees and Charges for specific Acts are levied, which apply to Council services.

For user charges, the Council applies a principle of user pays and where possible, recovers the full cost of operating or providing a service or good. Where it can be demonstrated that it is unfeasible to recover the full cost, concessions may apply.

Statutory and user charges represent 10% to 15% of the Council's Total Revenue and have been indexed by 2.0% per annum.

Depreciation

Depreciation is an allowance that represents the consumption of an assets service potential, or put simply, its wear and tear. Depreciation is based on the written down replacement value of an asset. The Council undertakes an independent valuation of its major asset classes every five years. In the interim years, a review and update of the replacement cost is undertaken based on the annual average movement in value of like assets verified by the Council's valuer.

The escalation rates to reflect asset revaluations applied in the financial projections is between 1% and 3% across the life of the Plan, dependent upon the asset class.

COVID-19 Pandemic

As a result of the financial and economic impacts of the COVID-19 pandemic, the Council responded with a \$1.159 million Financial Support Package in the 2020–2021 Budget, with the main element of that package being a 0% rate revenue increase, which for the wider community resulted in a 0% rate increase.

The long-term financial impact of the 0% rate increase, over the life of the Plan is a loss of rate revenue in the order of \$7.8 million.

The Plan assumes that from 2021–2031, the Council has implemented changes to its operations and that the provision of existing services, programs and activities have resumed.

Strategic Projects

2021–2031

The Long-term Financial Plan has been developed to ensure that the Council has the financial resources to deliver on its strategic objectives outlined in *CityPlan 2030*.

CityPlan 2030 captures the community's vision and aspirations for our City over the next 20 years and establishes broad directions which will shape our City's future, with the overall aim of achieving Community Well-being.



Swimming Centre's Upgrade

2021–2022 to 2023–2024
2026–2027 to 2027–2028
Cost: \$14.8 million

1.

Norwood Concert Hall Upgrade

2028–2029 to 2029–2030
Cost: \$2.1 million

2.

Norwood Library Upgrade

2028–2029 to 2030–2031
Cost: \$4.0 million

3.

Norwood Swimming Centre

1. Swimming Centre's Upgrade



As part of the long-term strategy, the Council resolved to retain the two centre model. Both the Norwood Swimming Centre and the Payneham Memorial Swimming Centre will be redeveloped, in line with the endorsed Swimming Centre's Strategy.

2. Norwood Concert Hall Masterplan



Refurbishment of the Norwood Concert Hall, with the elements of the refurbishment being dependent on the Council's decision on the location of the Norwood Library.

3. Norwood Library Upgrade



Redevelopment of the Norwood Library in its present location or relocation from the Institute Building to the Norwood Townhall Complex. The concept plan, including the final location, to be developed as part of the 2021–2022 Annual Business Plan.

The Plan includes a number of major projects and initiatives which are planned to be undertaken over the life of the Plan which will contribute to the achievement of *CityPlan 2030*.

While included, the Plan does not assume that all strategic projects will automatically be funded. The commitment of funds to specific projects is made through the Annual Business Plan and Budget process. Projects are only included in the Plan when the Council has provided

in-principle commitment to the project through the adoption of a Corporate Strategy, policy or Council resolution. The inclusion of strategic projects within the Plan establishes a picture of what the Council can afford and deliver with reasonable certainty over the forecast period. The proposed timing of the strategic projects set out in the Plan, have been prioritised with reference to the renewal requirements set out in the Council's Infrastructure and Asset Management Plans to ensure resource efficiency and maximisation of asset utilisation.

Patterson Reserve

2028–2029

Cost: \$100,000

4.

Reserve Upgrade to District Standards

2021–2022 2029–2030

Cost: \$2.3 million

6.

Innovative Playground Redevelopment

2022–2023 to 2023–2024

Cost: \$1.1 million

7.

Quadrennial Art Installation

2022–2023 2026–2027

Cost: \$250,000 per installation

5.

Payneham Oval Playground

4. Patterson Reserve



Development of a masterplan, which builds on the initial concepts identified as part of the Payneham Memorial Swimming Centre Masterplan.

5. Quadrennial Art Installation



The Council, as part of its Public Art Policy, undertakes a major Art installation during each Council term.

Over the life of this Plan, the Council will complete two art installations.

6. Reserve Upgrade to District Standards



Upgrade a number of reserves throughout the City from Neighbourhood Standard to District Standard. Reserves identified to be upgraded during the life of this Plan are Burchell Reserve (2021–2022) and Hannaford Reserve (2029–2030).

7. Innovative Playground Redevelopment



The Council identified three playgrounds to be redeveloped as Innovative Playgrounds. The playgrounds identified include Payneham Oval (completed in 2015), Adey Reserve and Dunstan Adventure Playground. The Plan includes funding for the redevelopment of Dunstan Adventure Playground.

St Peters Street Streetscape Upgrade

2022–2023 to 2023–2024
Cost: \$3 million

8.

Kent Town Design Framework

Across multiple years
Cost: \$1.4 million

9.

The Parade Streetscape Upgrade

2024–2025 to 2027–2028
Cost: \$30 million

10.

Magill Road

8. St Peters Street Streetscape Upgrade



Implementation of the St Peters Street Concept Plan from Second Lane to River Torrens Linear Park to reinforce St Peters Street as a strategic route and provide greater identification, activation and connection to the River Torrens Linear Park, through the streetscape design, creating a well-defined “sense of place”.

9. Kent Town Design Framework



Streetscape upgrades, as part of implementing the Kent Town Design Framework, are proposed to be undertaken in-line with the infrastructure renewals set out in the Civil Infrastructure Asset Management Plan.

10. The Parade Streetscape Upgrade



The Parade Masterplan focuses on the prioritisation of pedestrian access and movement. To be staged over four years, the implementation of The Parade Masterplan will create safer street crossing conditions for all users through a new Scramble Crossing at The Parade and George Street intersection, wider footpaths along the full length of The Parade and continuous footpaths along the intersections of The Parade and side streets. Additional street trees, landscaping and new street furniture will be progressively installed along The Parade to create a more pleasant environment for the community to enjoy.

Complete Streets

Across multiple years

Cost: \$5.6 million

11.

Private Laneways Conversions

Across multiple years

Cost: \$1.9 million

12.

Magill Road Streetscape Upgrade

2030–2031 to 2032–2033

Cost: \$5 million

13.



11. Complete Streets



The Complete Streets builds on the concepts developed as part of the Ninth Street Upgrade and takes into account all elements such as the road surface, kerbs, footpath, water sensitive urban design and landscaping. Based on the City-wide Cycling Plan, over the term of the Long-term Financial Plan, identified streets will be upgraded to support safety, accessibility and appeal of cycle and pedestrian routes. The timing of works are linked with the infrastructure renewals set out in the Civil Infrastructure Asset Management Plan.

12. Private Laneways Conversions



The Private Laneways Policy provides a framework for the Council to assume ownership of and responsibility for selected Private Laneways within the City. The Council has committed to continue the identification and conversion of private laneways to public roads, subject to the defined criteria.

13. Magill Road Streetscape Upgrade



Upgrade the Magill Road Streetscape, in line with the Magill Road Streetscape Masterplan, which is aimed at strengthening the branding of Magill Road as a destination shopping precinct for antiques, homewares and eclectic gifts.

Rates

78%
Residential

Residential properties are zoned and purposed as a living space.

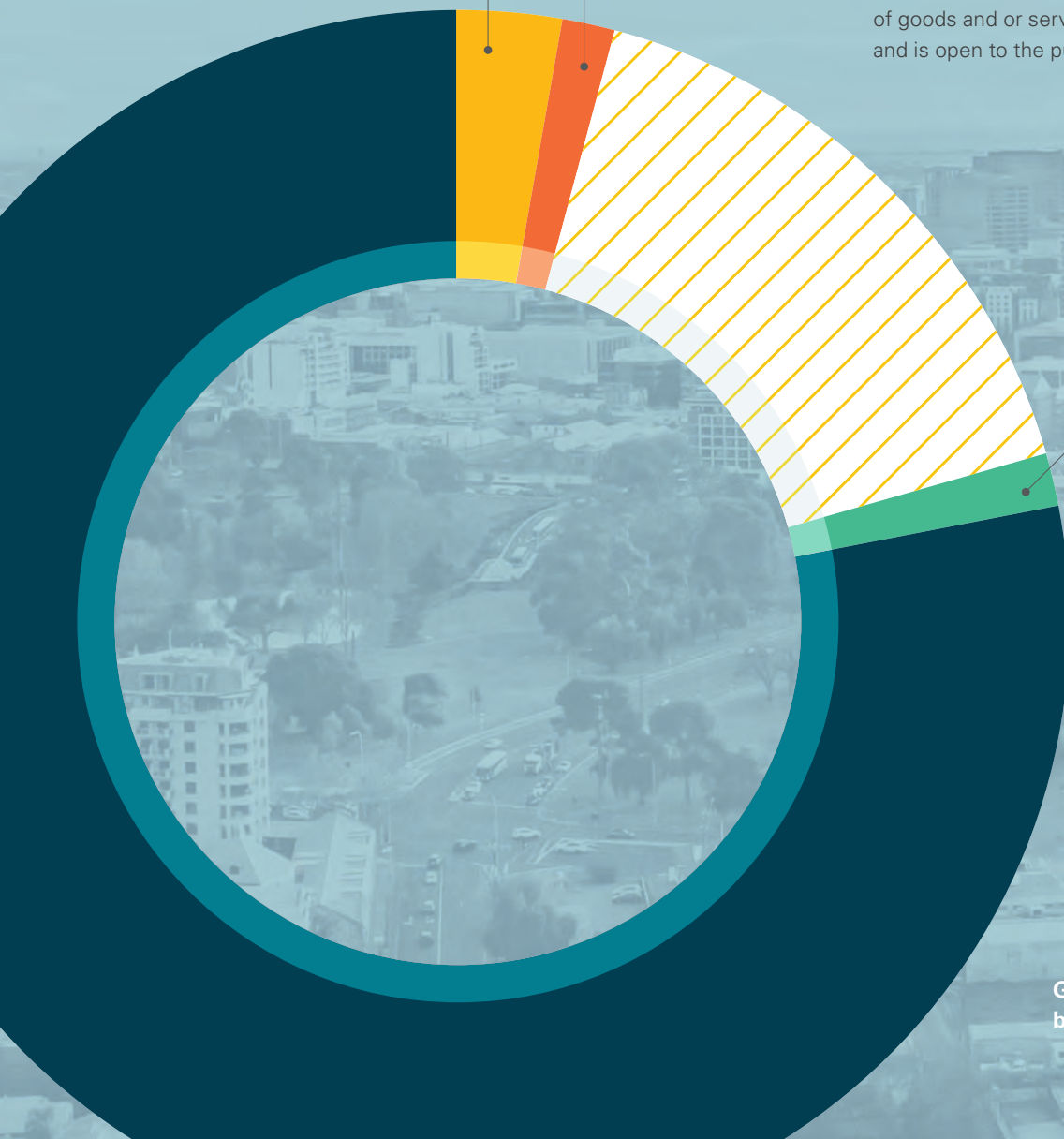
3%
Other

1%
Vacant Land

17%
Commercial

Commercial properties purposed for the supply of goods and or services and is open to the public.

1%
Industrial



Graph 1 Rate Revenue by Land Use

Council rates are a form of property taxation and are the main source of income which the Council uses to fund the planned projects, programs and services detailed in this Plan, on behalf of the City.

The Council uses Capital Value as the basis for valuing land within the City of Norwood Payneham & St Peters. It is considered that this method of valuing land provides the fairest method of distributing the rates to be collected across all ratepayers. The Capital Value of properties within the City has increased by an average of 3.51% per annum over the last ten years, with development growth being 0.9% per annum for the same period. Residential properties have increased in value on average by 3.63% per annum and commercial properties 3.17% per annum over the previous ten years.

The Long-term Financial Plan assumes that Capital Values across the City will increase at similar rates experienced over the last ten years.

The City of Norwood Payneham & St Peters applies differential rates on the basis of land use whereby non-residential properties have an increased rate-in-the-dollar of 20% in addition to the rate-in-the-dollar which is applied to residential properties.

Based on Capital values, the payment of rates will be distributed across the difference categories as detailed in Graph 1.

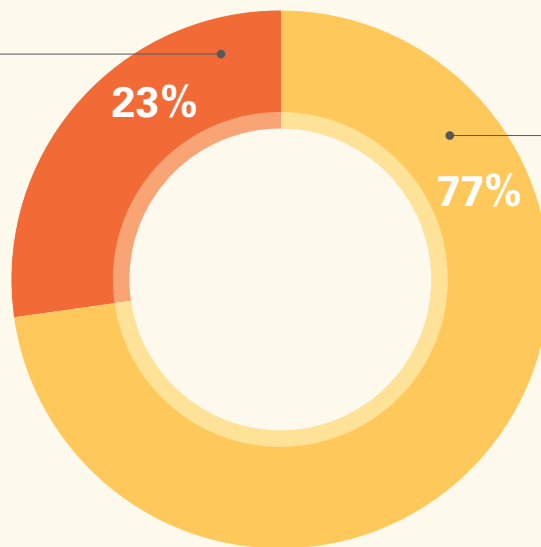
Long-term Financial Plan

Overview

Income and Funding

Government and Financing

- 5%**
Operating Grants
- 3%**
Statutory Charges
- 6%**
Other Income
- 0.5%**
Capital Grants and Contributions
- 14%**
Borrowings and Interest



Community and Ratepayers

- 67%**
General Rates
- 0.4%**
Separate Rates
- 8%**
State Government Charges (Regional Landscape Levy)
- 22%**
User Fees and Charges

Income and Funding

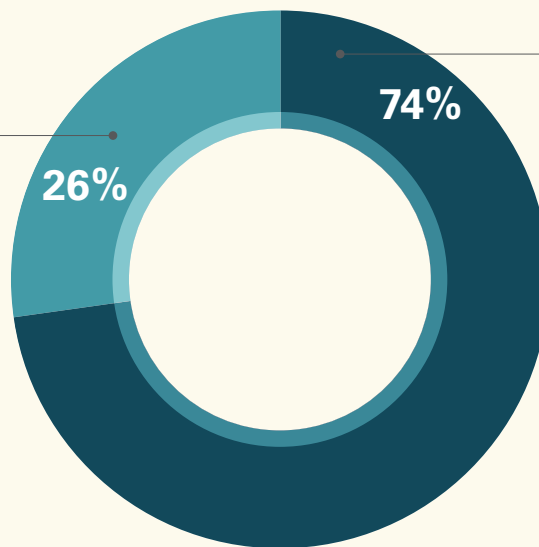
	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Government and Financing	15,849	11,909	20,005	18,454	17,087	20,474	18,306	12,648	14,919	17,410
Statutory Charges and Other Income	2,448	2,498	2,549	2,602	2,656	2,712	2,769	2,827	2,886	2,946
Operating Grants	2,770	2,832	2,896	2,961	3,027	3,096	3,166	3,238	3,312	3,388
Borrowings and Interest	8,835	6,451	14,386	12,723	11,268	14,528	12,230	6,439	8,574	10,296
Capital Grants and Contributions	1,795	128	174	168	136	139	141	144	147	150
Community and Ratepayers	41,914	43,719	45,604	47,584	49,652	51,812	54,069	56,179	58,373	60,388
Rates	36,494	38,160	39,903	41,726	43,633	45,627	47,712	49,655	51,677	53,524
State Government Charges	1,421	1,478	1,539	1,601	1,666	1,734	1,805	1,869	1,936	1,995
User Fees and Charges	4,000	4,080	4,163	4,257	4,353	4,452	4,552	4,655	4,761	4,868
Total Income and Funding	57,763	55,628	65,609	66,038	66,740	72,287	72,375	68,827	73,292	77,798

The services, programs and investment in infrastructure provided by the Council are funded by the Government, through grants, the community through user pay services and rates and financial institutions via the provision of financing facilities.

Expenditure and Investment

Employee Expenses

- 146**
Full-time Equivalents
- 100**
Full-time
- 50**
Part-time
- 50**
Casual



Materials, Services and Investment

- 31.5%**
Materials and Services
- 2%**
Service Initiatives
- 31%**
Asset Investment
- 2%**
State Government Charges (Regional Landscape Levy)
- 8%**
Repayments and Interest

Expenditure and Investment

	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	2026-27 \$'000	2027-28 \$'000	2028-29 \$'000	2029-30 \$'000	2030-31 \$'000
Employee Expenses	15,961	16,345	16,738	17,140	17,637	18,149	18,675	19,138	19,613	20,099
Materials and Services	16,843	17,319	17,810	18,315	18,837	19,374	19,876	20,390	20,919	21,462
Service Initiatives	1,257	1,203	1,323	1,428	1,244	1,252	1,359	1,450	1,253	1,352
State Government Charges	1,393	1,421	1,450	1,480	1,510	1,540	1,572	1,604	1,636	1,670
Asset Investment	19,446	17,818	26,452	23,111	21,877	25,102	24,205	18,412	19,294	19,206
Repayment and Interest	2,478	3,162	3,976	4,885	5,694	6,740	7,114	7,907	8,828	9,604
Total Expenditure and Investment	57,378	57,267	67,749	66,309	66,798	72,158	72,800	68,969	71,544	73,213

Services



Infrastructure Management

This area provides strategic asset management services regarding the maintenance, construction, renewal and disposal of Council's facilities and assets, including the preparation of the Capital Works Program. This area of the Council administers external infrastructure grants such as the Roads to Recovery Program and project specific grants.



Waste and Recycling Services

This area oversees external contracts responsible for kerbside garbage collection, illegally dumped rubbish, hard and green waste collection, street and parks bin collection.



Trees, Parks, Sport and Recreation

The Council has more than 180 hectares of reserves, parks and gardens, and approximately 23,000 street trees are located adjacent to roadways with several thousand more trees located on reserves.

In addition, the Council provides a number of recreational and sporting facilities which includes two swimming centres, tennis courts and sporting fields which are available for either casual hire or seasonal hire or leased to sporting clubs within the City.



Economic Development, Regulatory Services, Environment and Planning

This area predominately oversees the administration of services required to be delivered by the Council under the *Local Government Act 1999* and other legislation. Such services include the development of policy and planning across the City, animal management and parking management.

In addition, this area leads the delivery of projects aimed at achieving a sustainable environment for the City and the organisation, and supports the economic growth of retail and commercial precincts within the City.

2021–2022	\$4,725,629	\$4,458,619	\$4,409,268	\$3,833,261
2022–2023	\$4,843,335	\$4,634,828	\$4,514,194	\$3,924,399
2023–2024	\$4,963,940	\$4,818,052	\$4,621,617	\$4,017,683
2024–2025	\$5,087,496	\$5,008,572	\$4,731,583	\$4,113,146
2025–2026	\$5,225,842	\$5,206,724	\$4,858,020	\$4,225,846
2026–2027	\$5,367,940	\$5,412,770	\$4,987,857	\$4,341,622
2027–2028	\$5,513,891	\$5,574,524	\$5,121,187	\$4,460,558
2028–2029	\$5,650,196	\$5,741,125	\$5,245,961	\$4,569,736
2029–2030	\$5,789,886	\$5,912,718	\$5,373,811	\$4,681,598
2030–2031	\$5,933,045	\$6,089,452	\$5,504,816	\$4,796,211

Under the *Local Government Act 1999* and other relevant legislation, all councils have basic responsibilities which they are required to discharge. To discharge these responsibilities and to meet the needs of its community, the Council provides a range of services, programs and infrastructure.



Community, Health Aged and Youth Services

This area provides strategic advice and planning with regard to disability, access and inclusion across the City. Community support and development also provides operational and administrative support to the various community care, youth services and volunteer programs provided by the Council.

The Council provides a community based child care centre and preschool. The centre is licensed to provide child care and preschool services for 105 children between the ages of six weeks and five years.



Libraries and Community Facilities

The Council operates three Libraries, located at Norwood, St Peters and Felixstow.

In addition, the Council has a number of buildings and facilities available for casual hire or long-term lease, including Norwood Concert Hall which caters for events of all sizes, including Adelaide Festival productions, international acts, product launches, school concerts, cabaret acts, grand balls and weddings.



Community Events, Arts and Heritage

This area coordinates and delivers a number of events held by the Council which cater to the wide demographic of our community.

In addition, as a culturally rich and socially diverse community, the City has a long tradition of valuing its cultural heritage, creativity and artistic expression. This area supports the Council's Cultural Heritage Program and its Public and Community Arts Programs.



Governance, Communication and Administration

Governance supports the Council's decision-making processes, compliance with legislation and minimisation of risk to enable the Council to meet community needs and legislative requirements transparently.

This area provides administrative support and assistance to the Mayor and Elected Members, handles enquiries and complaints from the public and provides a number of administrative support services to ensure the efficient and effective operations of the Council.

\$4,725,832	\$2,858,816	\$920,147	\$6,825,473
\$4,840,554	\$2,927,360	\$942,178	\$6,940,248
\$4,958,042	\$2,997,555	\$964,739	\$7,084,226
\$5,078,345	\$3,069,429	\$987,840	\$7,245,000
\$5,216,596	\$3,152,543	\$1,013,468	\$7,428,257
\$5,358,599	\$3,237,920	\$1,039,767	\$7,629,507
\$5,504,456	\$3,325,619	\$1,066,708	\$7,836,411
\$5,640,871	\$3,408,022	\$1,092,695	\$8,032,831
\$5,780,681	\$3,492,494	\$1,119,321	\$8,234,425
\$5,923,971	\$3,579,086	\$1,146,602	\$8,441,336

Financial Targets and Measures



OG Road intersection



The measure of the Council's success is driven by the achievement of the objectives outlined in *CityPlan 2030*. A series of performance indicators have been developed to monitor our progress against these objectives and are reported in our Annual Report.

The measure of the Council's success in achieving its financial goal of being a City which delivers on our Strategic Outcomes by managing our financial resources in a sustainable and equitable manner, is measured against a series of targets and performance measures which reflect the financial outcomes of financial sustainability.

Financial targets adopted by the Council to measure performance against the Plan and financial sustainability are detailed in the Graphs on the following pages.

Outcome 1: A Balanced Budget

The Council's services and programs, including depreciation of infrastructure and assets, are fully funded and the costs are shared equitably between current and future ratepayers.

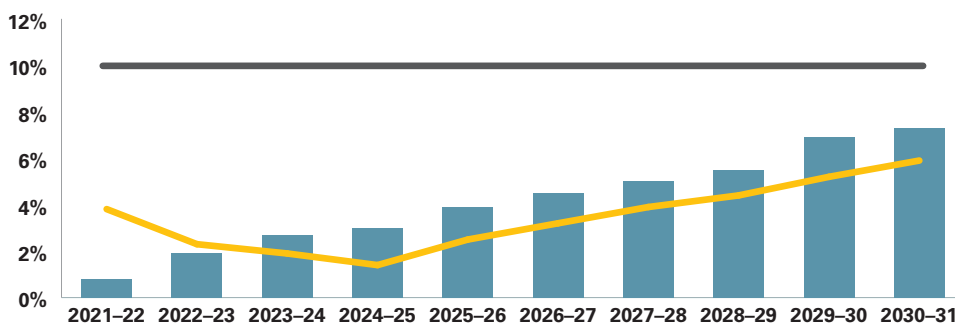
As detailed within this Plan, the Council's main source of income is generated from the levying of rates, and user charges and fees applied to services and programs provided either in response to community desires and expectations or resulting from the provision of services required by legislation. The revenue which is collected is used to fund the cost of providing services, with surplus revenue being available to fund capital works and the repayment of debt.

The Council's long term sustainability is dependent upon ensuring that, on average over time, the operating expenses are less than the associated revenues, with the measure being the Operating Surplus ratio, which measures operating surplus/ (deficit) as a percentage of operating revenue. Ideally, at a minimum, the operating surplus should be at a minimum equal to the annual principal loan repayments.

Operating Surplus Ratio

Target between 0% and 10%

Target Achieved



■ Operating Surplus Ratio — Rolling 5 Year Average — Upper Limit

Outcome 2: Rate Stability

Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increases stable over the medium term.

In determining future rate revenue increases, the Council considers its strategic management plan, *CityPlan 2030*, the economic climate, the need to maintain and improve the Council’s physical infrastructure and improve Community Well-being through its services, programs and facilities. The 2020–2021 Rating Strategy forms the basis for the future impact of rate revenue increases on sectors of the community where we collect rates.

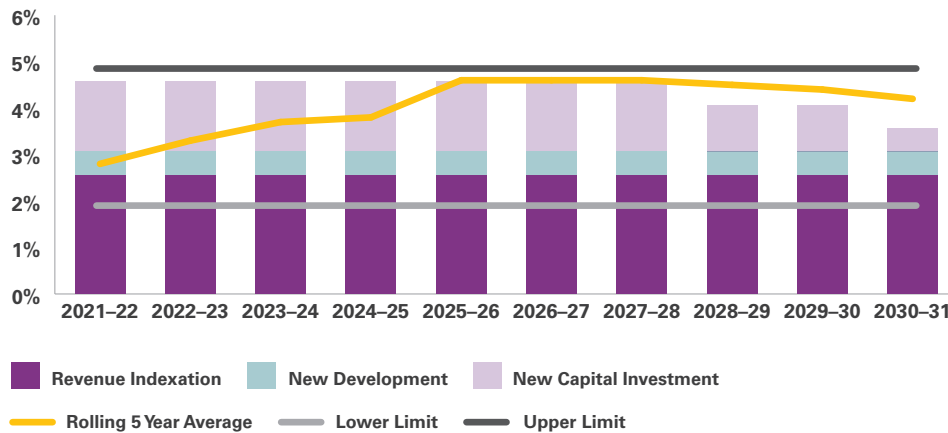
The Plan assumes an average rate revenue increase of 2.6% which is equivalent to the ten year average of the Local Government Price Index. Other elements of the proposed rate revenue increase includes growth in new assessments and a factor for the future financial impacts of new and upgraded infrastructure investment set out in the Plan.

In determining future rate revenue increases, the key is to ensure the community does not experience 'rate shock' from year to year, and as such, the target range for rate revenue increases is between 3% and 6%.

Rate Revenue Increase

Target between 3% and 6%

Target Achieved



Outcome 3:

Infrastructure and Asset Management

Maintain Infrastructure and Assets in line with the Council’s ‘Whole-of-Life’ Infrastructure framework to achieve the outcomes and objectives, as set out in *CityPlan 2030*.

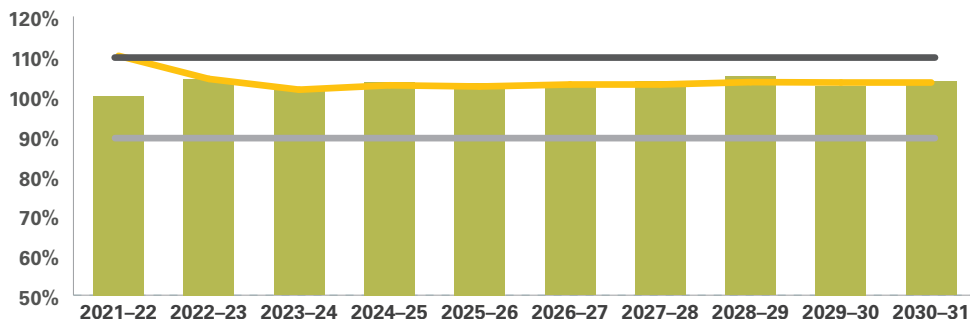
Infrastructure and asset management is the combination of management, financial, economic, engineering, and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner. As part of the Council’s planning framework, the Council has developed asset management plans for each of our major asset classes, including, but not limited to, roads, buildings, stormwater drainage and open space and recreation infrastructure.

The Infrastructure and Asset Management Plan details information about infrastructure assets including actions required to provide an agreed level of service in the most cost efficient manner. The Plan defines the service level to be provided and what funds are required to provide the set service level.

The Asset Sustainability Ratio measures how well the Council is performing in respect to the renewal or replacement of existing physical assets, such as roads, footpaths, kerbing, buildings and council plant. Ideally, physical assets should be renewed or replaced at the same rate of which the stock of assets is wearing out. However, it is recognised that there may be some instances that require the Council to either accelerate or decelerate the renewal or replacement of its existing asset base. As such, the target ratio is based on a three year rolling basis. The ratio is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the planned spend outlined in the Council’s Asset Management Plans, with the target being an Asset Sustainability Ratio between 90% and 110% on a rolling three-year period.

Operating Surplus Ratio

Target Achieved



■ Asset Sustainability Ratio — Rolling 3 Year Average — Lower Limit — Upper Limit

Outcome 4:

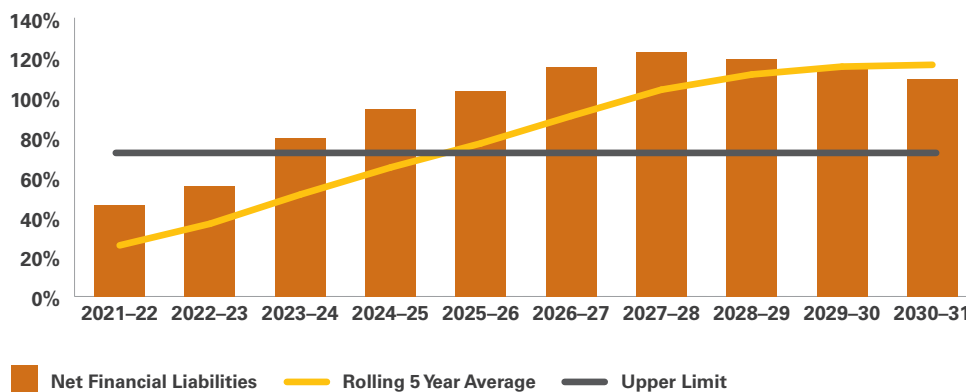
Debt Management

Prudent use of debt to invest in new long term assets to ensure intergenerational equity between current and future users.

A Council's indebtedness must be managed to ensure that its liabilities and associated costs are met without impinging on the financial sustainability of the Council. Net Financial Liabilities Ratio measures the extent of what is owed by the Council less any liquid assets (i.e. cash or receivables), are met by its operating revenue. Net financial liabilities is a broader and more appropriate measure of indebtedness than the level of borrowings, because it includes items such as employee leave entitlements and other amounts payable in future as well as taking account of a Council's cash holdings and invested monies.

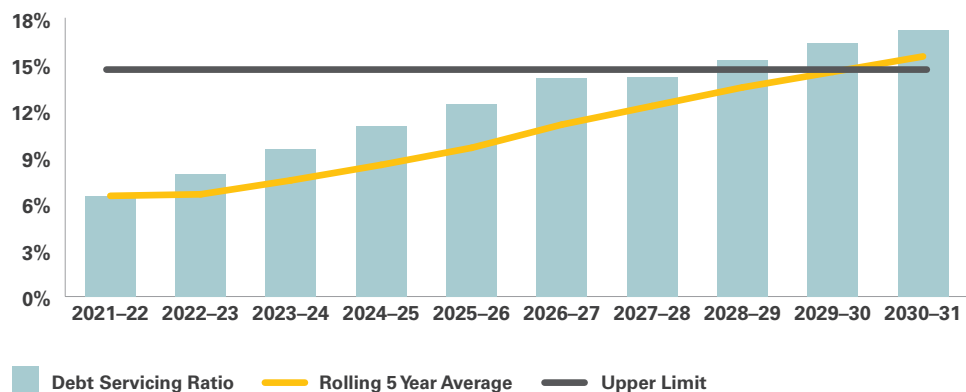
While it is ideal that the Net Financial Liabilities Ratio, doesn't exceed 100% of operating income, subject to the Council's ability to service its financial obligations, the indebtedness can exceed 100% in order to provide additional services to its community through acquisition of additional assets without detracting from its financial sustainability.

The Plan proposes that the Council undertake a number of asset upgrade projects to the value of \$66 million. Due to the nature of these projects and in line with the Council's Treasury Management Policy, these projects will be funded through long-term borrowings.



Net Financial Liabilities

Target Not Achieved



Debt Servicing Ratio

Target Achieved



Summary

Based on the underlying assumptions contained within the Plan, the financial projections indicate that the Council is in a position to achieve its financial goal of being a City which delivers on its Strategic Outcomes by managing financial resources in a sustainable and equitable manner.

The Council's Operating Surplus ratio over the period, is forecast to grow from 0.8% in 2021–2022 to 7.2% by 2030–2031 with the annual Operating Surplus for the life of the Plan ranging from \$400,000 to \$4.9 million. The Council plans to invest in the order of \$12.8 million each year to deliver renewal programs outlined in the Councils Infrastructure and Asset Management Plans plus a further \$2 million per annum on other assets not covered by the Infrastructure and Asset Management Plans. The renewal programs will be complemented with \$66 million planned to be spent on major asset upgrades and enhancements.

Rate revenue increases, while at the higher end of the target range, reflect the extent of investment the Council plans to undertake to increase the service level, to provide an improved level of Community Well-being to its community.

The financial projections contained within the Plan provide an indication of the Council's direction and financial capacity rather than predicting the future financial performance and position of the Council.

This Plan should be viewed as a guide to future actions or opportunities which encourages Council to think about the future impact of decisions made today on the Council's long-term financial sustainability. To this end, reference is made each year to the Plan when preparing the Annual Budget to ensure that the broad financial outcomes of the Council are continuing to be met.

As with all plans, there is sometimes a change circumstance over the life of the plan. Therefore, the underlying assumptions are regularly reviewed by Council to ensure the City's strategic directions and objectives can continue to be delivered on in the future.

In line with the *Local Government Act 1999* and the Local Government (Financial Management) Regulations 2011, the projected financial statements, in the prescribed form are contained in the following pages.

Financial Projections

The financial projections contained in this Long-term Financial Plan have been developed in a format that conforms to the *Local Government Act 1999* and the Local Government (Financial Management) Regulations 2011. This format allows projections to feed into the statutory format of the Annual Budget and key performance measures in the Plan to be compared with annual budgets and annual financial reports.

The Statutory schedules include:

- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- Uniform Presentation of Finances.

The Statement of Comprehensive Income shows what is expected to happen during the year in terms of revenue, expenses and other adjustments from all activities. Small surpluses are expected in the initial years due to the expectation that services will return to pre-COVID-19 level, however given the 0% rate increase provided in 2020–2021, in response to the COVID-19 pandemic, revenue growth will have a lag period. While operating surpluses are being forecast, the surplus is insufficient to meet the Council's loan repayments, therefore cash reserves and short term financing will be required to meet loan repayments.

The Statement of Financial Position is a snapshot of the expected financial position of the Council at the end of the financial year. It reports what is expected to be owned (assets) and what is expected to be owed (liabilities). The bottom line Net Assets represents the net worth of the Council.

The assets and liabilities are separated into current and non-current. Current means those assets or liabilities which will fall due in the next 12 months. Non-current refers to assets and liabilities that are recoverable or which fall due over a longer period than 12 months. The net assets of the Council are forecast to grow at rate between 1.5% per annum and 2.4% per annum, primarily due to the capital program, however, to fund the new asset investment, the long-term borrowings are forecast to grow to \$76 million by the end of the ten year period.

The Statement of Cash Flows shows what is expected to occur during the year in terms of cash. The net cash provided by operating activities shows how much cash is expected to remain after paying for the services provided to the community. Ideally, funds from operating activities should be sufficient to fund asset and infrastructure renewal works and the annual repayment of loan borrowings. The information in this statement assists in the assessment of the ability to generate cash flows and meet financial commitments as they fall due, including debt repayments. For the first half of the plan, cash provided by operating activities are insufficient to meet asset renewals and debt repayments, the shortfall is met through the utilisation of cash reserves and short term borrowings.

Statement of Comprehensive Income

2020–2021		2021–2022	2022–2023	2023–2024	2024–2025	2025–2026	2026–2027	2027–2028	2028–2029	2029–2030	2030–2031
Budget		Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income											
36,278	Rates	37,914	39,639	41,442	43,327	45,299	47,361	49,516	51,524	53,613	55,520
1,509	Statutory charges	1,846	1,883	1,922	1,961	2,001	2,041	2,083	2,125	2,169	2,213
3,324	User charges	4,000	4,080	4,163	4,257	4,353	4,452	4,552	4,655	4,761	4,868
2,348	Grants, subsidies and contributions	2,408	2,470	2,533	2,598	2,665	2,734	2,804	2,876	2,950	3,026
65	Investment income	113	156	151	145	140	134	128	122	115	109
574	Other revenues	602	614	627	641	656	670	686	701	717	733
363	Operating projects	362	362	362	362	362	362	362	362	362	362
44,460	Total Revenues	47,244	49,205	51,199	53,292	55,476	57,754	60,131	62,365	64,686	66,831
Expenses											
15,714	Employee costs	15,961	16,345	16,738	17,140	17,637	18,149	18,675	19,138	19,613	20,099
17,505	Materials, contracts and other expenses	18,236	18,740	19,260	19,795	20,346	20,915	21,447	21,994	22,556	23,132
800	Finance costs	773	900	1,080	1,321	1,522	1,743	1,964	2,081	2,129	2,216
9,734	Depreciation, amortisation and impairment	10,525	11,051	11,418	12,027	12,629	13,162	13,739	14,303	14,733	15,218
1,313	Operating project expenditure	1,257	1,203	1,323	1,428	1,244	1,252	1,359	1,450	1,253	1,352
192	Joint venture losses	100	50	25	13	-	-	-	-	-	-
45,258	Total Expenses	46,852	48,289	49,845	51,725	53,379	55,221	57,184	58,967	60,284	62,017
(798)	Operating Surplus (Deficit)	393	917	1,355	1,567	2,097	2,533	2,947	3,398	4,402	4,814
27	Net gain/(loss) on disposal or revaluation of assets	27	34	35	36	36	35	35	35	35	35
1,845	Amounts received specifically for new or upgraded assets	1,795	128	174	168	136	139	141	144	147	150
	Physical resources received free of charge	4,000	-	-	-	-	-	-	-	-	-
1,074	Net Surplus (Deficit)	6,215	1,078	1,564	1,771	2,268	2,707	3,124	3,578	4,585	4,999
Other Comprehensive Income											
2,000	Changes in revaluation surplus - infrastructure, property, plant and equipment	7,574	7,832	8,063	8,421	8,775	9,096	9,456	9,804	10,146	9,969
2,000	Total Other Comprehensive Income	7,574	7,832	8,063	8,421	8,775	9,096	9,456	9,804	10,146	9,969
3,074	Total Comprehensive Income	13,789	8,911	9,627	10,192	11,044	11,803	12,580	13,382	14,731	14,968

Statement of Financial Position

2020–2021		2021–2022	2022–2023	2023–2024	2024–2025	2025–2026	2026–2027	2027–2028	2028–2029	2029–2030	2030–2031
Budget		Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets											
Current Assets											
5,069	Cash and cash equivalents	4,265	2,980	1,326	958	1,168	1,493	1,227	1,303	3,251	8,041
2,654	Trade and other receivables	2,842	2,798	2,743	2,796	2,767	2,789	2,779	2,775	2,781	2,778
7,723	Total Current Assets	7,107	5,778	4,069	3,755	3,935	4,282	4,006	4,078	6,032	10,819
Non-current Assets											
8	Financial assets	4,008	3,774	3,535	3,295	3,051	2,801	2,545	2,283	2,015	1,740
2,772	Equity accounted investments in Council businesses	2,772	2,822	2,897	2,985	3,085	3,185	3,285	3,385	3,485	3,585
504,790	Infrastructure, property, plant and equipment	546,679	560,315	582,307	600,977	618,057	638,061	656,947	669,831	683,488	696,753
507,570	Total Non-current Assets	553,459	566,911	588,739	607,257	624,193	644,046	662,777	675,498	688,987	702,077
515,292	Total Assets	560,567	572,688	592,807	611,011	628,128	648,328	666,783	679,576	695,019	712,896
Liabilities											
Current Liabilities											
5,416	Trade and other payables	4,420	4,526	4,788	4,578	4,631	4,665	4,625	4,640	4,643	4,636
1,547	Borrowings	1,705	2,262	2,896	3,513	4,172	4,997	5,151	5,894	6,699	7,388
2,757	Short-term provisions	2,705	2,744	2,735	2,728	2,736	2,733	2,732	2,734	2,733	2,733
9,721	Total Current Liabilities	8,830	9,532	10,419	10,819	11,538	12,395	12,508	13,268	14,075	14,757
Non-current Liabilities											
14,385	Long-term borrowings	21,245	24,721	35,425	43,873	50,171	58,743	65,540	65,220	66,175	68,916
1,167	Long-term provisions	1,164	1,160	1,164	1,163	1,162	1,163	1,162	1,162	1,163	1,163
1,541	Other non-current liabilities	1,641	1,691	1,716	1,728	1,728	1,728	1,728	1,728	1,728	1,728
17,093	Total Non-current Liabilities	24,050	27,571	38,305	46,764	53,061	61,633	68,431	68,111	69,066	71,807
26,813	Total Liabilities	32,880	37,103	48,724	57,583	64,599	74,029	80,938	81,378	83,141	86,563
488,479	Net Assets	527,687	535,585	544,084	553,429	563,529	574,299	585,844	598,198	611,878	626,333
Equity											
59,461	Accumulated surplus	65,676	66,754	68,318	70,089	72,357	75,064	78,188	81,766	86,350	91,349
429,018	Asset revaluation reserve	462,011	468,831	475,766	483,340	491,172	499,235	507,656	516,432	525,528	534,984
488,479	Total Equity	527,687	535,585	544,084	553,428	563,529	574,299	585,844	598,197	611,878	626,333

Statement of Cash Flows

2020–2021		2021–2022	2022–2023	2023–2024	2024–2025	2025–2026	2026–2027	2027–2028	2028–2029	2029–2030	2030–2031
Budget		Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flow from Operating Activities											
Receipts											
36,688	Rates - general and other	37,914	39,639	41,442	43,327	45,299	47,361	49,516	51,524	53,613	55,520
4,833	Fees and user charges	5,657	6,008	6,140	6,164	6,384	6,471	6,646	6,785	6,923	7,084
65	Investment receipts	113	156	151	145	140	134	128	122	115	109
2,348	Grants utilised for operating purposes	2,408	2,470	2,533	2,598	2,665	2,734	2,804	2,876	2,950	3,026
937	Reimbursements and other income	965	977	989	1,003	1,018	1,033	1,048	1,063	1,079	1,095
Payments											
(15,885)	Employee costs	(16,017)	(16,310)	(16,743)	(17,149)	(17,630)	(18,151)	(18,676)	(19,137)	(19,613)	(20,099)
(20,905)	Contractual services and materials	(20,488)	(19,836)	(20,322)	(21,433)	(21,538)	(22,132)	(22,847)	(23,429)	(23,806)	(24,491)
(800)	Finance payments	(773)	(900)	(1,080)	(1,321)	(1,522)	(1,743)	(1,964)	(2,081)	(2,129)	(2,216)
7,280	Net Cash provided by (or used in) Operating Activities	9,778	12,203	13,110	13,335	14,816	15,706	16,656	17,723	19,132	20,027
Cash Flows from Investing Activities											
Receipts											
1,845	Amounts specifically for new or upgraded assets	1,795	128	174	168	136	139	141	144	147	150
27	Sale of replaced assets	34	35	36	36	35	35	35	35	35	35
-	Repayments of loans by community groups	118	234	239	240	244	250	256	262	268	275
Payments											
(11,626)	Expenditure on renewal/replacement of assets	(10,723)	(11,523)	(12,716)	(12,533)	(11,748)	(11,208)	(12,102)	(12,095)	(10,836)	(8,209)
(5,599)	Expenditure on new/upgraded assets	(8,723)	(6,295)	(13,735)	(10,578)	(10,128)	(13,894)	(12,102)	(6,317)	(8,458)	(10,817)
(100)	Capital contributed to joint ventures	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
(19,095)	Net Cash provided by (or used in) Investing Activities	(17,599)	(17,521)	(26,103)	(22,768)	(21,562)	(24,778)	(23,872)	(18,070)	(18,944)	(18,666)
Cash Flows from Financing Activities											
Receipts											
5,871	Proceeds from borrowings - capital/projects	8,723	6,295	13,735	10,578	10,128	13,894	12,102	6,317	8,458	10,817
	Proceeds from borrowings – cash deficits	-	-	500	2,000	1,000	500	-	-	-	-
Payments											
(1,806)	Repayments of borrowings	(1,705)	(2,262)	(2,896)	(3,513)	(4,172)	(4,997)	(5,151)	(5,894)	(6,699)	(7,388)
4,064	Net Cash provided by (or used in) financing Activities	7,018	4,033	11,339	9,065	6,956	9,397	6,951	423	1,760	3,430
(4,108)	Net Increase (Decrease) in cash held	(803)	(1,285)	(1,654)	(368)	210	324	(265)	76	1,948	4,791
9,177	Cash and cash equivalents at beginning of period	5,069	4,265	2,980	1,326	958	1,168	1,493	1,227	1,303	3,251
5,069	Cash and cash equivalents at end of period	4,265	2,980	1,326	958	1,168	1,493	1,227	1,303	3,251	8,041

Statement of Changes in Equity

2020–2021		2021–2022	2022–2023	2023–2024	2024–2025	2025–2026	2026–2027	2027–2028	2028–2029	2029–2030	2030–2031
Budget		Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accumulated Surplus											
58,387	Balance at end of previous reporting period	59,461	65,676	66,754	68,318	70,089	72,357	75,064	78,188	81,766	86,350
1,074	Net surplus/(deficit) for year	6,215	1,078	1,564	1,771	2,268	2,707	3,124	3,578	4,585	4,999
59,461	Balance at end of period	65,676	66,754	68,318	70,089	72,357	75,064	78,188	81,766	86,350	91,349
Asset Revaluation Reserve											
427,018	Balance at end of previous reporting period	429,018	462,011	468,831	475,766	483,340	491,172	499,235	507,656	516,432	525,528
2,000	Gain on revaluation of infrastructure, property, plant and equipment	32,993	6,820	6,935	7,574	7,832	8,063	8,421	8,775	9,096	9,456
429,018	Balance at end of period	462,011	468,831	475,766	483,340	491,172	499,235	507,656	516,432	525,528	534,984
488,479	Total Equity at the end of the Reporting Period	527,687	535,585	544,084	553,428	563,529	574,299	585,844	598,197	611,878	626,333

Uniform Presentation of Finances

2020–2021		2021–2022	2022–2023	2023–2024	2024–2025	2025–2026	2026–2027	2027–2028	2028–2029	2029–2030	2030–2031
Budget		Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
44,460	Operating revenues	47,244	49,205	51,199	53,292	55,476	57,754	60,131	62,365	64,686	66,831
(45,258)	less Operating expenses	(46,852)	(48,289)	(49,845)	(51,725)	(53,379)	(55,221)	(57,184)	(58,967)	(60,284)	(62,017)
(798)	Operating Surplus (Deficit)	393	917	1,355	1,567	2,097	2,533	2,947	3,398	4,402	4,814
Less: Net Outlays on Existing Assets											
(11,626)	Capital expenditure on renewal/replacement of existing assets	(10,723)	(11,523)	(12,716)	(12,533)	(11,748)	(11,208)	(12,102)	(12,095)	(10,836)	(8,209)
27	less Proceeds from sale of replaced assets	34	35	36	36	35	35	35	35	35	35
9,734	less Depreciation, amortisation and impairment	10,525	11,051	11,418	12,027	12,629	13,162	13,739	14,303	14,733	15,218
(1,864)		(165)	(437)	(1,262)	(470)	916	1,989	1,672	2,244	3,932	7,044
Less: Net Outlays on New and Upgraded Assets											
(5,599)	Capital expenditure on new/upgraded assets	(8,723)	(6,295)	(13,735)	(10,578)	(10,128)	(13,894)	(12,102)	(6,317)	(8,458)	(10,817)
-	less Assets received free of charge	4,000	-	-	-	-	-	-	-	-	-
1,105	less Amounts received specifically for new or upgraded assets	1,845	128	174	168	136	139	141	144	147	150
(4,494)		(2,878)	(6,167)	(13,561)	(10,410)	(9,992)	(13,755)	(11,961)	(6,173)	(8,311)	(10,667)
(7,157)	Net Lending (Borrowing) for Financial Year	(2,649)	(5,687)	(13,468)	(9,313)	(6,980)	(9,233)	(7,341)	(531)	23	1,190

Key Performance Indicators

2020–2021		2021–2022	2022–2023	2023–2024	2024–2025	2025–2026	2026–2027	2027–2028	2028–2029	2029–2030	2030–2031
Budget		Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Budget											
Outcome 1: A Balanced Budget											
(798)	Operating surplus / (deficit) - \$'000	393	917	1,355	1,567	2,097	2,533	2,947	3,398	4,402	4,818
(1.8%)	Operating Surplus Ratio - %	0.8%	1.9%	2.7%	3.0%	3.8%	4.4%	4.9%	5.5%	6.8%	7.2%
Outcome 2: Rate Stability											
0.65%	Rate Revenue Increase - %	4.51%	4.55%	4.55%	4.55%	4.55%	4.55%	4.55%	4.05%	4.05%	3.56%
Outcome 3: Infrastructure and Asset Management											
125.7%	Asset Sustainability Ratio - % (Rolling three year average)	110.1%	104.3%	101.6%	102.7%	102.4%	102.9%	102.9%	103.5%	103.4%	103.4%
110%	Asset Sustainability Ratio - % (Annual)	100%	104%	101%	104%	103%	103%	104%	105%	103%	104%
Outcome 4: Debt Management											
19,083	Net Financial Liabilities - \$'000	21,764	27,552	41,120	50,533	57,612	66,946	74,387	75,018	75,094	74,004
42.9%	Net Financial Liabilities Ratio - %	46.0%	56.0%	80.3%	94.0%	103.9%	115.9%	123.7%	120.3%	116.1%	110.7%
7.2%	Debt Servicing Ratio - %	6.5%	8.0%	9.5%	11.0%	12.6%	14.2%	14.4%	15.5%	16.5%	17.3%

Council Facilities

The Council's Principal Office is located at:

Norwood Town Hall
175 The Parade, Norwood

Additional sites of operation include:

Glynde Depot
30 Davis Street, Glynde

Norwood Library
110 The Parade, Norwood

St Peters Library
101 Payneham Road, St Peters

**Payneham Library & Community
Facilities Complex (Tirkandi)**
2 Turner Street, Felixstow

Payneham Community Centre
374 Payneham Road, Payneham

Cultural Heritage Centre
101 Payneham Road, St Peters

Norwood Swimming Centre
Phillips Street, Kensington

Payneham Memorial Swimming Centre
OG Road, Felixstow

The Council also owns and operates:

St Peters Child Care Centre and Preschool
42-44 Henry Street, Stepney

Norwood Concert Hall
175 The Parade, Norwood

Additional Copies



The 2021–2031 Long-term Financial Plan can be viewed online at www.npsp.sa.gov.au

Further information

For more information on the Council's 2021–2031 Long-term Financial Plan, please visit www.npsp.sa.gov.au or phone 8366 4555.

The Council's website at www.npsp.sa.gov.au provides further details about the Council's activities, policies and plans for the future.

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au
Socials  /cityofnpsp  @cityofnpsp



City of
**Norwood
Payneham
& St Peters**

Attachment B

Long-Term Financial Plan

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Actual	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Key Financial Indicators										
0.64% Rate Revenue Increase - %	4.35%	4.42%	4.42%	4.42%	4.42%	4.42%	4.42%	4.42%	3.92%	3.92%
1,090 Operating Surplus / (Deficit) - \$'000	471	306	1,452	1,869	2,795	3,339	4,066	5,016	5,898	6,726
2.41% Operating Surplus Ratio - %	1.00%	0.63%	2.81%	3.46%	4.95%	5.70%	6.68%	7.92%	8.99%	9.89%
13,229 Net Financial Liabilities - \$'000	24,538	39,604	45,670	49,845	54,306	61,023	67,763	66,043	61,861	56,769
29.2% Net Financial Liabilities Ratio - %	52.1%	81.0%	88.3%	92.3%	96.3%	104.2%	111.3%	104.3%	94.3%	83.5%
1.3% Interest Cover Ratio - %	1.3%	1.9%	2.3%	2.3%	2.4%	2.5%	2.7%	2.7%	2.5%	2.2%
118.6% Asset Sustainability Ratio - % (Rolling three year average)	106.8%	98.1%	104.7%	103.4%	103.5%	102.3%	102.3%	103.4%	103.5%	103.4%
101% Asset Sustainability Ratio - %	107%	102%	106%	103%	102%	102%	103%	106%	103%	102%
6.07% Debt Servicing Ratio - %	4.39%	5.38%	7.94%	9.76%	10.55%	11.47%	12.58%	12.22%	12.62%	12.37%



City of
Norwood
Payneham
& St Peters

Statement of Comprehensive Income for the 10 year period ended 30 June 2031

2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Actual	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income										
36,288 Rates	37,811	39,481	41,224	43,045	44,946	46,933	49,006	51,172	53,179	55,265
1,734 Statutory charges	1,866	1,903	1,941	1,980	2,020	2,060	2,102	2,144	2,187	2,230
3,480 User charges	3,910	3,989	4,989	5,341	5,706	5,772	5,897	6,052	6,188	6,328
2,921 Grants, subsidies and contributions	2,521	2,582	2,645	2,709	2,775	2,842	2,911	2,982	3,055	3,129
19 Investment Income	111	61	61	61	61	61	61	61	61	61
833 Other Revenues	498	508	518	529	539	551	564	576	589	603
- Operating Projects	362	362	362	362	362	362	362	362	362	362
45,275 Total Revenues	47,079	48,886	51,740	54,028	56,410	58,582	60,903	63,349	65,621	67,978
Expenses										
15,356 Employee Costs	16,116	16,438	16,890	17,387	17,896	18,336	18,861	19,391	19,847	20,315
18,041 Materials, contracts & other expenses	17,966	18,659	19,213	19,732	20,267	20,817	21,384	21,914	22,458	23,016
610 Finance Costs	730	967	1,237	1,303	1,400	1,541	1,713	1,789	1,701	1,567
9,860 Depreciation, Amortisation & Impairment	10,640	11,020	11,612	12,449	12,781	13,136	13,465	13,904	14,407	14,790
- Operating Project Expenditure	955	1,296	1,135	1,086	1,070	1,212	1,212	1,134	1,109	1,362
319 Joint Venture Losses	201	201	201	201	201	201	201	201	201	201
44,185 Total Expenses	46,608	48,580	50,289	52,158	53,615	55,243	56,837	58,333	59,723	61,252
1,090 Operating Surplus (Deficit)	471	306	1,452	1,869	2,795	3,339	4,066	5,016	5,898	6,726
27 Net gain/(loss) on disposal or revaluation of assets	18	35	36	36	35	35	35	35	35	35
2,581 Amounts received specifically for new or upgraded assets	5,548	4,312	167	135	138	141	143	146	149	-
3,697 Net Surplus (Deficit)	6,037	4,652	1,654	2,040	2,968	3,515	4,244	5,197	6,083	6,761
Other Comprehensive Income										
2,000 Changes in revaluation surplus - infrastructure, property, plant & equipment	2,000	5,549	5,626	5,826	6,417	6,537	6,652	6,764	6,890	7,190
2,000 Total Other Comprehensive Income	2,000	5,549	5,626	5,826	6,417	6,537	6,652	6,764	6,890	7,190
5,697 Total Comprehensive Income	8,037	10,201	7,280	7,866	9,385	10,052	10,896	11,961	12,972	13,951

Balance Sheet for the 10 year period ended 30 June 2031



City of
Norwood
Payneham
& St Peters

2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Actual	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets										
Current Assets										
7,292 Cash & cash equivalents	2,946	4,110	2,035	2,829	2,090	3,099	3,408	3,977	3,626	3,918
3,512 Trade & other receivables	2,979	2,960	3,057	3,079	3,117	3,039	3,050	3,069	3,071	3,069
10,804 Total Current Assets	5,925	7,070	5,092	5,909	5,208	6,137	6,458	7,046	6,697	6,987
Non-current Assets										
- Financial Assets	-	4,000	3,766	3,527	3,287	3,043	2,794	2,538	2,276	2,007
2,496 Equity accounted investments in Council businesses	2,544	2,443	2,342	2,241	2,140	2,039	1,938	1,837	1,736	1,635
500,416 Infrastructure, Property, Plant & Equipment	519,713	545,091	558,521	570,663	584,609	601,480	619,217	629,559	638,451	647,410
- Other Non-current Assets	-	-	-	-	-	-	-	-	-	-
502,912 Total Non-current Assets	522,257	551,534	564,630	576,431	590,037	606,562	623,949	633,934	642,462	651,052
513,716 Total Assets	528,182	558,604	569,721	582,339	595,244	612,699	630,407	640,980	649,159	658,039
Liabilities										
Current Liabilities										
7,450 Trade & Other Payables	6,047	4,630	4,807	5,162	4,866	4,945	4,991	4,934	4,957	4,961
931 Borrowings	931	1,156	2,036	2,899	3,343	3,840	4,450	4,462	5,010	5,272
1,713 Short-term Provisions	2,626	2,597	2,564	2,527	2,405	2,544	2,528	2,514	2,503	2,499
10,094 Total Current Liabilities	9,604	8,383	9,407	10,588	10,614	11,329	11,968	11,909	12,470	12,731
Non-current Liabilities										
9,392 Long-term Borrowings	17,512	38,975	41,570	44,888	48,228	54,701	60,665	59,144	53,585	48,052
2,912 Long-term Provisions	1,511	1,278	1,313	1,367	1,319	1,333	1,340	1,331	1,335	1,335
1,635 Other Non-current Liabilities	1,836	2,037	2,238	2,439	2,640	2,841	3,042	3,243	3,444	3,645
13,939 Total Non-current Liabilities	20,858	42,290	45,121	48,693	52,187	58,875	65,047	63,717	58,364	53,032
24,033 Total Liabilities	30,462	50,674	54,528	59,281	62,801	70,204	77,015	75,627	70,834	65,763
489,683 Net Assets	497,720	507,930	515,193	523,058	532,443	542,496	553,392	565,353	578,325	592,276
Equity										
60,522 Accumulated Surplus	66,558	71,210	72,865	74,905	77,873	81,387	85,632	90,829	96,912	103,673
429,162 Asset Revaluation Reserve	431,162	436,711	442,336	448,162	454,579	461,117	467,768	474,532	481,422	488,612
489,683 Total Equity	497,720	507,921	515,201	523,067	532,452	542,504	553,400	565,361	578,334	592,285

Statement of Changes in Equity for the 10 year period ended 30 June 2031

2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Actual	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accumulated Surplus										
56,824	60,522	66,558	71,210	72,865	74,905	77,873	81,387	85,632	90,829	96,912
3,697	6,037	4,652	1,654	2,040	2,968	3,515	4,244	5,197	6,083	6,761
60,522	66,558	71,210	72,865	74,905	77,873	81,387	85,632	90,829	96,912	103,673
Asset Revaluation Reserve										
427,162	429,162	431,162	436,711	442,336	448,162	454,579	461,117	467,768	474,532	481,422
2,000	2,000	5,549	5,626	5,826	6,417	6,537	6,652	6,764	6,890	7,190
429,162	431,162	436,711	442,336	448,162	454,579	461,117	467,768	474,532	481,422	488,612
489,683	497,720	507,921	515,201	523,067	532,452	542,504	553,400	565,361	578,334	592,285



City of
Norwood
Payneham
& St Peters

Uniform Presentation of Finances for the 10 year period ended 30 June 2031

2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Actual	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
45,275	47,079	48,886	51,740	54,028	56,410	58,582	60,903	63,349	65,621	67,978
(44,185)	(46,608)	(48,580)	(50,289)	(52,158)	(53,615)	(55,243)	(56,837)	(58,333)	(59,723)	(61,252)
1,090	471	306	1,452	1,869	2,795	3,339	4,066	5,016	5,898	6,726
Less: Net Outlays on Existing Assets										
10,800	13,218	11,913	13,721	13,485	12,984	12,456	13,326	14,329	12,199	10,048
(27)	(18)	(35)	(36)	(36)	(35)	(35)	(35)	(35)	(35)	(35)
(9,860)	(10,640)	(11,020)	(11,612)	(12,449)	(12,781)	(13,136)	(13,465)	(13,904)	(14,407)	(14,790)
913	2,560	858	2,073	1,000	167	(714)	(174)	390	(2,244)	(4,778)
Less: Net Outlays on New and Upgraded Assets										
1,956	13,756	22,844	5,511	5,079	7,126	10,811	11,024	2,952	4,009	6,312
-	-	-	-	-	-	-	-	-	-	-
(2,581)	(5,548)	(4,312)	(167)	(135)	(138)	(141)	(143)	(146)	(149)	-
(624)	8,208	18,533	5,344	4,944	6,989	10,670	10,880	2,806	3,860	6,312
801	(10,297)	(19,085)	(5,966)	(4,075)	(4,361)	(6,617)	(6,640)	1,820	4,282	5,192

**6.4 REGIONAL SUBSIDIARIES – ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2021**

REPORT AUTHOR: General Manager, Corporate Services
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA75186 /A242441
ATTACHMENTS: A - D

PURPOSE OF REPORT

The purpose of this report is to provide the Committee with the 2020-2021 Audited Financial Statements for the Regional Subsidiaries of which this Council is a Member.

BACKGROUND

Section 16 (4) of the Local Government (Financial Management) Regulations 1999 requires that:

“The Chief Executive Officer of a council must ensure that any audited financial statements of a subsidiary received for the purposes of clause 12 (3) (a) or 28 (2) (a) of Schedule 2 of the Act are laid before the council at the first meeting of the council following their receipt by the Chief Executive Officer on behalf of the council.”

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable

FINANCIAL AND BUDGET IMPLICATIONS

There are no financial and budget implications resulting from the preparation of this report.

The financial performance of the Regional Subsidiaries of which this Council is a member, is accounted for in the Council’s Annual Financial Statements which are submitted concurrently.

The Council has included in its reported Operating Surplus, based on the respective ownership share detailed in Table 1, a net loss associated with its Regional Subsidiaries of \$110,127 (2019-2020: \$487,794).

EXTERNAL ECONOMIC IMPLICATIONS

Nil

SOCIAL ISSUES

Nil

CULTURAL ISSUES

Nil

ENVIRONMENTAL ISSUES

Nil

RESOURCE ISSUES

Nil

RISK MANAGEMENT

There are no risk management issues arising from the preparation this report.

CONSULTATION

- **Committee Members**
 Cr Stock is a Board Member and Member of the Eastern Waste Management Authority Inc. Audit Committee
 Ms Sandra DiBlasio is a Member of Eastern Waste Management Authority Inc. Audit Committee
 Cr John Minney is a Board Member of ERA Water and the Highbury Landfill Authority Inc.
 Ms Brigid O'Neill is a Member of ERA Water Audit Committee.
- **Community**
 Not Applicable
- **Staff**
 Not Applicable
- **Other Agencies**
 Not Applicable

DISCUSSION

The audited Financial Statements have been received from the following Regional Subsidiaries:

- Eastern Health Authority Inc. (**Attachment A**).
- Eastern Waste Management Authority Inc (**Attachment B**).
- ERA Water. (**Attachment C**).
- Highbury Landfill Authority Inc. (**Attachment D**).

The Net Surplus (Deficit) of the respective Regional Subsidiaries for the year ended 30 June 2021, together with the Council's share of the Operating Result which has been accounted for in the Council's Financial Statements, is set out in Table 1 below.

TABLE 1: REGIONAL SUBSIDIARY NET SURPLUS/ (DEFICIT)

REGIONAL SUBSIDIARY	NET SURPLUS / (DEFICIT)	COUNCILS SHARE OF NET OPERATING SURPLUS / (DEFICIT)	
		Percentage	\$
	\$		
Eastern Health Authority	90,365	32.75%	29,588
Eastern Waste Management Authority	726,000	14.30%	103,818
ERA Water	(981,605)	33.33%	(327,201)
Highbury Landfill Authority	375,454	40.36%	151,552

Important points to highlight resulting from the 2020-2021 Financial year are:

- Eastern Health Authority
 The Eastern Health Authority Inc. reported a Net Operating Surplus of \$90,365 compared to an Operating Deficit of \$13,401 reported in 2019-2020. The improvement in the Operating result is primarily due to a reduction in expenditure on clinic vaccines, IT licence costs and other general material and contract costs.
- Eastern Waste Management Authority
 For 2020-2021, East Waste reported an Operating Surplus of \$621,000, plus a gain of \$105,000 on the disposal of Plant & Equipment. East Waste aimed for an Operating Deficit of \$39,000, which was based on a breakeven cash position, to enable the Authority to meet its annual loan repayments. The primary driver of the favourable result is lower than anticipated material and contract costs and depreciation.

- ERA Water ERA Water reported an Operating Deficit of \$982,000, which was predominately due insufficient water being available during the year, resulting in lower than anticipated water sales.

- Highbury Landfill Authority Inc. The Highbury Landfill Authority Inc. reported an Operating Surplus of \$375,454. To meet the legislative requirements associated with the post closure of the landfill, the Highbury Landfill Authority Inc., is required to estimate the future costs to manage the post closure phase of the landfill. A review of the adequacy of the provision to cover the estimated cost of monitoring the landfill has been undertaken to ensure the value of the provision reflects the latest information on future expenditure and interest rates. As a result of the review, the post closure provision was decreased by \$391,241. This adjustment has contributed to the reported Net Surplus.

OPTIONS

Not Applicable.

CONCLUSION

The Council's 2020-2021 Annual Financial Statements is reporting a Net Loss on Equity Accounted Council Businesses of \$110,127 (2019-2020:\$ 484,722).

COMMENTS

Nil

RECOMMENDATION

That the report be received and noted.

Attachment A

Regional Subsidiaries Annual Financial Statements for the Year Ended 30 June 2021

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**





Message from the Chairperson

Cr Peter Cornish

With over 125 years of accumulated experience in its public health staff and over 100 years of accumulated experience in its immunisation staff; it is no wonder why EHA provides such a remarkable service for its community.

The Eastern Health Authority (EHA) continues to deliver remarkable service during this continued period of uncertainty of a global pandemic.

The residents and ratepayers of its five constituent Councils (the Cities of Norwood, Payneham and St Peters, Campbelltown, Burnside, Prospect and the Town of Walkerville) continued to benefit directly and indirectly from the operations of EHA. In June 2021, an independent service review which benchmarked EHA against other comparable Councils in Food inspection, Food enforcement and Immunisation activities was presented.

The review details that EHA conducts more food safety inspection, and the highest follow-up inspections as a total and percentage of premises within our service area. It also details EHA provides a greater immunisation service with the highest proportion of its aggregate population compared to other comparative Councils. The review did make governance and administrative recommendations ensuring EHA continuously improves and maintains and improves its current service levels. The Board will be addressing these recommendations.

With over 125 years of accumulated experience in its public health staff and over 100 years of accumulated experience in its immunisation staff; it is no wonder why EHA provides such a remarkable service for its community.

I thank all the hard working staff at EHA especially during a challenging year in the ever changing public health area.

I am thrilled to bring the 2020-21 Annual Report for your consideration.

Cr Peter Cornish
Chairperson



About Eastern Health Authority

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

Prospect	
Rateable Properties	10,148
Population of Council	21,520

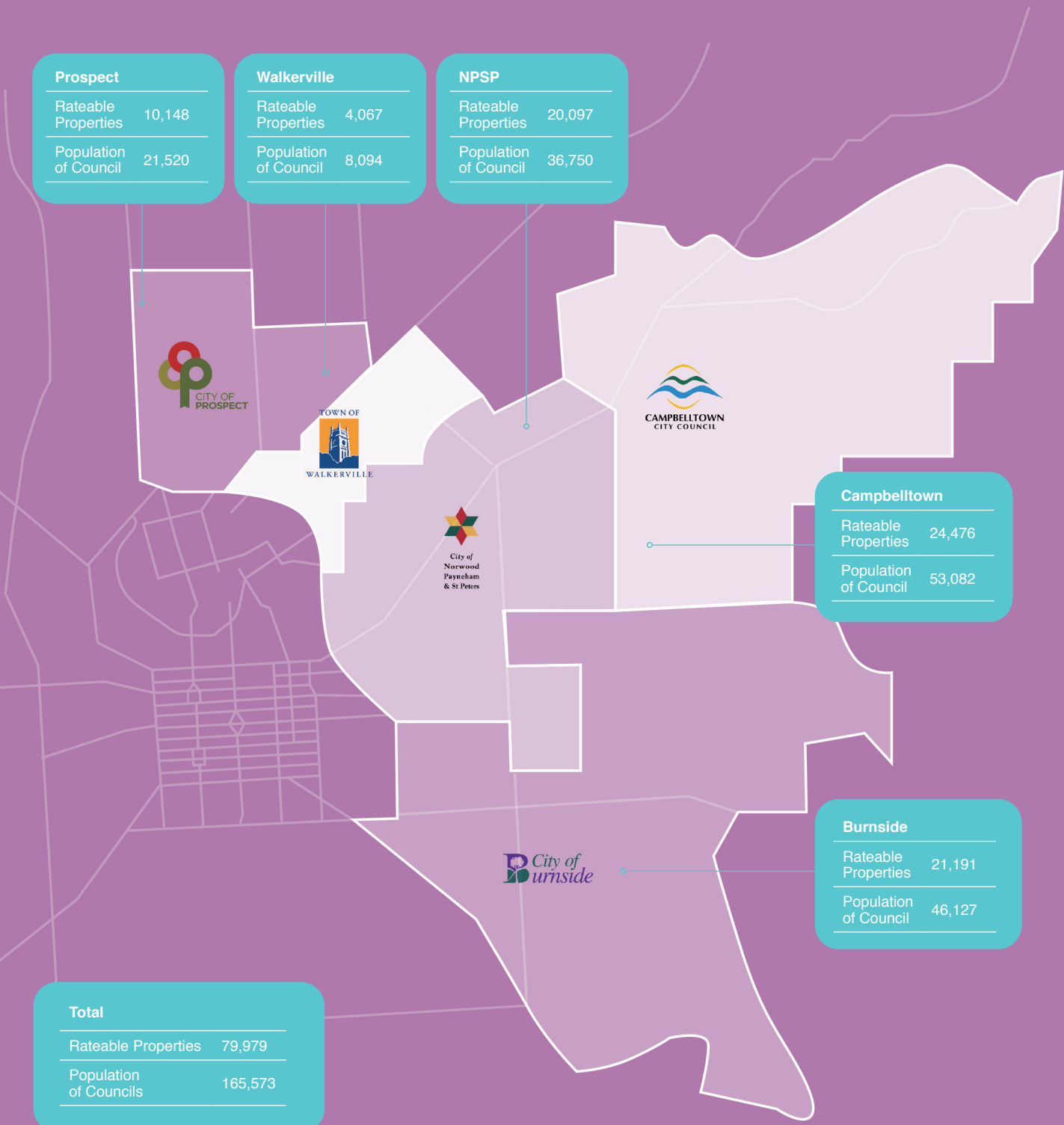
Walkerville	
Rateable Properties	4,067
Population of Council	8,094

NPSP	
Rateable Properties	20,097
Population of Council	36,750

Campbelltown	
Rateable Properties	24,476
Population of Council	53,082

Burnside	
Rateable Properties	21,191
Population of Council	46,127

Total	
Rateable Properties	79,979
Population of Councils	165,573





Chief Executive Officer's Report

Michael Livori

The continual focus on COVID-19 related issues and disruptions has continued to dominate our lives during the past year. We have had to remain agile and adapt as the situation continues to unfold while continuing our important public health protection responsibilities. In addition to our existing health protection work, our staff continue to undertake COVID-19 compliance checks during their routine assessments in accordance with the Emergency Management Directions put in place to manage the pandemic. The crisis has certainly highlighted the importance of effective public health systems and responses.

Our public immunisation clinics continue to be very popular with 3,775 clients receiving 7,069 vaccines. With ongoing COVID-19 restrictions in place we continued with appointment-based clinics which has had an impact on the number of clients that can be serviced comparing to the previous year. The School Based Immunisation Programme delivered 10,497 vaccines to high school students and our coverage rates continue to be higher than the state average. An enhanced SMS reminder system for absentees was introduced with positive results. COVID-19 vaccines for students at schools are currently under consideration and we stand ready if they are added to the programme. Eastern Health Authority's (EHA) Workplace Influenza Program conducted between March and June assists businesses to protect their staff from the highly contagious influenza virus, reducing costly absenteeism. 107 workplace visits were undertaken, including eight new businesses, where 4,164 vaccines were administered.

Healthy communities require access to safe and suitable food. Monitoring food safety standards to ensure this occurs, continues to be one of our most important areas of core business. EHA is responsible for monitoring over 1,300 food businesses to ensure appropriate food safety standards are being maintained. Over 1,500 inspections were conducted during the year. While recognising the significant COVID-19 related pressures faced by food businesses, it was disappointing that there were a significant increase in Prohibition Orders issued. During the year, Prohibition Orders requiring a business to close for a period of time to rectify issues of concern were issued on 16 occasions. This course

of action is not undertaken lightly, however the public must be protected from the small number of proprietors who are willing to put their health at risk.

A food safety training program focusing on the fundamentals of food safety was designed and developed during the year aimed to improve food handlers' knowledge of safe food practices and in turn, businesses compliance with the Food Safety Standards. The program commenced in June and was fully subscribed with 24 participants with varying levels of experience in the food industry and from a variety of food businesses, such as schools, cafes, cinemas, and restaurants attending. Feedback provided by the participants was overwhelmingly positive with attendees requesting longer and additional sessions. The program will be refined based on the feedback and more sessions offered next year including via virtual platforms.

An independent organisational service review was finalised in June 2020, and we were extremely pleased with the findings. EHA was found to effectively manage the risk profile for public and environmental health and food safety across the region.



EHA continues to lead the Eastern Hoarding and Squalor Group. The Group continued into its eighth successful year and met four times. This collaborative forum for Environmental Health officers and representatives from Government and non-Government agencies allows for proactive discussion and information sharing on squalor and hoarding.

On behalf of EHA I would like to thank our hardworking staff for their commitment and efforts during the year.

In terms of local government public health protection, EHA is structured in a unique manner. This structure allows us to have a single focus and be experts and leaders in our field. An independent organisational service review was finalised in June 2020, and we were extremely pleased with the findings. EHA was found to effectively manage the risk profile for public and environmental health and food safety across the region. Centralised services provided through a regional subsidiary model was well recognised and valued by stakeholders. A benchmarking exercise found EHA performs

well against other councils, particularly those that were most comparable in terms of population and resource allocations. The efficient and pro-active way in which EHA was able to adjust responsibilities and liaise with State agencies during COVID-19 was highly valued by stakeholders and the ability to pivot service delivery was seen as a strength. EHA was highlighted as a high performer in delivering immunisation services, citing professionalism and willingness to innovate and improve service quality. A median score of 9 out of 10 given by Constituent Councils for overall service quality, illustrates the value attributable to EHA's service delivery.

I would like to take this opportunity to thank the Board Members for the interest you have in public health and the support you provide to the EHA administration. It is valued and appreciated. On behalf of EHA I would like to thank our hardworking staff for their commitment and efforts during the year. None of the achievements outlined in this report would have been possible without you.

Michael Livori
Chief Executive Officer



Governance

Board of Management 2021

EHA is a body corporate, governed by a Board of Management comprised of two elected members from each Constituent Council. The Board met six times during the year to consider EHA's business.

City/Town	Member	Meetings Attended
City Of Burnside	Cr P Cornish	● ● ● ● ● ○
	Cr J Davey	● ● ● ● ● ○
City Of Norwood Payneham & St Peters	Cr S Whittington	● ● ● ● ● ○
	Cr G Knoblauch	● ● ● ● ● ○
Campbelltown City Council	Cr J Kennedy	● ● ● ● ● ○
	M Hammond	● ● ● ● ● ○
City Of Prospect	Cr K Barnett	● ● ● ● ● ○
	N Cunningham	● ● ● ● ● ○
Town Of Walkerville	A Caddy	○ ○ ○ ○ ○ ○
	Cr J Joshi	○ ○ ○ ○ ○ ○

Finance Audit Committee

Members of EHA's Audit Committee include:

- Claudia Goldsmith Presiding Member
- Independent Member Madeleine Vezis
- Board Appointed Member Cr Peter Cornish

The Committee met on three occasions during the year.

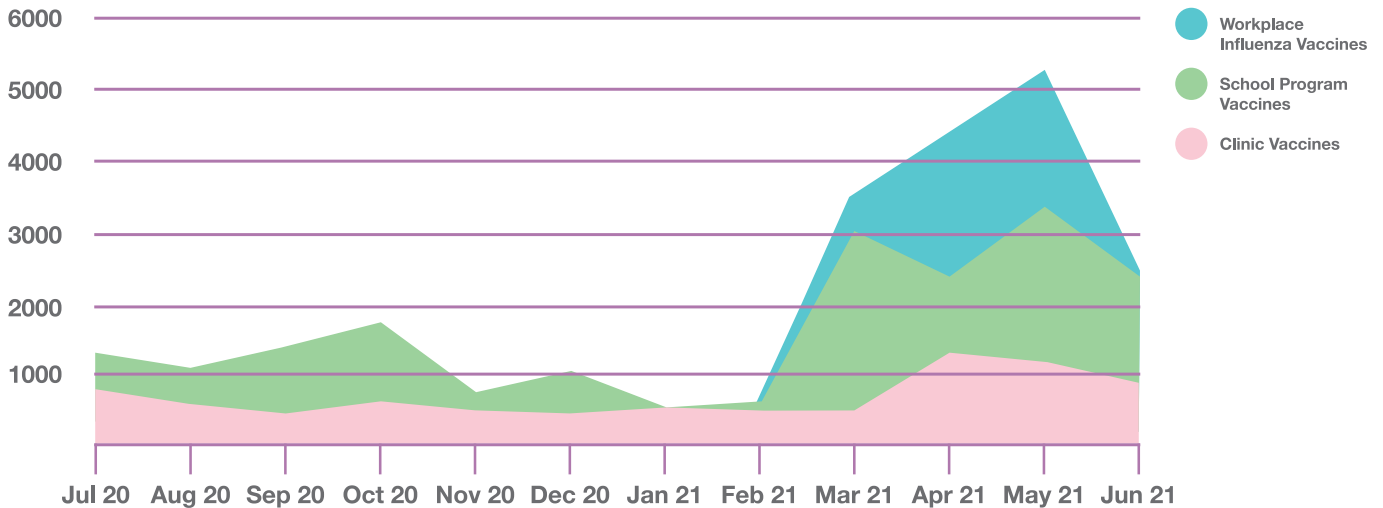




Immunisation

EHA provides a comprehensive, specialised, and convenient immunisation service by way of public immunisation clinics, school immunisation program and workplace immunisation programs to the residents of our Constituent Councils.

The combined demand for all immunisation services over the last year

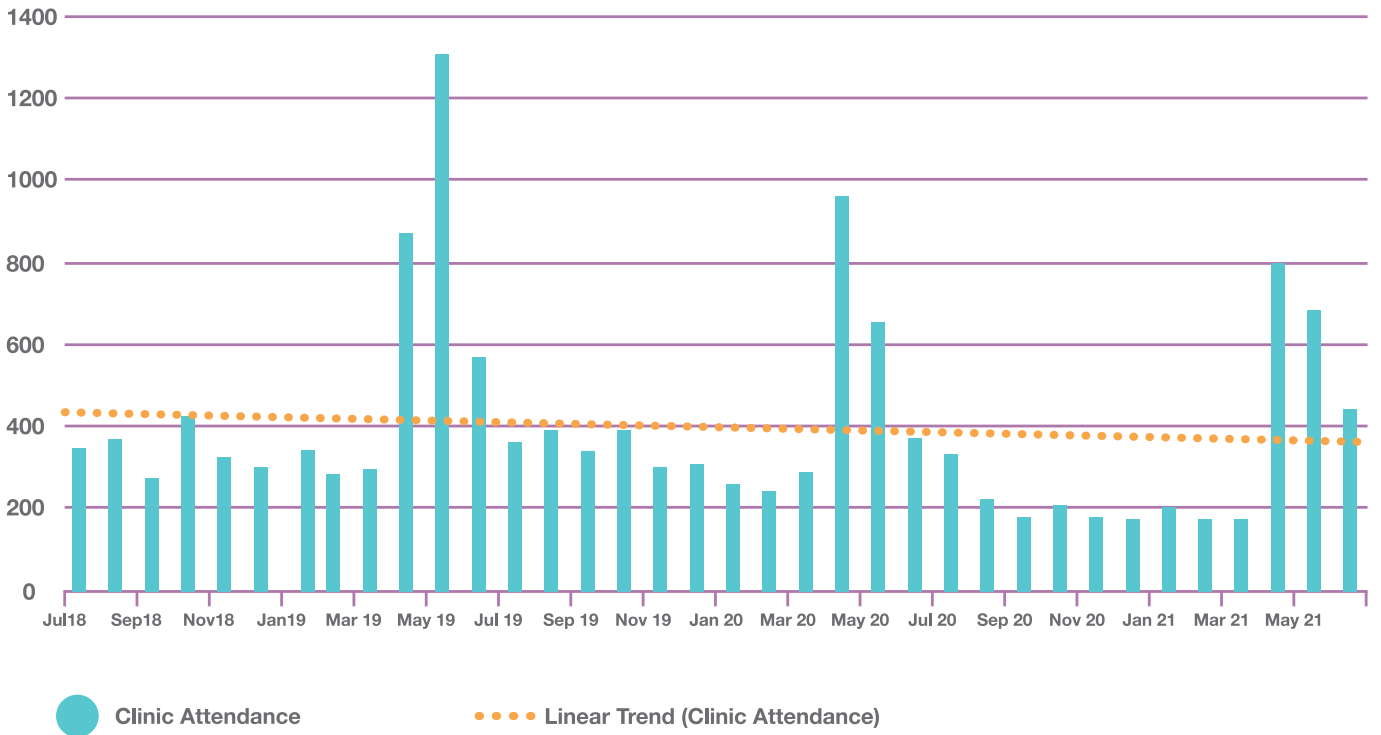




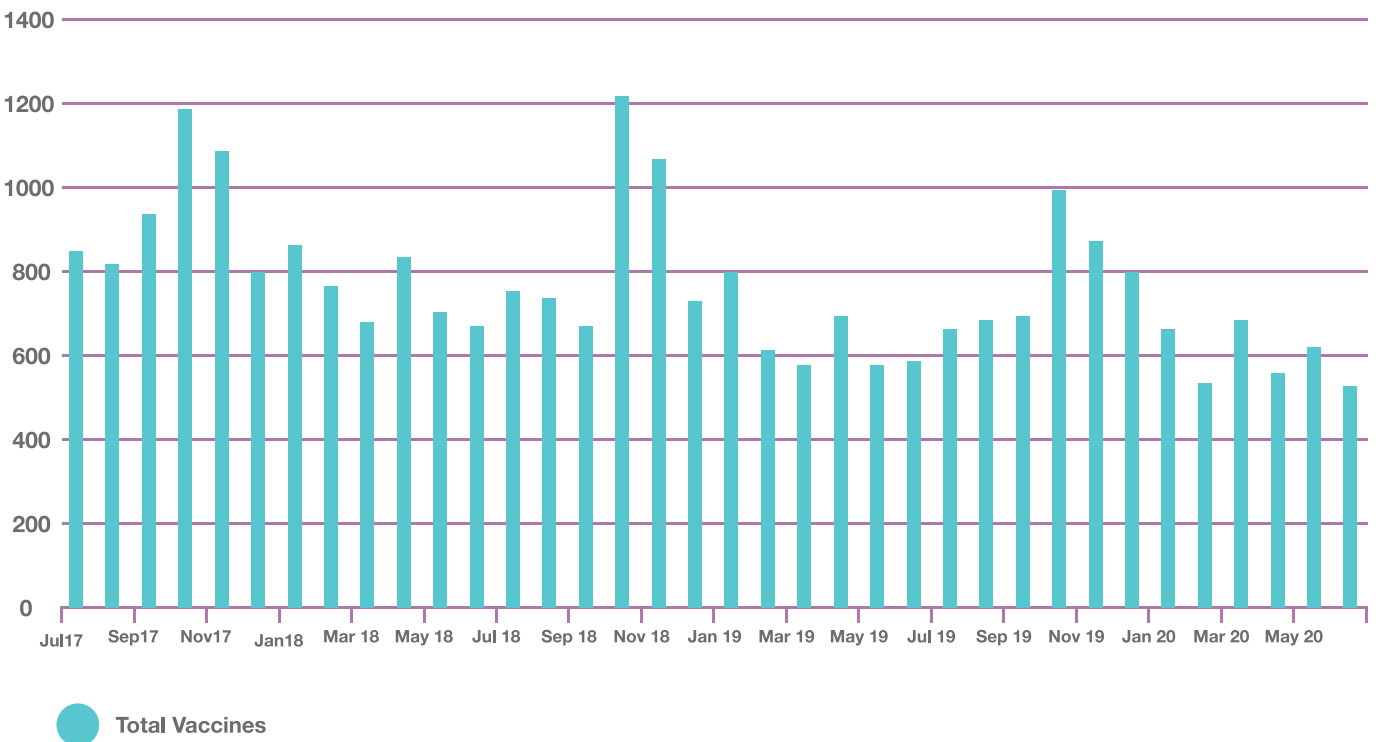
Public Immunisation Clinics

3,775 clients were provided with 7,069 vaccinations.

Client attendance at public immunisation clinics for the last 3 years



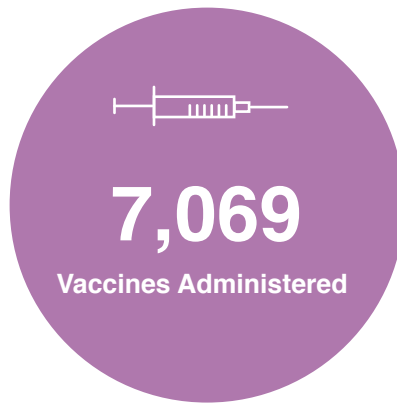
The number of vaccines administered at public clinics for the last 3 years.





The number of clients per council area and their choice of clinic venue

Where clients come from (Council Area)	Number of clients from Council Area	Where clients attend (Clinic Venue by %)			
		Burnside	Campbelltown	NPSP	Prospect
Burnside	914	21%	3%	76%	0%
Campbelltown	1,092	3%	16%	80%	1%
NPSP	1,020	2%	2%	95%	1%
Prospect	313	1%	2%	76%	21%
Walkerville	193	1%	0%	96%	3%
Other	243	9%	16%	72%	3%
Total Number of Clients	3,775				

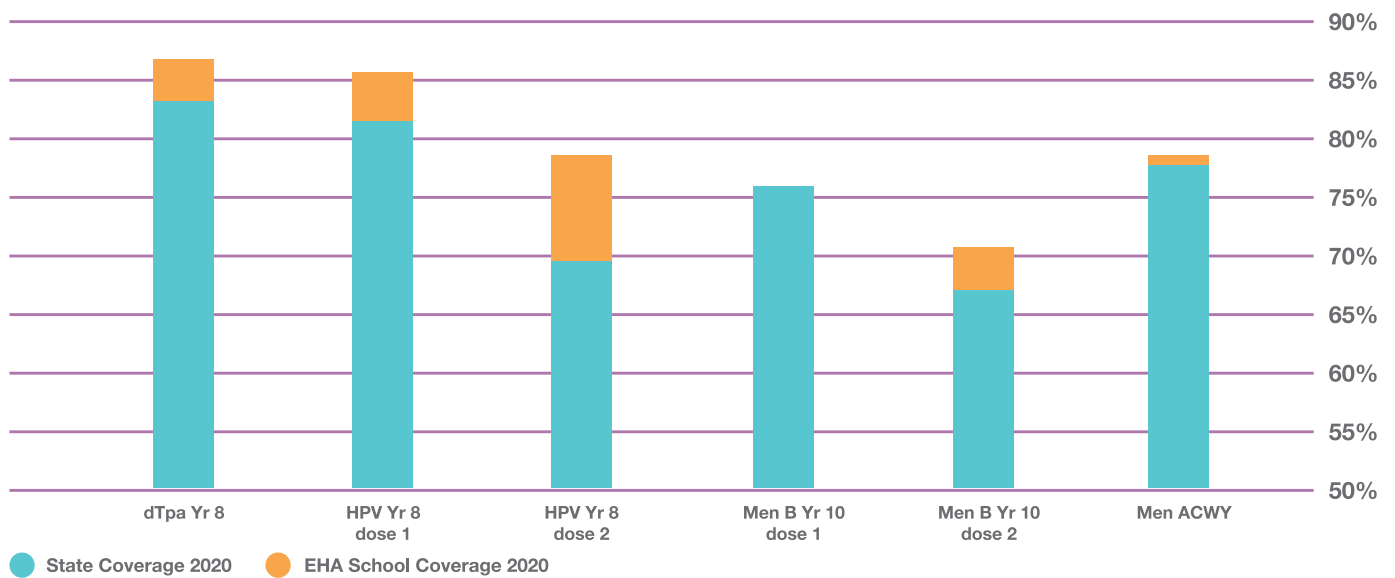




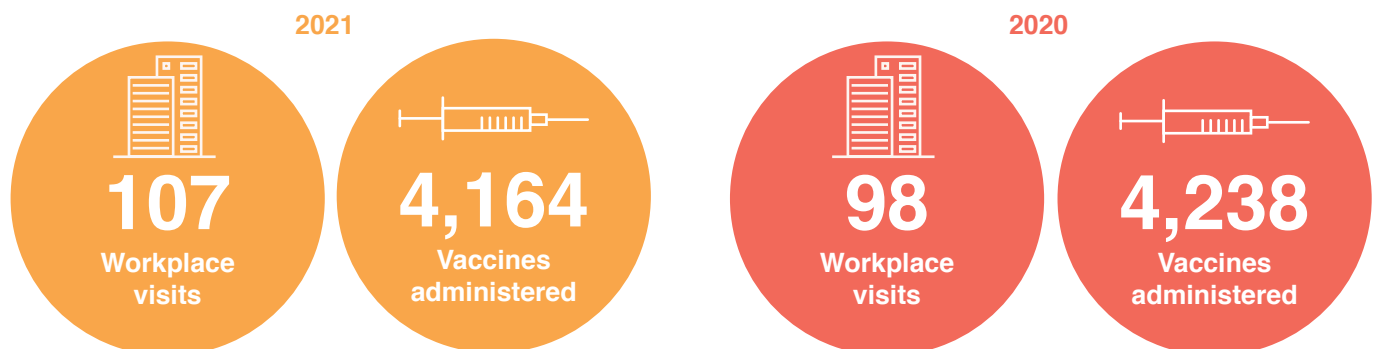
School Vaccinations for Calendar Year to Date – January to December 2020

Council	Human Papillomavirus (HPV)	Diphtheria Tetanus and Pertussis (dTpa)	Meningococcal B (Men B)	Meningococcal ACYW (Men ACWY)	Total
Burnside	1,212	476	1,059	682	3,429
Campbelltown	902	482	869	459	2,712
NPSP	1,193	547	1,040	555	3,335
Prospect	193	106	196	104	599
Walkerville	141	71	132	78	422
Total	3,641	1,682	3,296	1,878	10,497

A graph illustrating EHA vaccine coverage rates compared with the SA State coverage rates across all vaccines administered.



Workplace Immunisation Program





Public and Environmental Health

Environmental health is the branch of public health that focuses on the interrelationships between people and their environment, promotes human health and well-being, and fosters healthy and safe communities.

website: [NEHA Environmental health](#)



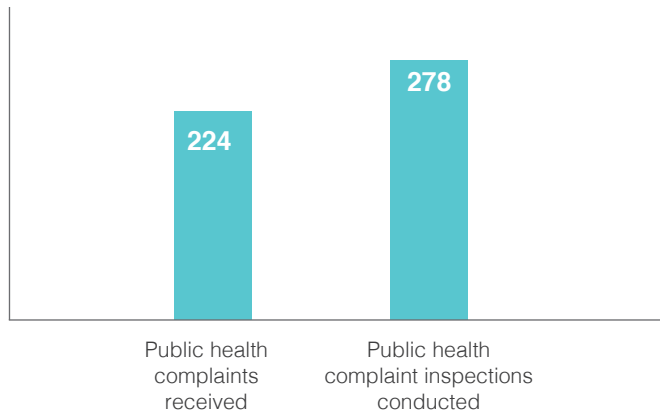
Complaints and Referrals

Environmental Health Officer's responsibilities under the *SA Public Health Act 2011* continued to extend to respond to control of the COVID-19 Pandemic spread within South Australia.

Public health related complaints/referrals from the public or State Government.

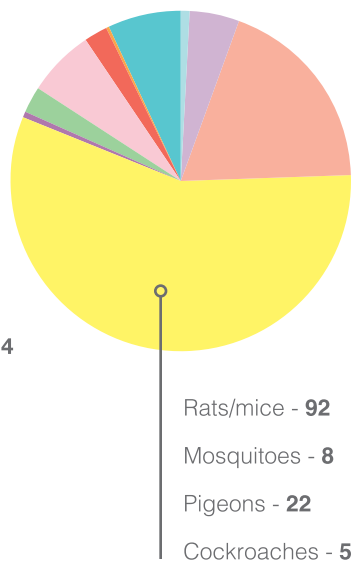
2018-19	2019-20	2020-21
162	213	224 ▲

1.24 inspections per complaint



Public Health Complaint Category

- Vector Control - 127
- Waste Control - 1
- Air Quality - 6
- Animal Keeping - 2
- Notifiable diseases - 11
- Storm Water Discharge - 14
- Hazardous Substance - 5
- Other - 1
- COVID-19 - 15
- Sanitation - 42



Vector Complaints– (increase)



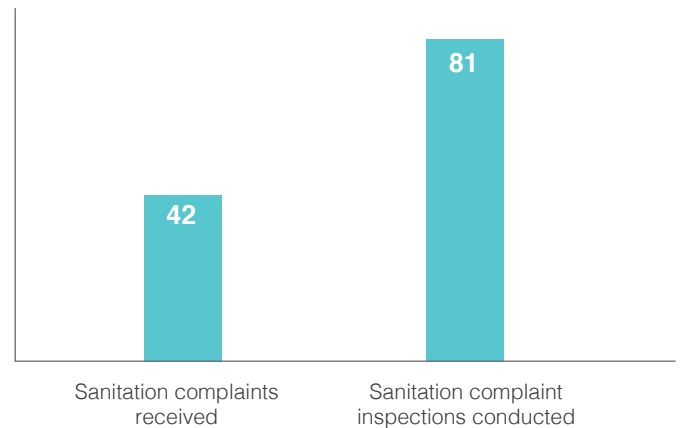
Squalor



Hoarding



1.92 inspections per complaint



14

Stormwater discharge complaints investigated a significant increase from 5 (2019-20)

15

COVID-19 Social Distancing Complaints a decrease from 28 complaints in 2019-20



Notifiable Diseases

	2019-20	2020-21
Campylobacter	267	248 ▼
Salmonella	79	38 ▼
Legionellosis	5	2 ▼
Cryptosporidiosis	5	4 ▼
Hepatitis A	1	0 ▼
Rotovirus	47	15 ▼
COVID-19	51	11 ▼

Monitoring and Surveillance

Cooling Towers and Warm Water Systems

19 Cooling Towers at 12 sites	
Routine inspections	19
Follow-up inspection	1

18 Warm Water Systems at 4 sites	
Routine inspections	10
Follow-up inspection	1

Water samples taken from all HRMWS sites during routine inspections - two detections of *Legionella* at two separate sites.

Two *Legionella* disease notifications were received from SA Health. Both required desktop reviews and no further action.

Public Swimming Pools and Spas

28 swimming pool and spa sites	
Routine inspections	46
Follow-up inspection	16
Compliance Notice Issued	1

Personal Care and Body Art (PCBA)

All eight tattoo premises involving high risk skin penetration practice were assessed.

Waste Control Systems

A small area within EHA's catchment is not connected to SA Water Sewer or a Community Wastewater Management Scheme, requiring the installation of an approved onsite wastewater system.

Four wastewater applications for wastewater works were received and approved

Health Care and Community Services

5

Licence renewal applications were received and approved.

6

Unannounced routine licensing audits were conducted across 5 facilities.

3

Complaint investigations were undertaken. No further action taken.







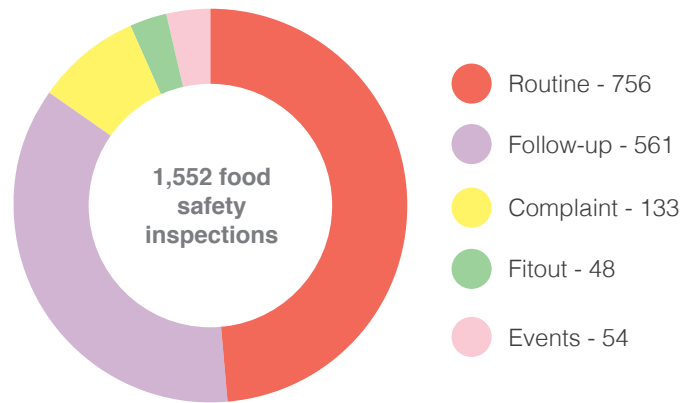
Food Safety

EHA administers the *Food Act 2001* in conjunction with the Food Safety Standards to protect the public from food-borne illness and associated risks.

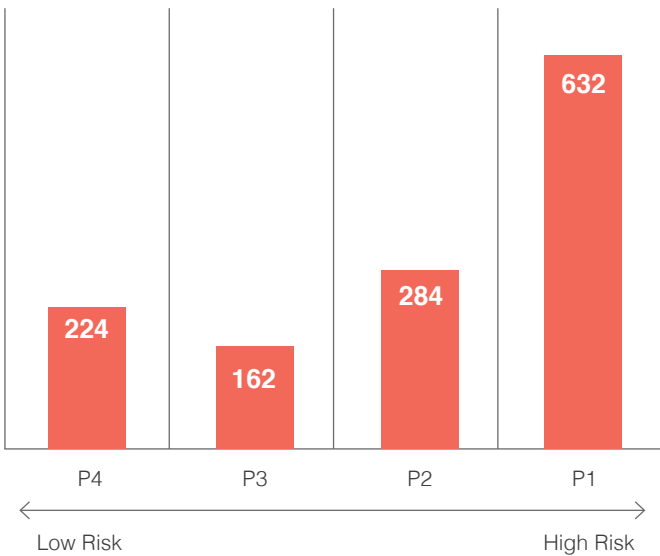
Food Safety Inspections

1,302 known food premises are operating as at 30/06/2021

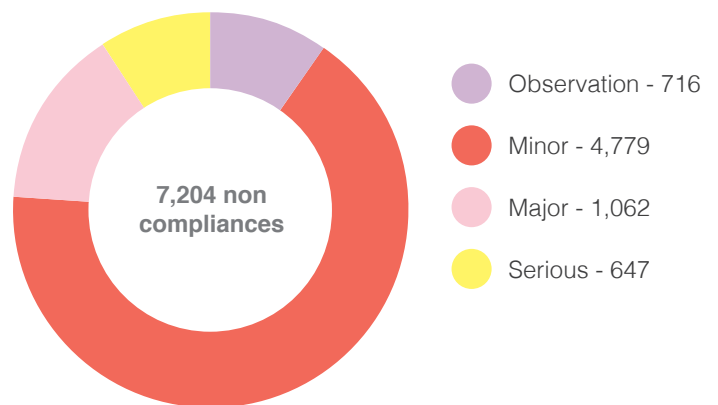
Type of food safety inspections undertaken during 2020-21



Number of food businesses per risk classification



Type of food safety non-compliances observed during 2020-21



Increase in types of food safety non-compliances observed during routine inspections compared to the previous year. In particular:

64% Increase in the number of routine food inspections when compared to the previous year.

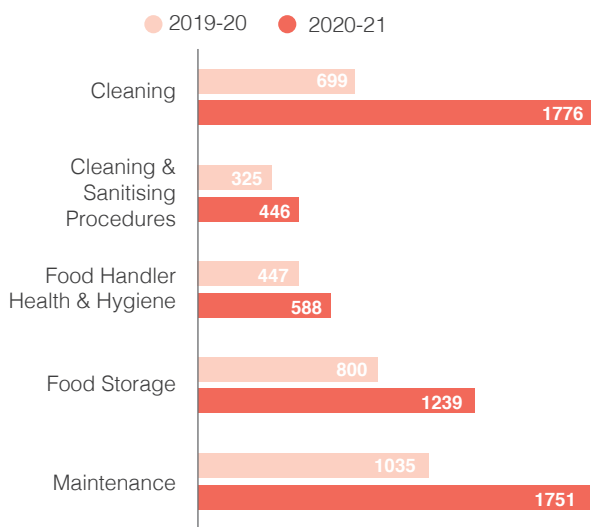
Cleaning
2.5
fold increase

Food storage
1.5
fold increase

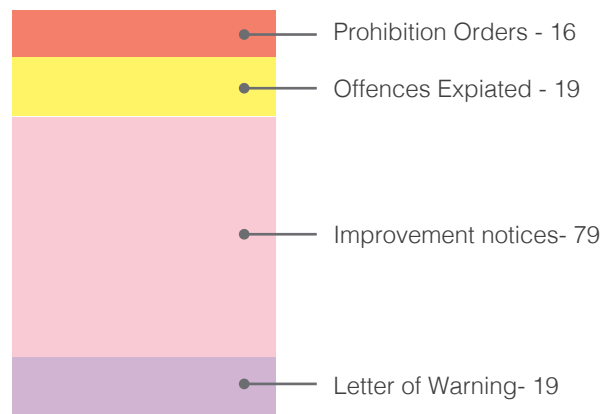
Maintenance
1.7
fold increase



Two year comparison of the types of food safety non-compliances observed during routine inspections during 2020-21.



A graph illustrating the graduated response to enforcement under the Food Act 2001.



The majority of food businesses requiring legal action are P1 high risk businesses.

Number of businesses requiring legal action per risk rating.

	P1	P2	P3
Warning Letter	18	1	0
Improvement Notices	65	13	1
Offences Expiated	12	2	0
Prohibition Orders	14	2	0

Food Safety Enforcement

66%
of routine inspections requiring a follow-up inspection

105
food premises required more than one follow-up inspection



Improvement Notices

79 Improvement Notices issued to 54 food businesses

19 businesses issued with multiple Improvement Notices – accounted for 44 Improvement Notices

7.1% of routine inspections resulted in the issue of an Improvement Notice

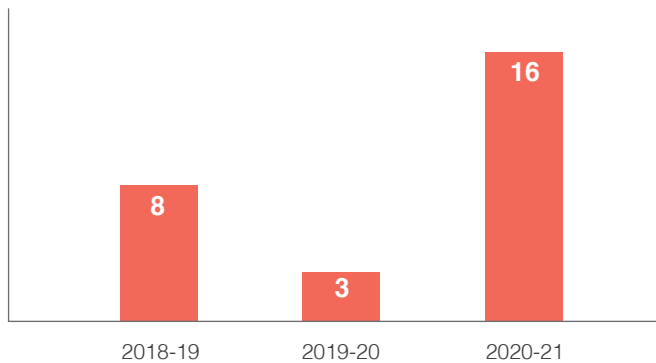
Expiations

14 businesses were expiated under the *Food Act 2001*

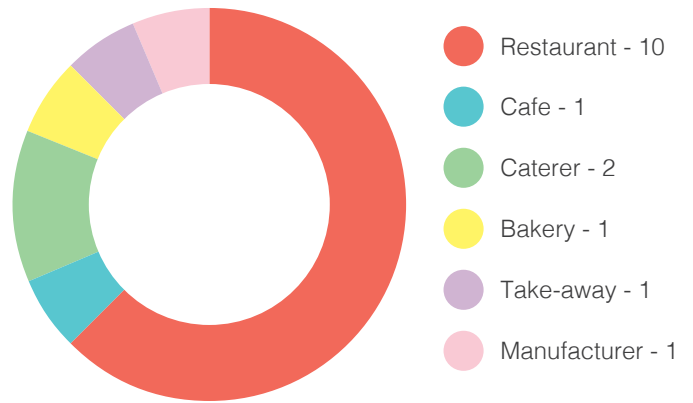
1.85% of routine inspections resulted in the issue of an Expiation Notice

Prohibition Orders

16 Prohibition Orders issued. 13 more when compared to the previous year.



Types of food businesses issued with a Prohibition Order during 2020-21.



Food Safety Audits

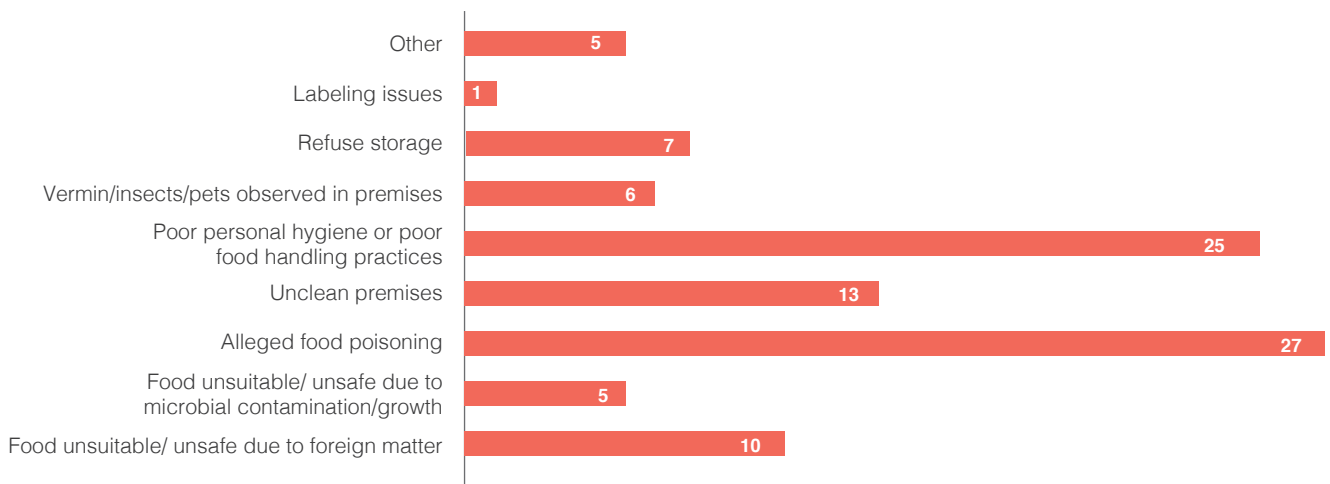
120 scheduled food safety audits food businesses serving food to vulnerable populations



Food Safety Complaints



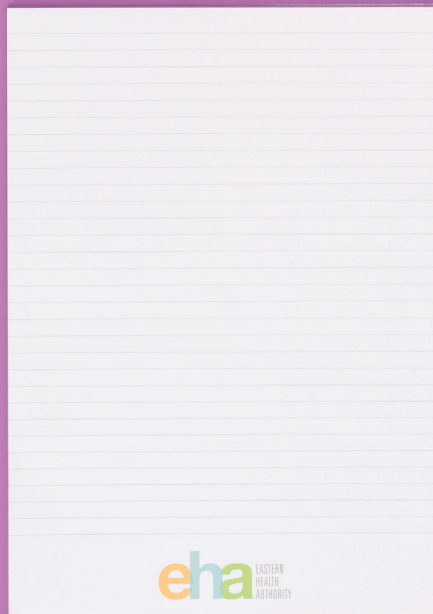
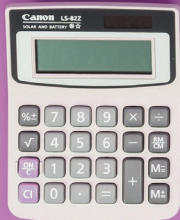
Types of Food Complaints received in 2021





Summary Financial Statement for the year ending 30 June 2021

	2020	2021
INCOME		
Council Contributions	1,803,571	1,821,865
Statutory charges	72,447	150,625
User charges	330,134	235,151
Grants, subsidies and contributions	245,618	256,514
Investment income	8,183	4,901
Other income	4,031	4,5498
TOTAL INCOME	2,463,984	2,474,605
EXPENSES		
Employee Costs	1,636,215	1,635,933
Materials, contracts & other expenses	594,507	509,065
Depreciation, amortisation & impairment	190,358	190,797
Finance costs	56,305	48,445
TOTAL EXPENSES	2,477,385	2,384,240
OPERATING SURPLUS (DEFICIT)		
Asset disposal & fair value adjustments		
NET SURPLUS/(DEFICIT)	(13,401)	90,365
Other Comprehensive Income		
TOTAL COMPREHENSIVE INCOME	(13,401)	90,365
CURRENT ASSETS		
Cash and cash equivalents	721,310	782,896
Trade and Other Receivables	155,650	188,901
TOTAL CURRENT ASSETS	876,960	971,797
NON-CURRENT ASSETS		
Infrastructure, Property, Plant & Equipment	1,491,511	1,300,714
TOTAL NON-CURRENT ASSETS	1,491,511	1,300,714
TOTAL ASSETS	2,368,471	2,272,511
CURRENT LIABILITIES		
Trade & Other Payables	157,719	163,940
Borrowings	262,051	177,021
Provisions	307,885	307,903
Liabilities relating to Non-current Assets held for Sale		
TOTAL CURRENT LIABILITIES	727,655	648,864
NON-CURRENT LIABILITIES		
Borrowings	1,143,669	1,036,687
Provisions	22,268	21,716
TOTAL NON-CURRENT LIABILITIES	1,165,937	1,058,403
TOTAL LIABILITIES	1,893,592	1,707,267
NET ASSETS	474,879	565,244
EQUITY		
Accumulated Surplus	474,879	565,244
TOTAL EQUITY	474,879	565,244





The General Purpose Financial Reports for the year ended 30 June 2021

Eastern Health Authority General Purpose Financial Reports for the year ended 30 June 2021

Table of Contents

	Page
Authority Certificate	1
Principal Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	6
Note 2 - Income	10
Note 3 - Expenses	11
Note 4 - Current Assets	13
Note 5 - Property, Plant & Equipment & Investment Property	14
Note 6 - Liabilities	16
Note 7 - Reconciliation of Cash Flow Statement	17
Note 8 - Financial Instruments	18
Note 9 - Uniform Presentation of Finances	21
Note 10 - Leases	22
Note 11 - Superannuation	23
Note 12 - Contingent Assets & Contingent Liabilities	24
Note 13 - Events Occurring After Balance Date	24
Note 14 - Related Party Transactions	25
Audit Report - Financial Statements	26
Authority Certificate of Audit Independence	27
Audit Certificate of Audit Independence	28



EASTERN HEALTH AUTHORITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by Eastern Health Authority (EHA) 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 EHA's financial position at 30 June 2021 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.

Michael Livori
CHIEF EXECUTIVE OFFICER

Cr Peter Cornish
CHAIRPERSON
EHA BOARD OF MANAGEMENT

Date:

31/8/21

Eastern Health Authority
Statement of Comprehensive Income
for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
INCOME			
Council contributions	2	1,821,865	1,803,571
Statutory charges	2	150,625	72,447
User charges	2	236,151	330,134
Grants, subsidies and contributions	2	256,514	245,618
Investment income	2	4,901	8,183
Other income	2	4,549	4,031
Total Income		2,474,605	2,463,984
EXPENSES			
Employee costs	3	1,635,933	1,636,215
Materials, contracts & other expenses	3	509,065	594,507
Depreciation, amortisation & impairment	3	190,797	190,358
Finance costs	3	48,445	56,305
Total Expenses		2,384,240	2,477,385
OPERATING SURPLUS / (DEFICIT)		90,365	(13,401)
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		90,365	(13,401)
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		90,365	(13,401)

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

Eastern Health Authority
Statement of Financial Position
as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	782,896	721,310
Trade & other receivables	4	188,901	155,650
Total Current Assets		<u>971,797</u>	<u>876,960</u>
Non-current Assets			
Infrastructure, property, plant & equipment	5	1,300,714	1,491,511
Total Non-current Assets		<u>1,300,714</u>	<u>1,491,511</u>
Total Assets		<u>2,272,511</u>	<u>2,368,471</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	6	163,940	157,719
Borrowings	6	177,021	262,051
Provisions	6	307,903	307,885
Total Current Liabilities		<u>648,864</u>	<u>727,655</u>
Non-current Liabilities			
Borrowings	6	1,036,687	1,143,669
Provisions	6	21,716	22,268
Total Non-current Liabilities		<u>1,058,403</u>	<u>1,165,937</u>
Total Liabilities		<u>1,707,267</u>	<u>1,893,592</u>
NET ASSETS		<u>565,244</u>	<u>474,879</u>
EQUITY			
TOTAL EQUITY	Notes	2021 \$	2020 \$
Accumulated Surplus		565,244	474,879
TOTAL EQUITY		<u>565,244</u>	<u>474,879</u>

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



Eastern Health Authority
Statement of Changes in Equity
for the year ended 30 June 2021

		Acc'd Surplus	TOTAL EQUITY
2021	Notes	\$	\$
Balance at end of previous reporting period		474,879	474,879
Net Surplus / (Deficit) for Year		90,365	90,365
Balance at end of period		565,244	565,244
<hr/>			
2020	Notes	\$	\$
Balance at end of previous reporting period		488,280	488,280
Net Surplus / (Deficit) for Year		(13,401)	(13,401)
Balance at end of period		474,879	474,879

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

Eastern Health Authority
Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts:</i>			
Council Contributions		1,821,865	1,983,928
Statutory charges		150,625	72,447
User charges		227,736	373,345
Investment receipts		5,757	7,234
Grants utilised for operating purposes		256,514	245,618
Other revenues		4,549	4,031
<i>Payments:</i>			
Employee costs		(1,637,628)	(1,645,676)
Materials, contracts & other expenses		(525,832)	(802,416)
Finance payments		(49,988)	(57,773)
Net Cash provided by Operating Activities		253,598	180,738
 CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		-	(24,677)
Net Cash used in Investing Activities		-	(24,677)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Payments:</i>			
Repayments of borrowings		(70,732)	(67,488)
Repayment of principal portion of lease liabilities		(121,280)	(110,535)
Net Cash used in Financing Activities		(192,012)	(178,023)
Net Increase (Decrease) in cash held		61,586	(21,962)
Cash & cash equivalents at beginning of period	7	721,310	743,272
Cash & cash equivalents at end of period	7	782,896	721,310

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



Eastern Health Authority

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

2 The Local Government Reporting Entity

Eastern Health Authority is incorporated under the SA Local Government Act 1999 and has its principal place of business at 101 Payneham Road, St Peters, SA 5069. These consolidated financial statements include the Authority's direct operations and all entities through which Authority controls resources to carry on its functions. In the process of reporting on the Authority as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

3.1 Revenue

The Authority recognises revenue under AASB 1058 Income of Not-for-Profit Entities (AASB 1058) or AASB 15 Revenue from Contracts with Customers (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Authority expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the Authority to acquire or construct a recognisable non-financial asset that is to be controlled by the Authority. In this case, the Authority recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.



Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

4 Cash, Cash Equivalents and Other Financial Instruments

4.1 Cash, Cash Equivalent Assets

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

5 Property, Plant & Equipment

5.1 Initial Recognition

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

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 5.

5.3 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 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 shown in Note 5.

5.4 Impairment

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

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

6 Payables

6.1 Goods & Services

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

7 Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates and is recorded as part of "Payables". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.



Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

8 Provisions

8.1 Employee Benefits

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based on costs) 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 on costs) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

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

Superannuation:

The Authority makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Authority's involvement with the schemes are reported in Note 12.

9 Leases

The Authority assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Authority as a lessee:

The Authority recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Authority recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 5.4 - Impairment above.

ii) Lease liabilities

At the commencement date of the lease, the Authority recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Authority uses its incremental borrowing rate or the interest rate implicit in the lease.

iii) Short-term leases and leases of low-value

The Authority applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.



Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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 and amended standards and interpretations

The Authority applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. New standards and amendments relevant to the Authority are listed below. The Authority has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to AASB 101 and AASB 108 Definition of Material:

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Authority.



Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 2 - INCOME

	Notes	2021 \$	2020 \$
COUNCIL CONTRIBUTIONS			
City of Burnside		438,131	437,022
Campbelltown City Council		452,548	426,994
City of Norwood, Payneham & St Peters		586,308	559,954
City of Prospect		210,656	230,650
Town of Walkerville		103,032	102,500
Public Health Plan/Service Review (equal constituent share)		31,190	46,451
		1,821,865	1,803,571
STATUTORY CHARGES			
Inspection Fees: Food		91,852	53,213
Inspection Fees: Legionella		10,665	8,603
SRF Licences		3,255	1,520
Fines / expiation fees		44,853	9,111
		150,625	72,447
USER CHARGES			
Immunisation: Clinic Vaccines		62,086	87,341
Immunisation: Worksite Vaccines		96,879	98,799
Food Auditing		77,186	84,428
City of Unley		-	59,566
		236,151	330,134
INVESTMENT INCOME			
Interest on investments:			
Local Government Finance Authority		4,901	8,183
		4,901	8,183
OTHER INCOME			
Motor Vehicle Reimbursements		3,705	1,627
Sundry		844	2,404
		4,549	4,031
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Other grants, subsidies and contributions			
Immunisation: School Programme		180,024	220,308
Immunisation: ACIR		21,860	25,310
Immunisation: PHN Project		54,630	-
		256,514	245,618



Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 3 - EXPENSE

	Notes	2021 \$	2020 \$
EMPLOYEE COSTS			
Salaries and Wages		1,434,514	1,453,727
Employee leave expense		35,942	9,091
Superannuation - defined contribution plan contributions	11	128,218	124,020
Superannuation - defined benefit plan contributions	11	16,100	12,212
Workers' Compensation Insurance		17,050	18,441
Other - Agency staff and Consultant Medical Officer		4,109	18,724
Total Operating Employee Costs		1,635,933	1,636,215
Total Number of Employees		18	15
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		8,000	7,494
Bad and Doubtful Debts		-	1,227
Governance expenses		4,158	11,144
Lease Expenses - short term leases	10	3,769	6,000
Subtotal - Prescribed Expenses		15,927	25,865
<u>Other Materials, Contracts & Expenses</u>			
Accounting		8,848	5,473
Contractors		26,065	26,466
Energy		9,066	10,808
Fringe benefits tax		14,272	12,447
Human Resources		7,573	18,983
Income protection		18,355	24,177
Insurance		29,245	28,817
IT licencing & support		119,736	161,608
Legal Expenses		28,646	13,605
Motor vehicle expenses		15,399	14,250
Parts, accessories & consumables		143,529	181,373
Printing & stationery		21,155	15,088
Staff training		6,924	6,843
Sundry		24,149	21,889
Telephone		14,414	18,923
Work health & safety consultancy		5,761	7,892
Subtotal - Other Materials, Contracts & Expenses		493,138	568,642
		509,065	594,507



Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 3 - EXPENSE cont.

		2021	2020
	Notes	\$	\$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		23,642	23,642
Office Equipment, Furniture & Fittings		15,877	20,271
Right of Use Assets	10	151,278	146,445
		<u>190,797</u>	<u>190,358</u>
FINANCE COSTS			
Interest on Loans		6,332	9,650
Interest on Leases		42,113	46,655
		<u>48,445</u>	<u>56,305</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 4 - CURRENT ASSETS

	Notes	2021 \$	2020 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		405,770	168,947
Deposits at Call		<u>377,126</u>	<u>552,363</u>
		<u>782,896</u>	<u>721,310</u>
TRADE & OTHER RECEIVABLES			
Accrued Revenues		93	949
Debtors - general		163,116	154,701
Prepayments		<u>25,692</u>	-
Total		<u>188,901</u>	<u>155,650</u>
Less: Allowance for Doubtful Debts		<u>-</u>	<u>-</u>
		<u>188,901</u>	<u>155,650</u>

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 5 - PROPERTY, PLANT & EQUIPMENT (PP&E)

	2020				2021			
	\$				\$			
Fair Value Level	Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Buildings & Other Structures	-	472,846	(211,970)	260,876	-	472,846	(235,612)	237,234
Office Equipment, Furniture & Fittings	-	264,186	(220,106)	44,080	-	264,186	(235,983)	28,203
Right of Use Assets	-	1,333,000	(146,445)	1,186,555	-	1,333,000	(297,723)	1,035,277
Total PP&E	-	2,070,032	(578,521)	1,491,511	-	2,070,032	(769,318)	1,300,714
Comparatives		712,355	(388,163)	324,192	-	2,070,032	(578,521)	1,491,511

This Note continues on the following pages.



Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 5 - PROPERTY, PLANT & EQUIPMENT

	2020	Carrying amount movement during year					2021	
	\$	Net Adjust AASB 16	Additions		Disposals	Dep'n	Impair't	Carrying Amount
	Carrying Amount		New / Upgrade	Renewals				
Buildings & Other Structures	260,876		-	-	-	(23,642)	-	237,234
Office Equipment, Furniture & Fittings	44,080		-	-	-	(15,877)	-	28,203
Right of Use Assets	1,186,555		-	-	-	(151,278)	-	1,035,277
Total PP&E	1,491,511	-	-	-	-	(190,797)	-	1,300,714
Comparatives	324,192	1,333,000		24,677		(190,358)		1,491,511

This note continues on the following pages.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 6 - LIABILITIES

	Notes	2021		2020	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		122,323		108,316	
Accrued expenses - employee entitlements		38,575		39,736	
Accrued expenses - other		2,451		3,994	
GST Payable		591		5,673	
		163,940	-	157,719	-
BORROWINGS					
Loans		74,132	38,391	70,732	112,523
Leases Liabilities	10	102,889	998,296	191,319	1,031,146
		177,021	1,036,687	262,051	1,143,669
<i>All interest bearing liabilities are secured over the future revenues of the Authority.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		307,903	21,716	307,885	22,268
		307,903	21,716	307,885	22,268



Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 7 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2021 \$	2020 \$
Total cash & equivalent assets	4	<u>782,896</u>	<u>721,310</u>
Balances per Cash Flow Statement		<u>782,896</u>	<u>721,310</u>

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

Net Surplus (Deficit)		90,365	(13,401)
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		190,797	190,358
Net increase (decrease) in unpaid employee benefits		<u>(1,695)</u>	<u>(9,461)</u>
		279,467	167,496
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(33,251)	12,550
Net increase (decrease) in trade & other payables		<u>7,382</u>	<u>692</u>
Net Cash provided by operations		<u>253,598</u>	<u>180,738</u>

(c) Financing Arrangements

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

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

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



Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 8 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables*.

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned</p> <p>Terms & conditions: Deposits are returning fixed interest rates 0.30% (2020: 0.45%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Fees & other charges	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Authority's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: initially recognised at fair value and subsequently at amortised cost, interest is charged as an expense using the effective interest rate</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable; interest is charged at fixed rates between 4.75% (2020: 4% and 5%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 16 as stated in note 10</p>



**Notes to and forming part of the Financial Statements
for the year ended 30 June 2021**

Note 8 - FINANCIAL INSTRUMENTS (cont.)

Liquidity Analysis

2021	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	782,896			782,896	782,896
Receivables	163,209	-	-	163,209	163,209
Total	946,105	-	-	946,105	946,105
Financial Liabilities					
Payables	122,914	-	-	122,914	122,914
Current Borrowings	74,132	-	-	74,132	74,132
Lease Liabilities	102,889	330,236	668,060	1,101,185	1,101,185
Non-Current Borrowings	-	38,391	-	38,391	38,391
Total	299,935	368,627	668,060	1,336,622	1,336,622
2020					
	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	721,310			721,310	721,310
Receivables	155,650	-	-	155,650	155,650
Total	876,960	-	-	876,960	876,960
Financial Liabilities					
Payables	157,719	-	-	157,719	157,719
Current Borrowings	70,732	-	-	70,732	70,732
Lease Liabilities	121,280	386,361	714,824	1,222,465	1,222,465
Non-Current Borrowings	-	112,523	-	112,523	112,523
Total	349,731	498,884	714,824	1,563,439	1,563,439

The following interest rates were applicable to the Authority's borrowings at balance date:

	30 June 2021		30 June 2020	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Fixed Interest Rates	4.75	122,523	4.75	183,255
		<u>122,523</u>		<u>183,255</u>



for the year ended 30 June 2021

Note 8 - FINANCIAL INSTRUMENTS (cont.)

Net Fair Value

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

Risk Exposures:

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any impairment. 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 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 Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Authority also has available a range of bank overdraft and standby borrowing facilities that it can access.

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

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 9 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2021		2020
	\$		\$
Income	2,474,605		2,463,984
Expenses	(2,384,240)		(2,477,385)
Operating Surplus / (Deficit)	90,365		(13,401)
 Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	-		(24,677)
Add back Depreciation, Amortisation and Impairment	190,797		190,358
	190,797		165,681
 Net Lending / (Borrowing) for Financial Year	 281,162		 152,280

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 10 - LEASES

Authority as a Lessee

Right of Use Asset

Set out below are the carrying amounts (written down value) of right of use assets recognised within Property, Plant & Equipment

Carrying Value	Building & Structures	Motor Vehicles	Total
At 1 July 2020	1,104,000	82,555	1,186,555
Depreciation Charge	(96,000)	(55,278)	(151,278)
At 30 June 2021	1,008,000	27,277	1,035,277

Set out below are the carrying amounts of lease liabilities (including under interest bearing loans and borrowings) and the movements during the period:

	2021	2020
Opening Balance	1,222,465	1,333,000
Payments	(191,319)	(110,535)
Closing Balance	1,031,146	1,222,465
Current	102,889	191,319
Non Current	998,296	1,031,146

The maturity analysis of lease liabilities is included in note 8

The following are amounts recognised on profit or loss:

Depreciation expense right of use asset	151,278	146,445
Interest expense on lease liabilities	42,113	46,655
Expenses relating to short term leases	3,769	6,000
Total amount recognised in profit and loss	197,160	199,100



Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 11 – SUPERANNUATION

The Authority 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 2019-20; 9.50% in 2020-21). No further liability accrues to the Authority 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. Authority 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 2019-20) of "superannuation" salary.

In addition, Authority 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 119.34(a), Authority 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 2020. 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 Authority's contribution rates at some future time.

Contributions to Other Superannuation Schemes

Authority 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 Authority.



Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 12 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingencies, asset or liabilities not recognised in the financial statements for the year ended 30 June 2021.

Note 13 – EVENTS OCCURRING AFTER REPORTING DATE

There are no events subsequent to 30 June 2021 that need to be disclosed in the financial statements.

Eastern Health Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 14 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of EHA include the Chairperson, Board Members, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, the Key Management Personnel were paid the following total compensation:

	2021	2020
	\$	\$
Salaries, allowances & other short term benefits	180,314	182,847
TOTAL	180,314	182,847

Amounts received from Related Parties during the financial year:

	2021	2020
	\$	\$
City of Burnside	438,131	437,022
Campbelltown City Council	452,548	426,994
City of Norwood, Payneham & St Peters	586,308	559,954
City of Prospect	210,656	230,650
Town of Walkerville	103,032	102,500
Public Health Plan/Service Review (equal constituent share)	31,190	46,451
TOTAL	1,821,865	1,803,571

Amounts paid to Related Parties during the financial year:

	2021	2020
	\$	\$
City of Norwood, Payneham & St Peters	108,739	106,978
TOTAL	108,739	106,978

Description of Services provided to all related parties above:

Assist the Constituent Councils to meet their legislative responsibilities in accordance with the SA Public Health Act 2011, the Food Act 2001 (SA), the Supported Residential Facilities Act 1992 (SA), the Expiation of Offences Act 1996 (SA), (or any successor legislation to these Acts) and any other legislation regulating similar matters that the Constituent Councils determine is appropriate within the purposes of EHA; Take action to preserve, protect and promote public and environmental health within the area of the Constituent Councils.



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2021, the Auditor, Bentleys SA Audit Partnership, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Michael Livori
CHIEF EXECUTIVE OFFICER

.....
Claudia Goldsmith
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 31 August 2021



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2021, the Auditor, Bentleys SA Audit Partnership, 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*.

.....
Chris Cowley
CHIEF EXECUTIVE OFFICER
CITY OF BURNSIDE

Date: 12 August 2021



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Eastern Health Authority for the year ended 30 June 2021, the Auditor, Bentleys SA Audit Partnership, 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*.



.....
Mario Barone PSM
CHIEF EXECUTIVE OFFICER
CITY OF NORWOOD PAYNEHAM & ST PETERS

Date: 12. 08. 2021.



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2021, the Auditor, Bentleys SA Audit Partnership, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

.....
Paul Di Iulio
**CHIEF EXECUTIVE OFFICER
CAMPBELLTOWN CITY COUNCIL**

Date: **27.7.21**



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2021, the Auditor, Bentleys SA Audit Partnership, 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*.

Alison Hancock
**ACTING CHIEF EXECUTIVE OFFICER
CITY OF PROSPECT**

Date:

5/8/21.



EASTERN HEALTH AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Eastern Health Authority for the year ended 30 June 2021, the Auditor, Bentleys SA Audit Partnership, 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*.

Kiki Cristol

**CHIEF EXECUTIVE OFFICER
CORPORATION OF THE TOWN OF WALKERVILLE**

Date: 3 August 2021



Item 5.1 Attachment 1

**Bentleys SA Audit Partnership**

Level 5
63 Pirie Street
Adelaide SA 5000

GPO Box 939
Adelaide SA 5001

ABN 43 877 091 903

T +61 8 8372 7900
F +61 8 8372 7999

admin@adel.bentleys.com.au
bentleys.com.au

Certification of Auditor Independence

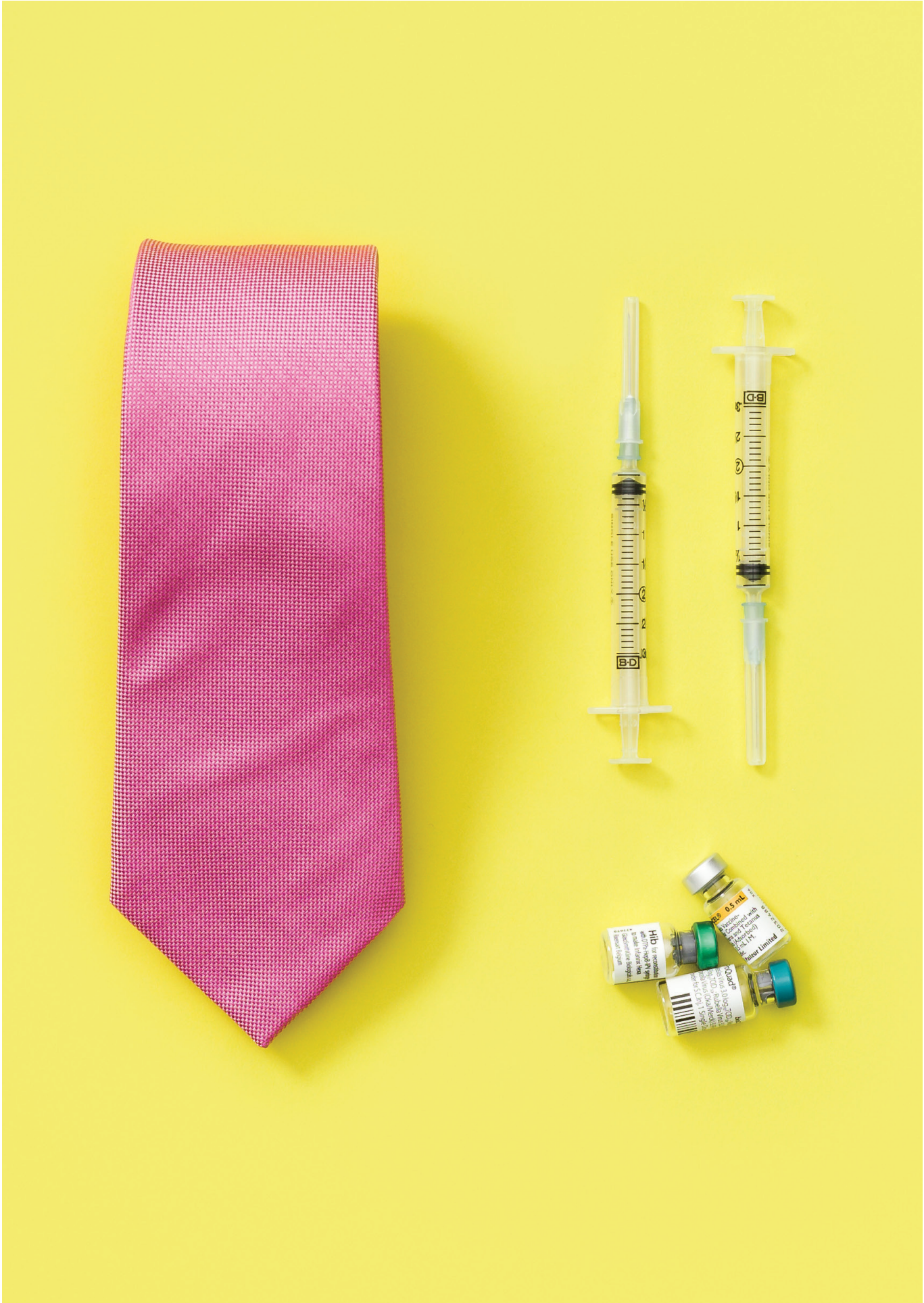
I confirm that, for the audit of the financial statements of Eastern Health Authority Inc for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional 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.

Bentleys SA Audit Partnership

David Francis
Partner

Dated at Adelaide this 31st day of August 2021





Local councils working together to protect the health of the community

Attachment B

Regional Subsidiaries Annual Financial Statements for the Year Ended 30 June 2021

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

EASTERN WASTE MANAGEMENT AUTHORITY INC

General Purpose Financial Report for the year ended 30 June 2021

Contents

	Page
Certification of Financial Statements	1
Primary Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
EO Statement	
Audit Report	
Certificates of Audit Independence	
Audit Certificate of Audit Independence	

EASTERN WASTE MANAGEMENT AUTHORITY INC

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021**

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by Eastern Waste Management Authority Inc. 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 2021 and the results of its operations and cash flows for the financial year.

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

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

.....
Rob Gregory
Executive Officer

.....
Fraser Bell
Chairperson

Date:

EASTERN WASTE MANAGEMENT AUTHORITY INC

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Income			
User charges	2	17,178	16,756
Investment income	2	12	21
Grants, subsidies and contributions		-	-
Other	2	917	677
Total Income		18,107	17,454
Expenses			
Employee costs	3	6,089	5,851
Materials, contracts & other expenses	3	9,149	9,120
Finance costs	3	262	281
Depreciation & amortisation	3	1,986	2,069
Total Expenses		17,486	17,321
Operating Surplus		621	133
Asset disposal & fair value adjustments	4	105	60
Net Surplus		726	193
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income		726	193

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

STATEMENT OF FINANCIAL POSITION
as at 30 June 2021

Assets	Notes	2021 \$'000	2020 \$'000
Current Assets			
Cash and cash equivalents	5	3,168	2,322
Trade & other receivables	5	<u>661</u>	<u>1,019</u>
Total Current Assets		<u>3,829</u>	<u>3,341</u>
Non-current Assets			
Property, Plant & Equipment	6	<u>8,098</u>	<u>7,652</u>
Total Non-current Assets		<u>8,098</u>	<u>7,652</u>
Total Assets		<u>11,927</u>	<u>10,993</u>
Liabilities			
Current Liabilities			
Trade & Other Payables	7	1,138	1,205
Provisions	7	654	597
Borrowings	7	<u>1,925</u>	<u>1,929</u>
Total Current Liabilities		<u>3,717</u>	<u>3,731</u>
Non-current Liabilities			
Borrowings	7	6,423	6,221
Provisions	7	<u>97</u>	<u>77</u>
Total Non-current Liabilities		<u>6,520</u>	<u>6,298</u>
Total Liabilities		<u>10,237</u>	<u>10,029</u>
Net Assets		<u>1,690</u>	<u>964</u>
EQUITY			
Accumulated Surplus		<u>1,690</u>	<u>964</u>
Total Equity		<u>1,690</u>	<u>964</u>

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2021

	Accumulated Surplus \$'000	Total Equity \$'000
Balance at start of period - 1 July 2020	964	964
Net Surplus for Year	726	726
Other Comprehensive Income		
Contributed Equity	-	-
Distributions to Member Councils	-	-
Balance at end of period - 30 June 2021	<u>1,690</u>	<u>1,690</u>
Balance at start of period - 1 July 2019	706	706
Net Surplus for Year	193	193
Other Comprehensive Income		
Contributed Equity	65	65
Distributions to Member Councils	-	-
Balance at end of period - 30 June 2020	<u>964</u>	<u>964</u>

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

STATEMENT OF CASH FLOWS
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Cash Flows from Operating Activities			
Operating receipts		18,452	17,136
Investment receipts		7	16
Employee costs		(6,012)	(5,795)
Materials, contracts & other expenses		(9,244)	(8,677)
Finance payments		(233)	(291)
Net cash provided by operating activities	8	2,970	2,389
Cash Flows from Investing Activities			
Sale of replaced assets	4	124	81
Expenditure on renewal/replacement of assets	6	(2,475)	(2,297)
Net cash used in investing activities		(2,351)	(2,216)
Cash Flows from Financing Activities			
Capital contribution by member councils		-	65
Proceeds from Borrowings		2,284	2,171
Repayments of Borrowings		(1,799)	(1,834)
Repayment of lease liabilities		(258)	(220)
Net cash provided by (used in) financing activities		227	182
Net Increase (Decrease) in cash held		846	355
Cash & cash equivalents at beginning of period	5	2,322	1,967
Cash & cash equivalents at end of period	5	3,168	2,322

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 1 – Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian equivalents to International Financial Reporting 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.

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of the Adelaide Hills Council, City of Burnside, Campbelltown City Council, City of Mitcham, City of Norwood, Payneham & St Peters, City of Prospect and the Corporation of the Town of Walkerville. The seven Member Councils have an equity share and the Board comprises a Director from each Council and an Independent Chair appointed by the absolute majority of the Member Councils.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

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

1.4 Rounding

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

2 The Local Government Reporting Entity

Eastern Waste Management Authority Inc. operates as a regional subsidiary and is incorporated under the SA Local Government Act 1999. Its principal place of business is at 1 Temple Court Ottoway.

3 Income Recognition

The Authority recognises revenue under AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) or AASB 15 *Revenue from Contracts with Customers* (AASB 15) when appropriate. In cases where there is an 'enforceable' contract with a customer with 'sufficient specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied. Revenue is measured based on the consideration to which the Authority expects to be entitled in a contract with a customer. In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into a transaction where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset that has been received to enable the Authority to acquire or construct a recognisable non-financial asset that is to be controlled by the Authority. In this case, the Authority recognises the excess as a liability that is recognised over time in profit and loss when (or as) the Authority satisfies its obligations under the transfer.

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

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.

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 9.

5 Property, Plant & Equipment

5.1 Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the 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".

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

5.3 Depreciation of Non-Current Assets

Property, plant and equipment assets are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are shown below. Depreciation periods for infrastructure assets have been estimated based on the best information available to the Authority, 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.

Asset Class	Estimated Useful Lives	Capitalisation Threshold
Plan, Machinery & Equipment	3-10 Years	>\$1,000
Buildings & Other Structures	5-20 Years	>\$1,000
Right-of-use-assets	Over period of expected lease	n/a

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

5.4 Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

6 Payables

6.1 Goods & Services

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

7 Employee Benefits

7.1 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.

The Authority has recognised for the first time in 2020/21 a liability for employee benefits relating to rostered day off (RDO) entitlements in Note 7 given entitlements are paid-out on termination of employment. Experience indicates that RDO entitlements are generally taken given there is a cap applied to the level of RDO entitlements allowed to be accrued.

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

7.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). The Scheme has 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 (9.5% in 2020/21; 9.5% in 2019/20). No further liability accrues to the Authority 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. The Authority makes employer contributions as determined by the Fund's Trustee based on advice for the appointed Actuary. The rate is currently 6.3% (6.3% in 2019/20) of 'superannuation' salary.

In addition, the Authority 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), the Authority does not use defined benefit accounting for these contributions.

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2020. 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 the Authority's contribution rates at some future time.

Contributions to Other Superannuation Schemes

The Authority 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 new assets of the scheme, and no further liability attaches to the Authority.

8 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income 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'.

9 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.

10 Comparative Information

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

11 Critical Accounting Estimates and Judgements

The Board evaluate 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 based on current trends and economic data, obtained both externally and within the Authority.

12 New Accounting Standards

The Authority applied for the first-time certain new standards and amendments, which are effective for annual reporting periods beginning on or after 1 January 2020. New standards and amendments relevant to the Authority are listed below. The Authority has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to AASB 101 and AASB 108 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Authority.

EASTERN WASTE MANAGEMENT AUTHORITY INC**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2021**

13 Highbury Landfill Authority Inc.

The Authority, originally known as the East Torrens Municipal Destructor Trust, was established on 19 July 1928 (the name change took place in 1993). As at 1 July 2004, the Authority comprised of 3 Member Councils, being the City of Norwood, Payneham & St Peters, City of Burnside and the Corporation of the Town of Walkerville.

On 5 August 2004, the City of Norwood, Payneham & St Peters, the City of Burnside and the Corporation of the Town of Walkerville established the Highbury Landfill Authority Inc. Its purpose included the facilitation of the closure and the post closure of the Highbury Landfill site, as well as managing the joint interests and liability of the Councils in relation to the closure of the site.

On 31 December 2004 the property known as the Highbury Landfill site was transferred from East Waste to Highbury Landfill Authority Inc.

On 1 January 2005, the Authority's Charter was amended to include the three new Member Councils – the City of Mitcham, the City of Campbelltown and the Adelaide Hills Council.

On 1 January 2005 a loan was created between the Authority and the Highbury Landfill Authority that represented the net value of assets in East Waste prior to 1 January 2005. This was an At Call Loan and interest had been capitalised until the loan was called in by the Highbury Landfill Authority in November 2008. The loan amount was \$873,000 and the Authority borrowed the money from the National Australia Bank with an Interest Only Loan. This loan was re-financed through the Local Government Finance Authority, to be repaid over 10 years.

The Board of the Authority resolved in February 2010 to charge Member Councils the loan repayments for this loan in their equity percentages as set out in the January 2006 Charter.

The loan was fully repaid in the 2019/20 financial year.

EASTERN WASTE MANAGEMENT AUTHORITY INC
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Note 2 - Income			
User Charges			
Waste Collection Income		12,372	12,159
Waste Processing Income		4,640	4,509
Administration		235	225
Member Council Waste Collection Rebate		(69)	(137)
		<u>17,178</u>	<u>16,756</u>
Investment Income			
Interest on investments			
Local Government Finance Authority		12	21
		<u>12</u>	<u>21</u>
Other Income			
Bin Supply		254	203
Replacement Bins		642	457
Sundry		21	17
		<u>917</u>	<u>677</u>
Note 3 - Expenses			
Employee Costs			
Salaries and Wages		4,924	4,599
Employee leave expense		76	56
Superannuation		403	381
Wages Casual Agency		490	467
Workers' Compensation Insurance		113	196
Other		83	152
Total Employee Costs		<u>6,089</u>	<u>5,851</u>
Number of FTE Employees as at reporting date		57	59

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 3 - Expenses (cont.)

	Notes	2021 \$'000	2020 \$'000
Materials, Contracts & Other Expenses			
Auditor's Remuneration		9	10
Board Expenses		29	33
Waste Processing Costs		4,614	4,532
Electricity		4	27
Fuel, Gas & Oil		993	1,076
Legal Expenses		27	34
Maintenance		2,214	2,123
Parts, Accessories & Consumables		2	11
Printing, Stationery & Postage		36	24
Professional Services		440	449
Registration & Insurance - Trucks		215	364
Sundry		566	437
		<u>9,149</u>	<u>9,120</u>
Finance Costs			
Interest on Loans		234	247
Interest on Leases		28	34
		<u>262</u>	<u>281</u>
Depreciation & Amortisation			
Buildings & Other Structures	6	10	25
Plant, Machinery & Equipment	6	1,725	1,788
Right-of-use assets	6	251	256
		<u>1,986</u>	<u>2,069</u>
Note 4 - Asset Disposals			
Proceeds from disposal		124	81
Less: Carrying amount of assets sold		(19)	(21)
Gain (Loss) on disposal		<u>105</u>	<u>60</u>
Note 5 - Current Assets			
Cash & Cash Equivalents			
Cash on Hand and at Bank		2,995	1,160
Deposits at Call		173	1,162
		<u>3,168</u>	<u>2,322</u>
Trade & Other Receivables			
Debtors - general		654	1,013
Accrued Income		-	6
Prepaid Expenses		7	-
		<u>661</u>	<u>1,019</u>

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021 \$'000	2020 \$'000
Note 6 - Property, Plant & Equipment		
Buildings & Other Structures - At Cost	325	162
Accumulated Depreciation	(92)	(82)
	<u>233</u>	<u>80</u>
Plant, Machinery & Equipment - At Cost	17,227	16,573
Accumulated Depreciation	(10,176)	(10,090)
	<u>7,051</u>	<u>6,483</u>
Right-of-use-assets	1,321	1,345
Accumulated Depreciation	(507)	(256)
	<u>814</u>	<u>1,089</u>
Total Property, Plant & Equipment	<u><u>8,098</u></u>	<u><u>7,652</u></u>

	2020 \$'000						2021 \$'000
	Carrying Value	Additions		Disposals	Depreciation	Adjustment	Carrying Value
		New/Upgrade	Renewal				
Buildings & Other Structures	80	163	-	-	(10)	-	233
Plant, Machinery & Equipment	6,483	2,312	-	(19)	(1,725)	-	7,051
Right-of-use-asset	1,089	-	-	-	(251)	(24)	814
	<u>7,652</u>	<u>2,475</u>	<u>-</u>	<u>(19)</u>	<u>(1,986)</u>	<u>(24)</u>	<u>8,098</u>
2020 (\$'000)	6,100	3,642	-	(21)	(2,069)	-	7,652

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

	2021		2020	
	\$'000		\$'000	
Note 7 - Liabilities				
	Current	Non-current	Current	Non-current
Trade & Other Payables				
Goods & Services	902	-	998	-
Accrued expenses - other	236	-	207	-
	<u>1,138</u>	<u>-</u>	<u>1,205</u>	<u>-</u>
Borrowings				
Loans	1,679	5,805	1,692	5,334
Lease Liabilities	246	618	237	887
	<u>1,925</u>	<u>6,423</u>	<u>1,929</u>	<u>6,221</u>
Provisions				
Annual Leave	302	-	304	-
Rostered-Day-Off (RDO)	51	-	-	-
Long Service Leave	301	97	293	77
	<u>654</u>	<u>97</u>	<u>597</u>	<u>77</u>

Note 8 - Cash Flow Reconciliation

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 Statement of Financial Position as follows:

	2021	2020
	\$'000	\$'000
Total cash & equivalent assets	<u>3,168</u>	<u>2,322</u>
Balances per Cash Flow Statement	<u>3,168</u>	<u>2,322</u>

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

Net Surplus (Deficit)	726	193
Non-cash items in Statement of Comprehensive Income		
Depreciation	1,986	2,069
Net increase (decrease) in employee benefits	(77)	(56)
Net increase (decrease) accrued expenses	24	(15)
Adjustment to lease liabilities	(6)	-
(Gain) / Loss on Disposal	(105)	(60)
	<u>2,548</u>	<u>2,131</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	363	(297)
Net increase (decrease) in trade & other payables	(95)	443
Net increase (decrease) in other provisions	154	112
Net Cash provided by (or used in) operations	<u>2,970</u>	<u>2,389</u>

(b) Financing Arrangements

Corporate Credit Cards	15	15
Cash Advance Debenture Facility - LGFA	1,000	1,000

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 9 - Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Initially recognised at fair value and subsequently measured at amortised cost.</p> <p>Terms & conditions: Deposits on Call do not have a maturity period and have an average interest rates of 0.3% (2020: 0.4% - 0.45%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Waste Collection Fees & Associated Charges	<p>Accounting Policy: Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest bearing borrowings	<p>Accounting Policy: initially recognised at fair value and subsequently at amortised cost. Interest is charged as an expense using the effective interest rate.</p> <p>Terms & conditions: secured over future revenues and Member Councils, borrowings are repayable on fixed interest terms. Rates between 1.7% - 5.35% (2020: 2.55% - 5.35%).</p>
Liabilities - Leases	<p>Accounting Policy: accounted for in accordance with AASB 16 as stated in Note 11.</p>

Net Fair Value

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

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any provision for doubtful debts. All investments are made with the SA Local Government Finance Authority and Bank SA. 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 Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. The Authority also has available a range of bank overdraft and short-term draw down facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of the Authority's financial instruments are at fixed rates. Any such variations in future cash flows will not be material in effect on either the Authority's incomes or expenditures.

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

Note 9 (cont) - Financial Instruments

Liquidity Analysis

	Maturity			Non- interest bearing	Total
	≤ 1 year	> 1 year ≤ 5 years	> 5 years		
2021	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Cash & Equivalents	3,168	-	-	-	3,168
Receivables	-	-	-	654	654
Total	3,168	-	-	654	3,822

Financial Liabilities

Payables	-	-	-	902	902
Borrowings	1,925	5,091	1,332	-	8,348
Total	1,925	5,091	1,332	902	9,250

	Maturity			Non- interest bearing	Total
	≤ 1 year	> 1 year ≤ 5 years	> 5 years		
2020	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Cash & Equivalents	2,322	-	-	-	2,322
Receivables	-	-	-	1,013	1,013
Total	2,322	-	-	1,013	3,335

Financial Liabilities

Payables	-	-	-	998	998
Borrowings	1,929	5,460	726	-	8,115
Total	1,929	5,460	726	998	9,113

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 10 - Expenditure Commitments

The Authority has no material expenditure commitments as at reporting date to disclose.

Note 11 - Leases

Authority as a lessee

Right-of-use-assets

The Authority leases its administrative and depot facilities at Ottoway.

	Buildings & Other Structures \$'000	Total \$'000
At 1 July 2020	1,089	1,089
Additions of right-of-use-assets	-	-
Depreciation Charge	(251)	(251)
Adjustment to right-of-use-assets	(24)	(24)
At 30 June 2021	814	814

Set out below are the carrying amounts of lease liabilities and the movements during the period:

At 1 July 2020	1,124
Additions	-
Accretion of interest	28
Payments	(258)
Adjustment to lease liability	(30)
At 30 June 2021	864
Current	265
Non-Current	599

Note 12 - Post Balance Date Events

There were no events post balance date that are required to be disclosed.

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 13 - Related Party Transactions

The Key Management Personnel include the Chair of the Board, Chief Executive and other prescribed officers as defined under Section 112 of the *Local Government Act 1999*. In all, 4 persons were paid the following total compensation:

	2021 \$'000	2020 \$'000
Salaries, allowances & other short term benefits	462	476
TOTAL	462	476

Transactions with Related Parties:

The following transactions occurred with Related Parties:

Related Party Entity	Sale of Goods and Services (\$'000)	Amounts Outstanding from Related Parties (\$'000)	Description of Services Provided to Related Parties
Adelaide Hills Council	3,307	55	Provision of kerbside waste collection and hardwaste collection services
City of Burnside	3,064	79	Provision of kerbside waste collection and hardwaste collection services
City of Mitcham	3,082	171	Provision of kerbside waste collection and hardwaste collection services
City of Norwood, Payneham & St Peters	2,823	159	Provision of kerbside waste collection and hardwaste collection services
City of Prospect	1,471	35	Provision of kerbside waste collection and hardwaste collection services
Corporation of the City of Campbelltown	3,508	76	Provision of kerbside waste collection and hardwaste collection services
Corporation of the Town of Walkerville	581	25	Provision of kerbside waste collection and hardwaste collection services

Amounts recorded as outstanding from Related Parties are recorded in Trade and other receivables in Note 5.

The Related Parties disclosed above are equity owners of the Authority and are referred to as Member Councils. Member Councils have equal representation on the Board of the Authority and accordingly have significant influence on the financial and operating decisions of the Authority. No one Member Council individually has control of those policies.

Attachment C

Regional Subsidiaries Annual Financial Statements for the Year Ended 30 June 2021

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**



ERA Water Regional Subsidiary

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

*The Corporation of the Town of Walkerville
The City of Norwood Payneham and St Peters
The City of Burnside*

ERA Water Regional Subsidiary

General Purpose Financial Statements for the year ended 30 June 2021

Contents	Page
1. Certification of Financial Statements	2
2. Primary Financial Statements:	
- Statement of Comprehensive Income	3
- Statement of Financial Position	4
- Statement of Changes in Equity	5
- Statement of Cash Flows	6
3. Notes to the Financial Statements	8
4. Certificates of Audit Independence	
- Statement by Auditor	20
- Certification of Audit Independence	21
5. Audit Report	22

ERA Water Regional Subsidiary

General Purpose Financial Statements for the year ended 30 June 2021

Certification of Financial Statements

We have been authorised by ERA Water Regional Subsidiary to certify the financial statements in their final form.

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of ERA Water Regional Subsidiary's financial position at 30 June 2021 and the results of its operations and cash flows for the financial year,
- internal controls implemented by ERA Water Regional Subsidiary provide a reasonable assurance that ERA Water Regional Subsidiary's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect ERA Water Regional Subsidiary's accounting and other records.



Walter Iasiello
General Manager

Date: 27th day of September 2021



Jeff Tate
Chairperson

Date: 27th day of September 2021

ERA Water Regional Subsidiary

Statement of Comprehensive Income
for the year ended 30 June 2021

\$	Notes	2021	2020
Income			
User Charges	2a	613,297	281,391
Investment Income	2b	14,574	13,550
Reimbursements	2c	28,916	416,288
Other Income	2d	4	19,002
Total Income		656,791	730,231
Expenses			
Employee Costs	3a	103,381	104,661
Materials, Contracts & Other Expenses	3b	710,979	1,179,433
Depreciation, Amortisation & Impairment	3c	462,482	457,025
Finance Costs	3d	361,553	378,377
Total Expenses		1,638,395	2,119,496
Operating Surplus / (Deficit)		(981,605)	(1,389,265)
Amounts Received Specifically for New or Upgraded Assets		-	-
Net Surplus / (Deficit)		(981,605)	(1,389,265)
Total Comprehensive Income		(981,605)	(1,389,265)

ERA Water Regional Subsidiary

Statement of Financial Position

for the year ended 30 June 2021

\$	Notes	2021	2020
ASSETS			
Current Assets			
Cash and Cash Equivalents	4a	106,205	146,868
Trade & Other Receivables	4b	65,497	32,973
Prepayments	4b	7,874	14,328
Subtotal		179,576	194,169
Total Current Assets		179,576	194,169
Non-Current Assets			
Other Non-Current Assets	5	20,573,300	20,644,651
Total Non-Current Assets		20,573,300	20,644,651
TOTAL ASSETS		20,752,876	20,838,820
LIABILITIES			
Current Liabilities			
Trade & Other Payables	6a	150,764	240,479
Provisions	6c	1,231	755
Subtotal		151,995	14,304,837
Total Current Liabilities		151,995	14,304,837
Non-Current Liabilities			
Borrowings	6b	15,048,502	14,063,603
Total Non-Current Liabilities		15,048,502	14,063,603
TOTAL LIABILITIES		15,200,497	14,304,837
Net Assets		5,552,379	6,533,983
EQUITY			
Accumulated Surplus		5,552,379	6,533,983
Total Council Equity		5,552,379	6,533,983

ERA Water Regional Subsidiary

Statement of Changes in Equity
for the year ended 30 June 2021

\$	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
Balance at the end of previous reporting period		6,533,983	-	-	6,533,983
Restated Opening Balance		6,533,983	-	-	6,533,983
a. Net Surplus / (Deficit) for Year		(981,605)	-	-	(981,605)
b. Other Comprehensive Income		-	-	-	-
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		(981,605)	-	-	(981,605)
c. Transfers between Reserves		-	-	-	-
Balance at the end of period		5,552,379	-	-	5,552,379

ERA Water Regional Subsidiary

Statement of Changes in Equity
for the year ended 30 June 2020

\$	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2020					
Balance at the end of previous reporting period		7,923,248	-	-	7,923,248
Restated Opening Balance		7,923,248	-	-	7,923,248
d. Net Surplus / (Deficit) for Year		(1,389,265)	-	-	(1,389,265)
e. Other Comprehensive Income		-	-	-	-
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		(1,389,265)	-	-	(1,389,265)
f. Transfers between Reserves		-	-	-	-
Balance at the end of period		6,533,983	-	-	6,533,983

ERA Water Regional Subsidiary

Statement of Cash Flows
for the year ended 30 June 2021

\$	Notes	2021	2020
Cash Flows from Operating Activities			
Receipts			
User Charges		580,773	225,216
Investment Receipts		14,574	1,024
Reimbursements		28,916	656,500
Other Receipts		4	27,694
Payments			
Payments to Employees		(102,905)	(93,644)
Payments for Materials, Contracts & Other Expenses		(790,891)	(1,194,562)
Finance Payments		(364,902)	(473,465)
Net Cash provided by (or used in) Operating Activities		(634,431)	(851,237)
Cash Flows from Investing Activities			
Receipts			
Amounts Received Specifically for New/Upgraded Assets			
Payments			
Expenditure on New/Upgraded Assets		(391,131)	(182,511)
Net Cash provided by (or used in) Investing Activities	7	(391,131)	(182,511)
Cash Flows from Financing Activities			
Receipts			
Proceeds from Borrowings		984,899	1,150,000
Net Cash provided by (or used in) Financing Activities		984,899	1,150,000
Net Increase (Decrease) in Cash Held		(40,663)	116,253
plus: Cash & Cash Equivalents at beginning of period	7	146,868	30,615
Cash & Cash Equivalents at end of period	7	106,205	146,868
Total Cash, Cash Equivalents & Investments		106,205	146,868

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Significant Accounting Policies	8
2	Income	11
3	Expenses	11
	Current Assets	
4a	Cash & Cash Equivalents	12
4b	Trade & Other Receivables	12
	Non-Current Assets	
5	Other Non-Current Assets	13
	Liabilities	
6a	Trade & Other Payables	14
6b	Borrowings	14
6c	Provisions	14
7	Reconciliation to Statement of Cashflows	15
8	Financial Instruments	16
9	Uniform Presentation of Finances	18
10	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	18
11	Events After the Balance Sheet Date	18
12	Expenditure Commitments	19
13	Related Party Transactions	19

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies

ERA Water is a Local Government Authority Section 43 Regional Subsidiary under the control of the Corporation of the Town of Walkerville, the City of Norwood, Payneham & St Peters and the City of Burnside. The principal accounting policies adopted by ERA Water Regional Subsidiary (ERA Water) 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*.

1.2 Going Concern Basis

The Authority has an operating loss for FY2021 and the 10-year Long Term Financial Plan indicates that its operations are financially unsustainable without the support of its Constituent Councils.

The board of management notes that the authority has borrowings that it will continue to manage. The authority has a statutory guarantee from its member councils to meet all of its financial obligations and accordingly has prepared their financials on a going concern basis.

1.3 Historical Cost Convention

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

1.4 Critical Accounting Estimates

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

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.

1.5 Economic Dependency

Per Section 5.2 of the Authority's Charter, there may be a requirement for additional financial contributions to be made by Constituent Councils if there is insufficient working capital available to meet ERA Water's financial obligations. The Authority may be reliant on this additional financial support being provided to enable it to continue to operate on a going concern basis.

1.6 Rounding

All amounts in the financial statements have been rounded to the nearest Dollar.

2 The Local Government Reporting Entity

ERA Water is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 175 The Parade, Norwood SA 5067. These financial statements include the ERA Water's direct operations.

3 Income Recognition

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

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

4 Cash, Cash Equivalents and other Financial Instruments

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 8.

5 Infrastructure, Property, Plant & Equipment

5.1 Initial Recognition

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

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 ERA Water includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. No capitalisation threshold is applied to the acquisition of land or interests in land.

5.3 Depreciation of Non-Current Assets

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

5.4 Impairment

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

5.5 Borrowing Costs

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

6 Payables

6.1 Goods & Services

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

6.2 Payments Received in Advance & Deposits

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

7 Borrowings

Borrowings are 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".

In line with AASB 101, the disclosure of all CAD facility loan balances in the current financial year and comparative figures were reclassified from current liabilities to non-current liabilities as there is no expectation these facilities will be repaid in the next 12 months.

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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.

10 Provisions for Reinstatement, Restoration and Rehabilitation

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

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. ERA Water's policy to

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

maximise recycling is extending the operational life of these facilities, and significant uncertainty exists in the estimation of the future closure date.

11 Construction Contracts

Construction works undertaken by ERA Water for third parties are generally on an agency basis where the third party reimburses ERA Water 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".

13 GST Implications

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

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

14 New accounting standards and UIG interpretations

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

ERA Water has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective with the exception of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Generally ERA Water applies standards and interpretations in accordance with their respective commencement dates. The retrospective application of AASB 2015-7 has exempted ERA Water from the disclosure of quantitative information and sensitivity analysis for some valuations categorised within Level 3 of the fair value hierarchy.

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* and AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related*

Party Disclosures to Not-for-Profit Public Sector Entities are the only new accounting standards with a future application date that are expected to have a material impact on ERA Water's financial statements.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to ERA Water, which means that ERA Water will disclose more information about related parties and transactions with those related parties.

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under 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.

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

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

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

16 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.

17 Disclaimer

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

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 2. Income

\$	Notes	2021	2020
(a). User Charges			
Water Sales including annual supply charges		613,297	281,391
Total User Charges		613,297	281,391
(b). Investment Income			
Interest Income		5	-
LGFA distribution		14,569	13,485
LGAAMF distribution		-	64
Total Investment Income		14,574	13,550
(c). Reimbursements			
Reserve connection costs reimbursed		28,916	416,288
Total Reimbursements		28,916	416,288
(d). Other Income			
Insurance Claim		4	19,002
Total Other Income		4	19,002
Note 3. Expenses			
(a). Employee Costs			
Salaries and Wages		95,478	90,000
Movement in Leave Provision		476	7,495
Superannuation		7,427	7,166
Total Operating Employee Costs		103,381	104,661
(b). Materials, Contracts and Other Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		6,200	5,500
Electricity		90,789	101,118
Insurance		40,955	24,924
Maintenance		334,822	476,217
Professional Services		64,011	41,374
Connection Costs		54,171	433,255
Other		120,032	97,045
Total Materials, Contracts and Other Expenses		710,979	1,179,433
(c). Depreciation, Amortisation and Impairment			
Depreciation		462,482	457,025
Total Depreciation, Amortisation and Impairment		462,482	457,025
(d). Finance Costs			
Interest Expense		361,553	378,377
Total Finance Costs		361,553	378,377

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

\$	Notes	2021	2020
Note 4. Current Assets			
(a). Cash & Cash Equivalents			
Cash at Bank		92,048	146,868
LGFA Council Deposits - 24HR Mthly		14,157	-
Total Cash & Cash Equivalents		106,205	146,868
(b). Trade & Other Receivables			
Trade debtors		25,666	23,424
Prepayments		7,874	14,328
GST Receivable		39,831	9,549
Subtotal		73,371	47,301
Total Trade & Other Receivables		73,371	47,301

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 5. Non-Current Assets

\$	Asset Movements during the Reporting Period							
	as at 30/6/2020			Asset Additions		as at 30/6/2021		
	Cost	Acc. Dep'n	Written Down Value	New / Upgrade	Depreciation	Cost	Acc. Dep'n	Written Down Value
Civil Assets	13,025,608	337,848	12,687,760	324,580	216,526	13,350,188	554,374	12,795,814
Electronic Assets	1,316,245	68,682	1,247,563	-	43,378	1,316,245	112,060	1,204,185
Instrumentation & Control Assets	218,166	23,043	195,123	54,873	17,166	273,039	40,209	232,830
Mechanical Assets	2,260,502	178,956	2,081,546	11,678	113,074	2,272,180	292,030	1,980,150
Sunk Construction Costs	4,346,233	98,308	4,247,925	-	62,089	4,346,233	160,397	4,185,836
Information Technology	1,454	121	1,332	-	291	1,454	414	1,040
Water Treatment Equipment	199,170	15,767	183,403	-	9,958	199,170	25,725	173,445
Total Infrastructure, Property, Plant & Equipment	21,367,378	722,725	20,644,652	391,131	462,482	21,758,509	1,185,209	20,573,300
Comparatives	21,184,867	265,701	20,919,166	182,511	457,024	21,367,378	722,725	20,644,652

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 6. Liabilities

\$	2021 Current	2021 Non Current	2020 Current	2020 Non Current
(a). Trade and Other Payables				
Trade and Other Payables	39,463	-	122,892	-
Accrued Expenses - Finance Costs	89,086	-	92,435	-
Accrued Expenses - Other	18,377	-	19,076	-
Accrued Expenses - Employment liabilities	3,838	-	6,075	-
Total Trade and Other Payables	150,764	-	240,479	-

(b). Borrowings

Loans	-	15,048,502	-	14,063,603
Total Borrowings	-	15,048,502	-	14,063,603

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

LGFA Cash Advance Debenture Facility		15,300,000	15,300,000
Undrawn balance		251,498	1,236,397
ERA's Maturity Date on current CAD facilities held is as follows:			
Deal	Settlement	End Date	
ERA Water CA 2 Cash Advance	1,000,000	15/03/2033	
ERA 3 CAD	2,300,000	17/06/2034	
ERA CAD	12,000,000	15/12/2031	

Note: ERA Water is currently in discussions with its Constituent Councils in relation to re-capitalising the subsidiary to ensure ongoing trading within ERA Water's existing line of credit.

(c). Provisions

Employee Entitlements	1,231	-	755	-
Total Provisions	1,231	-	755	-

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 7. Reconciliation to Statement of Cash Flows

\$	2021	2020
(a). Reconciliation of Cash		
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
Total Cash & Equivalent Assets	106,205	146,868
Balances per Statement of Cash Flows	106,205	146,868
(b). Reconciliation of Change in Net Assets to Cash from Investing Activities		
Net Surplus/(Deficit)	(981,604)	(1,389,265)
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	462,482	457,025
Net increase (decrease) in unpaid employee benefits	476	4,857
	(518,646)	(927,383)
Add (Less): Changes in Net Current Assets		
Net (Increase)/Decrease in Receivables	(32,524)	173,549
Net Increase/(Decrease) in Trade & Other Payables	(89,715)	3,322
Net Cash provided by (or used in) operations	(640,885)	(750,512)

ERA Water

Notes to the Financial Statements

for the year ended 30 June 2021

Note 8. Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

Terms & Conditions:

As at 30 June 2021, deposits are returning fixed interest rate of 0.3%.

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - Fees & Other Charges

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Liabilities - Creditors and Accruals

Accounting Policy:

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

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy:

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

Terms & Conditions:

Secured over future revenues, borrowings are carried at their principal amounts; interest is charged at both fixed and variable rates between 1.4% and 2.9% (2020: 2.2% and 2.9%).

Carrying Amount:

Approximates fair value.

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 8. Financial Instruments

\$	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2021					
Financial Assets					
Cash & Equivalents	106,205	-	-	106,205	106,205
Receivables	65,497	-	-	65,497	65,497
Total Financial Assets	171,702	-	-	171,702	171,702
Financial Liabilities					
Payables	144,261	-	-	144,261	144,261
Non-Current Borrowings	-	-	15,048,502	15,048,502	15,048,502
Total Financial Liabilities	144,261	-	15,048,502	15,192,763	15,192,763
2020					
Financial Assets					
Cash & Equivalents	146,868	-	-	146,868	146,868
Receivables	32,973	-	-	32,973	32,973
Total Financial Assets	179,841	-	-	179,841	179,841
Financial Liabilities					
Payables	239,045	-	-	239,045	239,045
Non-Current Borrowings	-	-	14,063,603	14,063,603	14,063,603
Total Financial Liabilities	239,045	-	14,063,603	14,302,648	14,302,648

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

	30 June 2021		30 June 2020	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	2.42%	15,048,502	2.63%	14,063,603
		15,048,502		14,063,603

Financial Liabilities

Financial liabilities do not include employee benefits such as wages payable, superannuation payable, or income tax withheld.

Net Fair Value

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

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 ERA Water is the carrying amount, net of any allowance for doubtful debts. All ERA Water investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of ERA Water'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 ERA Water 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. ERA Water also has available a borrowing facility that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. At the balance date, ERA Water has a combination of variable and fixed rate facilities of varying maturities.

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

Note 9. Uniform Presentation of Finances

\$	2021	2020
The following is a high level summary of both operating and capital investment activities of ERA Water prepared on a simplified Uniform Presentation Framework basis. All Councils and Subsidiaries in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.		
Income	656,791	730,231
less Expenses	<u>(1,638,395)</u>	<u>(2,119,496)</u>
Operating Surplus / (Deficit)	(981,605)	(1,389,265)
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	-	-
Add back Depreciation, Amortisation and Impairment	462,482	457,025
Proceeds from Sale of Replaced Assets	-	-
Subtotal	462,482	457,025
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(391,131)	(182,511)
Amounts Received Specifically for New and Upgraded Assets	-	-
Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-
Subtotal	(391,131)	(182,511)
Net Lending / (Borrowing) for Financial Year	(910,254)	(1,114,751)

Note 10. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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

POTENTIAL INSURANCE LOSSES

ERA Water insures against known insurable risks using a range of insurance policies, each of which is subject to deductible "insurance excesses", the amount of which varies according to the class of insurance. ERA Water is not aware of any such insurance claims at the reporting date. Other potential claims not reported to ERA Water may have existed at reporting date.

PIPE REMEDIATION OR DAMAGE

ERA Water owns a network of pressurised underground pipes which could result in damage to public or private infrastructure in the event of failure. Further more, there may be long term remediation liabilities attached to some of ERA Water's pipeline assets. The cost of these potential liabilities cannot be reliably estimated and have not been included in these financial statements.

Note 11. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2021, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the authorised for issue date is 23 September 2021.

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

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 12. Expenditure Commitments

Capital Commitments

No known capital commitments exist at the balance date.

Other Expenditure Commitments

ERA Water has contracts in place with external providers for operations and maintenance services.

Note 13. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

At the Balance Date, the Key Management Personnel of the Authority include Wally Iasiello (General Manager) and the members of the ERA Water Board including:

- John Minney (Councillor - City of Norwood, Payneham and St Peters) (Acting Chairperson)
- MaryLou Bishop (Councillor - Corporation of the Town of Walkerville)
- Sarah Hughes (Councillor - City of Burnside)

Compensation paid to Key Management Personnel during the financial year:

MaryLou Bishop, Sarah Hughes and John Minney received \$nil compensation from ERA Water.

During FY2021, remuneration paid to the General Manager totalled \$102,904.85 (inclusive of superannuation). The position of General Manager was held by Robin English between 1 July 2020 and 9 March 2021, and Wally Iasiello between 26 April 2021 and 30 June 2021.

Transactions with related parties:

The related parties disclosed below are equity owners of the Authority and are referred to as Constituent Councils. Constituent Councils have representation on the Board of the Authority and accordingly have significant influence on the financial and operating decisions of the Authority. No one Constituent Council individually has control of ERA Water.

Amounts received from related parties:

Town of Walkerville provided ERA Water with Board and Audit Committee secretarial support and Bookkeeping / Accounting services for part of the financial year.

City of Norwood Payneham & St Peters provided furnished office accommodation for ERA Water General Manager for the whole of the financial year.

City of Burnside funded part of the cost of bookkeeping and financial management support provided to ERA Water by a third party.

There were no amounts outstanding from constituent councils relating to unpaid water charges at the end of the financial year.

\$	Sale of Goods and Services	Amounts Outstanding from Related Parties	Description of Services Provided
Related Party			
Town of Walkerville	77,700	-	Provision of Water Sales and Connection Services
City of Norwood Payneham & St Peters	212,843	-	Provision of Water Sales and Connection Services
City of Burnside	283,220	-	Provision of Water Sales and Connection Services
Total	573,763	-	

HEAD OFFICE214 Melbourne Street
North Adelaide SA 5006PO Box 755
North Adelaide SA 5006T: (08) 8267 4777
www.deannewbery.com.auDean Newbery
ABN: 30 164 612 890**Auditor's Independence Declaration under Section 22 of the Local Government
(Financial Management) Regulations 2011 to the Eastern Region Alliance Water
Regional Subsidiary**

I confirm that, for the audit of the financial statements of the Eastern Region Alliance Water Regional Subsidiary for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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

**JIM KEOGH
PARTNER**

Signed on the 23rd day of August 2021,
at 214 Melbourne Street, North Adelaide, South Australia 5006

ERA Water Regional Subsidiary

General Purpose Financial Statements

for the year ended 30 June 2021

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of ERA Water Regional Subsidiary for the year ended 30 June 2021, the Council's Auditor, Dean Newbery and Partners has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act

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



Walter Iasiello
General Manager



Michael Parkinson
Presiding Member, Audit Committee

Date: 27th day of September 2021

Date: 27th day of September 2021

HEAD OFFICE214 Melbourne Street
North Adelaide SA 5006PO Box 755
North Adelaide SA 5006T: (08) 8267 4777
www.deannewbery.com.auDean Newbery
ABN: 30 164 612 890**INDEPENDENT AUDITOR'S REPORT****To the members of the Eastern Region Alliance Water Regional Subsidiary****Opinion**

We have audited the accompanying financial report of the Eastern Region Alliance Water Regional Subsidiary (the Entity), which comprises the Statement of Financial Position as at 30 June 2021, the Statement of Comprehensive Income, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information and the Certification of the Financial Statements.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Entity as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and the Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as 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 auditor independence requirements of 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of the Board and Those Charged with Governance for the Financial Report

The Board is responsible for the preparation of the Entity's financial report in accordance with Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, and for such controls as the Board determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the Entity'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 the Board 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 Entity's financial reporting process.

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 the 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 financial report.

As part of an audit in accordance with the 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 the 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 the 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.

DEAN NEWBERY



JIM KEOGH

Partner

Signed on the 28th day of September 2021,
at 214 Melbourne Street, North Adelaide, South Australia 5006

Attachment D

Regional Subsidiaries Annual Financial Statements for the Year Ended 30 June 2021

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

HIGHBURY LANDFILL AUTHORITY

General Purpose Financial Reports for the year ended 30 June 2021

TABLE OF CONTENTS

	<u>Page</u>
Authority Certificate	1
Principal Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	6
Note 2 - Income	9
Note 3 - Expenses	10
Note 4 - Current Assets	11
Note 5 - Property, Plant & Equipment	12
Note 6 - Liabilities	14
Note 7 - Reconciliation of Cash Flow Statement	15
Note 8 - Financial Instruments	16
Note 9 - Uniform Presentation of Finances	18
Note 10 - Assets & Liabilities not Recognised	19
Note 11 - Events Occurring After Reporting Date	20
Note 12 - Related Party Transactions	21
Authority Certificate of Audit independence	22
Independent Auditor's Report	23
Member Councils' Certificate of Audit Independence	25
Auditor's Independence Declaration	28

HIGHBURY LANDFILL AUTHORITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021


CERTIFICATION OF FINANCIAL STATEMENTS

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

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the AuthorityTM financial position at 30 June 2021 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 AuthorityTM financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the AuthorityTM accounting and other records.



Trevor Hockley
CHIEF EXECUTIVE OFFICER



Cr John Minney
CHAIRPERSON

Date: 25 September 2021

HIGHBURY LANDFILL AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
INCOME			
Interest Received	2	7	43
Sundry Income	2	18,710	21,261
LGFA Investment Income	2	206	795
Highbury Closure Provision	2	391,241	
Total Income		<u>410,163</u>	<u>22,099</u>
EXPENSES			
Materials, contracts & other expenses	3	3,000	2,830
Depreciation, amortisation & impairment	3	25,218	25,218
Finance Payments		6,491	7,432
Highbury Closure Provision	3	-	105,930
Total Expenses		<u>34,709</u>	<u>141,410</u>
OPERATING SURPLUS / (DEFICIT)		375,454	(119,311)
Other Comprehensive Income		-	-
Total Other Comprehensive Income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>375,454</u>	<u>(119,311)</u>

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

HIGHBURY LANDFILL AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2021

ASSETS	Notes	2021 \$	2020 \$
Current Assets			
Cash and cash equivalents	4	108,078	65,246
Trade & other receivables	4	22,282	35,295
Total Current Assets		<u>130,360</u>	<u>100,541</u>
Non-current Assets			
Infrastructure, property, plant & equipment	5	136,295	161,513
Total Non-current Assets		<u>136,295</u>	<u>161,513</u>
Total Assets		<u>266,655</u>	<u>262,054</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	6	9,733	13,329
Borrowings	6	26,549	25,580
Provisions	6	244,702	203,471
Total Current Liabilities		<u>280,984</u>	<u>242,380</u>
Non-current Liabilities			
Borrowings	6	132,467	159,015
Provisions	6	2,736,319	3,319,228
Total Non-current Liabilities		<u>2,868,786</u>	<u>3,478,243</u>
Total Liabilities		<u>3,149,770</u>	<u>3,720,623</u>
NET ASSETS		<u>(2,883,115)</u>	<u>(3,458,569)</u>
EQUITY			
Accumulated Surplus		(2,883,115)	(3,458,569)
TOTAL EQUITY		<u>(2,883,115)</u>	<u>(3,458,569)</u>

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

HIGHBURY LANDFILL AUTHORITY

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2021

	Notes	Accumulated Surplus	TOTAL EQUITY
2021		\$	\$
Balance at end of previous reporting period		(3,458,569)	(3,458,569)
Net Surplus / (Deficit) for Year		375,454	375,454
Member Council Contributions - Recurrent Funding of Provision			
- City of Burnside		100,812	100,812
-City of Norwood Payneham & St. Peters		80,714	80,714
-Corporation of the Town of Walkerville		18,474	18,474
Balance at end of period		(2,883,115)	(2,883,115)
2020			
Balance at end of previous reporting period		(3,539,258)	(3,539,258)
Net Surplus / (Deficit) for Year		(119,311)	(119,311)
Member Council Contributions - Recurrent Funding of Provision			
-City of Burnside		100,812	100,812
-City of Norwood Payneham & St. Peters		80,714	80,714
-Corporation of the Town of Walkerville		18,474	18,474
Balance at end of period		(3,458,569)	(3,458,569)

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

HIGHBURY LANDFILL AUTHORITY

STATEMENT OF CASH FLOWS

for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating Receipts		46,384	17,322
Investment receipts		212	838
<u>Payments</u>			
Operating Payments to Suppliers		(171,500)	(205,704)
Finance payments		(6,685)	(7,618)
Net Cash provided by (or used in) Operating Activities	7	(131,588)	(195,162)
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Payments</u>			
Expenditure on renewal/replacement of assets		-	-
Net Cash provided by (or used in) Investing Activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Member Council Contributions		200,000	200,000
Proceeds from borrowings		-	-
<u>Payments</u>			
Repayments of borrowings		(25,580)	(24,647)
Net Cash provided by (or used in) Financing Activities		174,420	175,353
Net Increase (Decrease) in cash held		42,832	(19,809)
Cash & cash equivalents at beginning of period	7	65,246	85,055
Cash & cash equivalents at end of period	7	108,078	65,246

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

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

Highbury Landfill Authority (the Authority) is a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. The Member Councils and their respective percentages of equity are as follows:

Constituent Council	Equity Share %
City of Burnside	50.406%
City of Norwood Payneham & St Peters	40.357%
Corporation of the Town of Walkerville	9.237%

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

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

Basis of preparation

Reporting Basis and Conventions

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

Accounting Policies

(a) Competitive Neutrality

The Authority does not undertake any commercial (for profit) activities.

The Authority has an environmental duty to manage the landfill as a contaminated site under the Environment Protection Act 1993.

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Board of the Authority to ensure it is not in excess of the recoverable amount from these assets.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, is depreciated on a diminishing value basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20%
Flare	10%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Highbury Landfill Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

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

(c) Impairment

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

(d) Cash And Cash Equivalents and other Financial Instruments

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

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

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

(e) Investments

Investments represent monies on deposit at twenty-four hour call and on fixed deposit for twelve months or less.

(f) Revenue

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

(g) Goods and Services Tax (GST)

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

(h) Comparative Figures

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

(i) Critical Accounting Estimates and Judgments

The Authority evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the association.

Key assumptions from the provision calculated:

The provision provides for ongoing administrative costs to be paid per annum to recognise the costs associated with running the Authority and post closure obligations.

The provision has been calculated based on the assumption that the minimum requirements for ongoing operation of the flare will be met with gas collected.

The provision calculation has been based on a 23 year period. This period may be required to be longer if the site poses unacceptable environmental risks.

The Authority expects to construct a bio-filter in approximately 3 years at an estimated cost of \$300,000 for the on-going post closure remediation of the Landfill site. This money is likely to be borrowed from the Local Government Finance Authority and is not included in the Provision cashflow for the on-going post closure remediation of the Landfill site.

Highbury Landfill Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

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

(j) Going Concern Basis

The Board of Management of HLA notes the accumulated deficit of \$2,883,115. The Authority is required to manage the post-closure of the Highbury landfill and the Authority has a statutory guarantee from its Member Councils to meet all financial obligations and accordingly has prepared the financial statements on a going concern basis.

(k) New Accounting Standards

Amendments to AASB 101 and AASB 108 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about specific reporting entity". The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Authority.

Highbury Landfill Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 2 - INCOME

		2021	2020
	Notes	\$	\$
OPERATING INCOME			
Interest Income		7	43
Sundry Income		18,710	21,261
LGFA Investment Income		206	795
Movement in Provision	6	391,241	-
		410,163	22,099

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 3 - EXPENSES

	Notes	2021 \$	2020 \$
Materials, Contracts and Other Expenses			
Auditor's Remuneration			
- Auditing the financial reports		3,000	2,830
Depreciation			
Plant & Equipment		25,218	25,218
Highbury Closure Provision			
Movement in Provision	6	-	105,930
Total Expenses		28,218	133,978

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 4 - CURRENT ASSETS

	Notes	2021	2020
CASH & EQUIVALENT ASSETS		\$	\$
Cash on Hand and at Bank		107,073	64,451
LGFA Investment Account		1,005	795
		<u>108,078</u>	<u>65,246</u>
 TRADE & OTHER RECEIVABLES			
Trade Receivables		19,935	32,542
GST Receivable		2,347	2,753
 Total		<u>22,282</u>	<u>35,295</u>

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 5 - PROPERTY, PLANT & EQUIPMENT

	2020	CARRYING AMOUNT MOVEMENTS DURING YEAR							2021
	\$	\$							\$
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers		Net Revaluation
	New/Upgrade	Renewals	In				Out		
Land	1,800	-	-	-	-	-	-	-	1,800
Plant & Equipment	159,713	-	-	-	25,218	-	-	-	134,495
TOTAL PROPERTY, PLANT & EQUIPMENT	161,513	-	-	-	25,218	-	-	-	136,295
<i>Comparatives</i>	<i>186,731</i>	-	-	-	<i>25,218</i>	-	-	-	<i>161,513</i>

This Note continues on the following pages.

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 5 - PROPERTY, PLANT & EQUIPMENT

	2020				2021			
	\$				\$			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	-	1,800	-	1,800	-	1,800	-	1,800
Plant & Equipment	-	330,270	(170,557)	159,713	-	330,270	(195,775)	134,495
TOTAL PROPERTY, PLANT & EQUIPMENT	-	332,070	(170,557)	161,513	-	332,070	(195,775)	136,295
<i>Comparatives</i>		332,070	(145,339)	186,731	-	332,070	(170,557)	161,513

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 6 - LIABILITIES

	Notes	2021		2020	
		\$		\$	
TRADE & OTHER PAYABLES		Current	Non-current	Current	Non-current
Goods & Services		4,125	-	8,816	-
Accrued expenses - other		5,608	-	4,513	-
		<u>9,733</u>	<u>-</u>	<u>13,329</u>	<u>-</u>
BORROWINGS					
Loans		26,549	132,467	25,580	159,015
		<u>26,549</u>	<u>132,467</u>	<u>25,580</u>	<u>159,015</u>
PROVISIONS					
Provision for Highbury Post Closure		244,702	2,736,319	203,471	3,319,228
		<u>244,702</u>	<u>2,736,319</u>	<u>203,471</u>	<u>3,319,228</u>

Movements in Provisions - 2021 year only

(current & non-current)

Opening Balance	3,522,699
(Less) Payments recorded & accrued	(150,437)
Add (Less) Remeasurement Adjustments	<u>(391,241)</u>
Closing Balance	<u>2,981,021</u>

The Authority has an ongoing obligation under its EPA licence to manage the post-closure phase for the landfill for at least 25 years. A provision for the Highbury Landfill closure has been accrued. A net present value (NPV) calculation has then been made by estimating cash flows to manage the Highbury site in accordance with its EPA licence for a 25 year period commencing 1 July 2009. The cash outflows have been escalated at an inflation forecast of 2% per annum (2020:2%) and the discount rate used is equivalent to the 10 year Commonwealth Bond rate - indicative mid rate 30 June 2021 adjusted to 30 June balance dates. This NPV calculation has been incorporated into the provision and represents the Authority's best estimate of its future liability to manage the Highbury Landfill post-closure phase.

In 2012, the Board of the Highbury Landfill Authority resolved to have the cash flow estimates and assumptions in the provision spreadsheet reviewed by Golders Associates. Their summary conclusion was that the provision appears to be reasonable based on available information.

The Audit Committee of the Highbury Landfill Authority has recommended that the provision be reviewed annually and that the provision be independently reviewed every 3 years. As such, a review by Golder Associates was undertaken of the 2021 year-end provision and was found to be reasonable.

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 7 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2021	2020
		\$	\$
Total cash & equivalent assets	4	108,078	65,246
Balances per Cash Flow Statement		<u>108,078</u>	<u>65,246</u>

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

Net Surplus (Deficit)		375,454	(119,311)
Non-cash items in Income Statement			
Movement in Post Closure Provision		(391,241)	105,930
Depreciation, amortisation & impairment		<u>25,218</u>	<u>25,218</u>
		9,431	11,837
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		13,013	(22,098)
Net increase (decrease) in trade & other payables		(3,596)	(11,910)
Net increase (decrease) in other provisions		<u>(150,437)</u>	<u>(172,991)</u>
Net Cash provided by (or used in) operations		<u>(131,589)</u>	<u>(195,162)</u>

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 8 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables*.

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates of 0.30%</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
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, borrowings are repayable (describe basis); interest is charged at a fixed rate of 3.75%</p> <p>Carrying amount: approximates fair value.</p>

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 8 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2021	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	108,078	-	-	108,078	108,078
Receivables	22,282	-	-	22,282	22,282
Total	130,360	-	-	130,360	130,360
Financial Liabilities					
Payables	9,733	-	-	9,733	9,733
Current Borrowings	32,265	-	-	32,265	26,549
Non-Current Borrowings	-	145,193	-	145,193	132,467
Total	41,998	145,193	-	187,191	168,749
2020	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	65,246	-	-	65,246	65,246
Receivables	35,295	-	-	35,295	35,295
Total	100,541	-	-	100,541	100,541
Financial Liabilities					
Payables	13,329	-	-	13,329	13,329
Current Borrowings	32,265	-	-	32,265	25,580
Non-Current Borrowings	-	161,325	16,123	177,448	159,015
Total	45,594	161,325	16,123	223,042	197,924

Net Fair Value

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

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any allowance for doubtful debts. All Authority investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Note 4 in relation to individual classes of receivables, exposure is concentrated within the Authority's boundaries, and there is no material exposure to any individual debtor.

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

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates.

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.

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 9 - UNIFORM PRESENTATION OF FINANCES

	2021	2020
	\$	\$
Income	410,163	22,099
Expenses	<u>(34,709)</u>	<u>(141,410)</u>
Operating Surplus / (Deficit)	375,454	(119,311)
Net Outlays on Existing Assets		
Add back Depreciation, Amortisation and Impairment	25,218	25,218
	<u>25,218</u>	<u>25,218</u>
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	-	-
Amounts received specifically for New and Upgraded Assets	-	-
	<u>-</u>	<u>-</u>
Net Lending / (Borrowing) for Financial Year	<u>400,672</u>	<u>(94,093)</u>

HIGHBURY LANDFILL AUTHORITY**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2021****Note 10 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED
IN THE STATEMENT OF FINANCIAL POSITION**

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

The Authority is expected to construct a bio-filter in the next 3 years for the on-going post closure remediation of the Landfill site at an estimated cost of \$300,000.

HIGHBURY LANDFILL AUTHORITY**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2021****Note 11 - EVENTS OCCURRING AFTER REPORTING DATE**

There were no events subsequent to 30 June 2021 that need to be disclosed in the financial statements.

HIGHBURY LANDFILL AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 12 - DISCLOSURES OF RELATED PARTY TRANSACTIONS

The Key Management Personnel include the Board and Chief Executive Officer under section 112 of the Local Government Act 1999. In all, one entity (TJH Management Services Pty Ltd) was paid the following total compensation management and administrative services:

	2021
Contractor Payments	\$ 59,715.00
Post-employment benefits	\$ -
Long term benefits	\$ -
Termination benefits	\$ -
TOTAL	\$ 59,715.00

Transactions with Related Parties

Related Party Entity	Sale of Goods & Services (\$)	Equity Contributions (\$)	Amounts Outstanding from Related Parties (\$)	Descriptions of Services provided to Related Parties
City of Burnside	-	100,812	-	Rehabilitation of landfill site
City of Norwood, Payneham & St.Peters	-	80,714	-	Rehabilitation of landfill site
Corporation of the Town of Walkerville	-	18,474	-	Rehabilitation of landfill site

The Related Parties disclosed above are equity owners of the Authority and as referred to as Member Councils. Member Councils have equal representation on the Board of the Authority and accordingly have significant influence on the financial operating decisions of the Authority. No one Member Council individually has control of those policies.

HIGHBURY LANDFILL AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Highbury Landfill Authority for the year ended 30 June 2021, the Authority™s Auditor, Dean Newbery, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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


Trevor Hockley
CHIEF EXECUTIVE OFFICER


Cr John Minney
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 25 September 2021

HEAD OFFICE

214 Melbourne Street
North Adelaide SA 5006

PO Box 755
North Adelaide SA 5006

T: (08) 8267 4777
www.deannewbery.com.au

Dean Newbery
ABN: 30 164 612 890

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE Highbury Landfill Authority**

Opinion

We have audited the financial report of the Highbury Landfill Authority (the Authority), which comprises the Statement of Financial Position as at 30 June 2021, the Statement of Comprehensive Income, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information and the Certification of Financial Statements.

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Authority as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and the Australian Accounting Standards (including Australian Accounting Interpretations).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Authority is responsible for the other information. The other information comprises the information included in the Authority's annual report for the year ended 30 June 2021, 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. 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, 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.

Responsibility for the Financial Report

The Authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*. The Authority's responsibility includes establishing and maintaining internal control relevant to preparation and fair presentation of the financial report so that it is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Authority is responsible for assessing the Authority'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 Authority's financial reporting process.

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 the 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 financial report.

As part of an audit in accordance with the 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 the 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of the Authority'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 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 Authority 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.

DEAN NEWBERY



SAMANTHA CRETEN
PARTNER

Signed on the 30th day of September 2021,
at 214 Melbourne Street, North Adelaide

27 September 2021

Mr Trevor Hockley
Executive Officer
Highbury Landfill Authority
PO Box 289
BROOKLYN PARK SA 5032
via email: trevor@tjhms.com.au

Dear Mr Hockley,

RE: Highbury Landfill Authority Financial Statements Year Ending 30 June 2021

I, Chris Cowley, CEO of the City of Burnside, Member Council of the Highbury Landfill Authority, state that to the best of my knowledge and belief, Dean Newbery, the Auditor of the Highbury Landfill Authority, has complied with Regulation 22(3) in that the Auditor has not undertaken any services to the Highbury Landfill Authority outside of the scope of the Auditor's functions under the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

Yours sincerely,


Chris Cowley
Chief Executive Officer

TOWN OF



WALKERVILLE

The Corporation of the Town of Walkerville

ABN 49 190 949 882

66 Walkerville Terrace, Gilberton SA 5081

PO Box 55, Walkerville SA 5081

File Number: 5.14.1.2

Please Quote Ref: OLT202150449

Contact Officer: Chief Executive Officer, Kiki Cristol

Telephone: (08) 8342 7100

Facsimile: (08) 8269 7820

Email: walkerville@walkerville.sa.gov.auwww.walkerville.sa.gov.au

27 September 2021

Trevor Hockley
 Executive Officer
 Highbury Landfill Authority
 C/- PO Box 289
 Brooklyn Park, SA 5032

Via Email: trevor@tjhms.com.au

Dear Mr Hockley,

RE: Local Government (Financial Management) Regulations 2011 – Regulation 22(3)

I Kiki Cristol, CEO of the Corporation of the Town of Walkerville, a Member Council of the Highbury Landfill Authority, state that to the best of my knowledge and belief, Dean Newbery, the Auditor of the Highbury Landfill Authority, has complied with Regulation 22(3) in that the Auditor has not undertaken any services to the Highbury Landfill Authority outside of the scope of the Auditor's functions under the *Local Government Act 1999* and the Local Government (Financial Management) Regulations 2011.

Yours sincerely

Kiki Cristol
Chief Executive Officer

File Number: qA1933
 Enquiries To: Lisa Mara
 Direct Telephone: 8366 4549



**City of
 Norwood
 Payneham
 & St Peters**

28 September 2021

Mr Trevor Hockley
 Executive Officer
 Highbury Landfill Authority
 c/- PO Box 289
 BROOKLYN PARK SA 5032

Via email: trevor@tjhms.com.au

Dear Trevor

I, Mario Barone, Chief Executive Officer of the City of Norwood Payneham & St Peters, (Member Council of the Highbury Landfill Authority), state that to the best of my knowledge and belief, Dean Newbery, the Auditor of the Highbury Landfill Authority, has complied with Regulation 22(3) in that the Auditor has not undertaken any services to the Highbury Landfill Authority outside of the scope of the Auditor's functions under the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

If you require any additional information regarding this matter please contact me.

Yours sincerely

Mario Barone PSM
CHIEF EXECUTIVE OFFICER

175 The Parade
 Norwood SA 5067

PO Box 204
 Kent Town SA 5071

Telephone
 8366 4555

Facsimile
 8332 6338

Email
townhall@npsp.sa.gov.au

Website
www.npsp.sa.gov.au



100% Australian Made
 Recycled Paper

Community
 Well-being is...
 Social Equity
 Cultural Vitality
 Economic Prosperity
 Environmental
 Sustainability

HEAD OFFICE214 Melbourne Street
North Adelaide SA 5006PO Box 755
North Adelaide SA 5006T: (08) 8267 4777
www.deannewbery.com.auDean Newbery
ABN: 30 164 612 890**Auditor's Independence Declaration under Section 22 of the Local Government
(Financial Management) Regulations 2011 to the Highbury Landfill Authority**

I confirm that, for the audit of the financial statements of the Highbury Landfill Authority for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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



SAMANTHA CRETEN
PARTNER

Signed on the 27th day of September 2021,
at 214 Melbourne Street, North Adelaide, South Australia 5006

6.5 FINANCE POLICIES

REPORT AUTHOR: Accountant
GENERAL MANAGER: General Manager, Corporate Services
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA75186/A259698
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of this report is to present to the Audit Committee finance policies which have been reviewed, for consideration and endorsement prior to being presented to the Council for adoption.

BACKGROUND

Pursuant to Section 125 of the *Local Government Act 1999*, the Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the Council to:

- carry out its activities in an efficient and orderly manner to deliver on its objectives;
- ensure adherence to management policies;
- safeguard the Council's assets; and
- secure (as far as possible) the accuracy and reliability of the Council's records.

The Audit Committee Work Program requires the Audit Committee to review the appropriateness of the range and content of the Council's financial policies and practices.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

Documentation of policies relating to the Council's financial transactions improves transparency and ensures consistent treatment over subsequent reporting periods, subject to changes in Accounting Standards and or legislation.

CONSULTATION

- **Committee Members**
Not Applicable.
- **Community**
Not Applicable.
- **Staff**
Nil
- **Other Agencies**
Not Applicable.

DISCUSSION

In accordance with the Finance Policy Timetable, a review of finance policies, as contained in **Attachment A**, has been undertaken. Following the review, the proposed amendments to the policies, as detailed in Table 1 below, are presented to the Committee for consideration and recommendation to the Council for adoption, subject to any amendment which may be considered appropriate by the Audit Committee.

TABLE 1: PROPOSED POLICY AMENDMENTS

Policy	Details of Proposed Amendment
Fraud and Corruption Prevention Policy (Attachment A)	No changes are recommended.

OPTIONS

The Policy can be recommended to the Council for adoption with or without amendment.

CONCLUSION

To ensure compliance with Section 125 of the Act, the Council must have in place appropriate policies, practices and procedures which assist the Council to carry out its activities in an efficient and orderly manner. It is important to ensure that the policies adopted by the Council are regularly reviewed to ensure that they reflect the current operating environment and continue to meet the Council's overall objectives.

COMMENTS

Nil

RECOMMENDATION

1. That the Audit Committee notes that the following policy has been reviewed and notes that no amendments are recommended.
 - Fraud and Corruption Prevention Policy
2. That the Audit Committee recommends to the Council that the following policy be adopted.
 - Fraud and Corruption Prevention Policy **(Attachment A)**.

Attachment A

Finance Policies

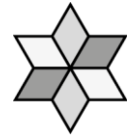
Fraud and Corruption Prevention Policy

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**



NAME OF POLICY: Fraud and Corruption Prevention Policy

POLICY MANUAL: Governance

BACKGROUND

The City of Norwood Payneham & St Peters ("the Council") is committed to acting in the best interests of the community and to upholding the principles of **honesty**, **integrity** and **transparency**, which are all key components of good governance.

The Council recognises that fraud and corruption in public administration have the potential to cause significant financial and non-financial harm and that therefore, the prevention and control of fraud and corruption should, feature predominantly within the systems and procedures of a responsible Council.

SCOPE

This Policy is designed to protect public funds and assets and the integrity, security and reputation of the Council.

This Policy outlines the Council's approach to the prevention or minimisation, identification and control of fraudulent and/or corrupt activity and summarises the associated responsibilities of Elected Members and Council Employees.

This Policy is intended to complement and be implemented in conjunction with other Council Policies, including:

- Whistle-blower Protection Policy;
- Risk Management and Internal Control Procedures;
- Behaviour Standards Policy;
- Code of Conduct for Elected Members.

This Policy applies to all disclosures that relate to the actual or suspected occurrence of fraud and/or corruption within the Council.

POLICY

1. Fraud and Corruption

The Council will not tolerate fraudulent or corrupt activity and is committed to its control and prevention by:

- complying with the requirements of the *Independent Commissioner Against Corruption Act 2012* (ICAC Act);
- establishing and maintaining an effective system of internal controls and enforcing compliance with those controls;
- regularly undertaking risk assessments to identify circumstances in which fraud and corruption could potentially occur;
- implementing fraud and corruption prevention and mitigation strategies in its day-to-day operations;

- taking appropriate action in response to allegations of fraudulent and/or corrupt activity including, reporting allegations in accordance with the *ICAC Act* and the reporting system established by the Independent Commissioner Against Corruption (ICAC) under section 18 of the *ICAC Act* and where allegations are substantiated, in addition to applicable criminal sanctions, may take disciplinary action in accordance with the Council's Behaviour Standards Policy or if relevant, a Council Employee's Contract of Employment with the Council;
- ensuring all Elected Members and Council Employees are aware of their obligations in regards to the prevention of fraud and corruption within the Council and the inclusion of preliminary education in any induction process;
- active participation in education and evaluation of practices relevant to fraud and corruption;
- fostering an ethical environment in which dishonest and fraudulent behaviour is actively discouraged; and
- generating community awareness of the Council's commitment to the prevention of fraud and corruption.

2. Prevention

The Council recognises that:

- the occurrence of fraud and corruption will prevail in an administrative environment where opportunities exist for waste, abuse and maladministration; and
- the most effective way to prevent the occurrence of fraud and corruption, is to promote an ethical environment in which internal control mechanisms have been implemented.

In general, the Council expects that all Public Officers will assist in preventing fraud and corruption within the Council by:

- understanding the responsibilities of their position;
- familiarising themselves with the Council's policies and procedures and adhering to them;
- understanding what behaviour constitutes fraudulent and/or corrupt conduct;
- maintaining an awareness of the strategies that have been implemented by the Council to minimise fraud and corruption;
- being continuously vigilant to the potential for fraud and/or corruption to occur; and
- reporting suspected or actual occurrences of fraud or corruption, in the first instance, to the Office for Public Integrity (OPI) in accordance with reporting requirements or in the absence of any specific required reporting requirement, to the Chief Executive Officer.

3. Specific Responsibilities

a) Elected Members

Collectively, as the decision making body of the Council, Elected Members are responsible for ensuring that the Council:

- promotes community awareness of the Council's commitment to the prevention of fraud and corruption;
- provides adequate security for the prevention of fraud and corruption. This includes the provision of secure facilities for storage of assets and procedures to deter fraudulent or corrupt activity from occurring;
- provides mechanisms for receiving allegations of fraud or corruption, including by ensuring a Responsible Officer is appointed;
- ensures that, where appropriate, proper investigations are conducted into allegations that involve fraud or corruption;
- forwards information relating to the occurrence of fraud or corruption to SAPOL or the OPI (as required) and facilitates cooperation with any investigation;
- promotes a culture and environment in which fraud and corruption is actively discouraged and is readily reported should it occur; and
- undertakes a fraud and corruption risk assessment on a regular basis.

b) Managers

Managers are responsible for:

- the conduct of any Employees whom they supervise and will be held accountable for such;
- any property under their control and, will be held accountable for such;
- reporting any suspected or actual occurrences of fraud or corruption within the Council in accordance with any mandatory reporting obligations for such matters as established by the Commissioner or otherwise to the Chief Executive Officer, unless the disclosure falls within the ambit of the *Whistleblowers Protection Act* and, in which case, is to be made to the Responsible Officer;
- creating an environment in which fraud and corruption is discouraged and readily reported by Employees. Such an environment shall be fostered by the Manager's own attitude and behaviours to fraud and corruption and, by the accountability and integrity they both display and encourage from other Employees;
- ensuring that all Employees are aware of their responsibilities in relation to fraud and corruption through the provision of appropriate and regular training;
- ensuring that new Employees for whom they are responsible are aware of their responsibilities in relation to fraud and corruption and, of the standard of conduct expected from all Employees as outlined in the Code of Conduct for Council Officers and this Policy;
- identifying potential fraud and corruption risks; and
- leading by example to promote ethical behaviour.

c) Staff

Staff are responsible for:

- performing their functions and duties with care, diligence, honesty and integrity;
- conducting themselves in a professional manner at all times;
- adhering to this Policy and other Council procedures that have been established to prevent fraud or corruption;
- taking care of Council's property which includes avoiding the waste or misuse of the Council's resources;
- maintaining and enhancing the reputation of the Council;
- remaining scrupulous in the use of Council information, assets, funds, property, goods or services; and
- reporting any occurrence of fraud and/or corruption within the Council in any manner required by any applicable mandatory reporting obligations established by the Commissioner or otherwise to a Manager or to the Chief Executive Officer, unless the disclosure falls within the ambit of the *Whistleblowers Protection Act* and, in which case, is to be made to the Responsible Officer.

4. Fraud and Corruption Risk Assessment Process

The Council's main objective in the prevention and control of Fraud and Corruption, is to minimise the occurrence of Fraud and Corruption within the Council. This objective is generally achieved by:

- identifying Fraud and Corruption Risks;
- determining strategies to manage, mitigate or eliminate risks; and
- defining responsibility for and the time frame within which the strategies will be implemented.

Managers must be alert to and aware of the potential of fraud and corruption to occur and must remain wary of factors which may leave the Council vulnerable to fraud and corruption, including:

- changes to Council delegations;
- implementation of cost cutting measures;
- contracting out and outsourcing;
- the impact of new technology; and
- changes to risk management practices.

5. Reporting and Investigation

- a) Managers and Staff who are aware of fraudulent or corrupt activity within the Council, are required to report this information in a manner recognised by this Policy, being in accordance with any mandatory reporting requirements established by the ICAC or otherwise to either a Manager, General Manager or the Chief Executive Officer or otherwise in a manner consistent with the provisions of the *Whistleblowers Protection Act 1993*. As necessary, the Chief Executive Officer will then ensure there is compliance with any reporting obligations as required by the OPI.
- b) Any Elected Member who is aware of fraudulent or corrupt activity within the Council, is required to report this information in accordance with any mandatory reporting obligations established by the ICAC or otherwise to the Mayor and/or the Chief Executive Officer. If the report is made to the Mayor, the Mayor must immediately make the report known to the Chief Executive Officer.
- c) The Chief Executive Officer must report any allegations involving fraud or corruption to the Anti-Corruption branch of SAPOL or the OPI in accordance with reporting requirements.
- d) Appropriate disclosure of public interest information that falls within the ambit of the *Whistleblowers Protection Act* should be reported to the Responsible Officer. The Responsible Officer will ensure that any allegations of fraud or corruption are, in the first instance, referred to the Anti-Corruption branch of SAPOL in accordance with the *Whistleblowers Protection Act 1993*.
- e) When the Anti-Corruption branch of SAPOL or the OPI refer a report of alleged fraudulent or corrupt activity to the Council, as a result of SAPOL or the OPI having formed the view that the activity does not amount to fraud or corruption, the Council will conduct a review of the report in accordance with its own internal investigation procedure and will report any findings of the review and provide recommendations (if any) to the Council.
- f) Following any investigation which is undertaken by the Anti-Corruption branch of SAPOL or ICAC, the Chief Executive Officer will ensure that a review is undertaken in the area of which the fraud or corruption has occurred in order to determine the cause for the breakdown in controls and, will report the findings of the review and provide recommendations (if any) to the Council.
- g) Following consideration of a report which is provided to the Council in accordance with Clause 5 e) or Clause 5 f), the Council will determine the action (if any) that is required to be taken to prevent any recurrence of the alleged or actual fraud and/or corrupt activity.
- h) In the event that allegations of fraudulent and/or corrupt activity are substantiated, the Council will take disciplinary action against any Elected Member and staff member who was involved in accordance with the relevant legislation or Council Policy.

6. False Disclosure

A person who knowingly makes a false or misleading statement in a complaint or report under the *ICAC Act 2012*, or makes a false or misleading disclosure, under the *Whistleblowers Protection Act 1993*, is guilty of an offence.

A staff member who makes a false disclosure, in addition to being guilty of an offence, may face disciplinary action that may include instant dismissal in accordance with Council Policy..

REVIEW PROCESS

The Council will review this Policy within 36 months of the adoption date of the Policy.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's General Manager, Governance & Community Affairs, telephone 8366 4549.

ADOPTION OF THE POLICY

This Policy was endorsed by the Audit Committee on 26 October 2015.

This Policy was adopted by the Council on 2 November 2015.

This Policy was endorsed by the Audit Committee on 24 October 2016.

This Policy was adopted by the Council on 7 November 2016.

This Policy was endorsed by the Audit Committee on 22 October 2018.

This Policy was adopted by the Council on 5 November 2018.

This Policy was endorsed by the Audit Committee on 25 October 2021.

This Policy was adopted by the Council on 1 November 2021.

DEFINITIONS

For the purposes of this Policy the following definitions apply:

An **Appropriate Authority** that receives disclosure of public interest information includes:

- a Minister of the Crown;
- a member of the police force - where the information relates to an illegal activity;
- the Auditor-General – where the information relates to the irregular or unauthorised use of public money;
- the Ombudsman SA – where the information relates to a Public Officer;
- a Responsible Officer, where the information relates to a matter falling within the sphere of responsibility of a local Government body; or
- any other person¹ to whom, in the circumstances of the case, it is reasonable and appropriate to make the disclosure².

A person makes an **appropriate disclosure** of public interest information if:

- (a) the person-
 - (i) believes on reasonable grounds that the information is true: or
 - (ii) is not in a position to form a belief on reasonable grounds about the truth of the information but believes on reasonable grounds that the information may be true and is of sufficient significance to justify its disclosure so that its truth may be investigated; and
- (b) the disclosure is made to the Appropriate Authority.

Corruption in public administration means:

- (a) an offence against Part 7 Division 4 (Offences relating to public officers) of the *Criminal Law Consolidation Act 1935*, which includes the following offences:
 - (i) bribery or corruption of public officers;
 - (ii) threats or reprisals against public officers;
 - (iii) abuse of public office;
 - (iv) demanding or requiring benefit on basis of public office;
 - (v) offences relating to appointment to public office.
- (b) any other offence (including an offence against Part 5 (Offences of dishonesty) of the *Criminal Law Consolidation Act 1935*) committed by a public officer while acting in his or her capacity as a public officer or by a former public officer and related to his or her former capacity as a public officer, or by a person before becoming a public officer and related to his or her capacity as a public officer, or an attempt to commit such an offence; or
- (c) any of the following in relation to an offence referred to in a preceding paragraph:
 - (i) aiding, abetting, counselling or procuring the commission of the offence;
 - (ii) inducing, whether by threats or promises or otherwise, the commission of the offence;
 - (iii) being in any way, directly or indirectly, knowingly concerned in, or party to, the commission of the offence;
 - (iv) conspiring with others to effect the commission of the offence.

Deception means deceiving another to obtain a benefit or to cause detriment to a person.

An **Employee** is any person who is employed by the Council, but also includes any contractors, volunteers and consultants undertaking work for, or on behalf of the Council.

¹ Such a person may include an independent company that offers an anonymous whistleblower call service.

² Where the disclosure relates to fraud and corruption, the Appropriate Authority must pass the information as soon as practicable to the Anti-Corruption Branch of the SA Police.

A **False Disclosure** is a disclosure of information involving actual or suspected fraud or corruption that is made by a person who knows the information to be false or, who is reckless as to whether it is false.

Fraud is the use of misrepresentations, deception or dishonest conduct in order to obtain an unjust advantage over another or, to cause detriment to the Council. Examples of fraudulent conduct include:

- theft of assets;
- unauthorised and/or illegal use of assets, information or services for private purposes;
- misappropriation of funds; and/or
- falsification of records.

Independent Commissioner Against Corruption (Commissioner) means the person holding or acting in the office of the Independent Commissioner Against Corruption.

Maladministration in public administration defined at section 4 of the *Independent Commissioner Against Corruption Act 2012*,

(a) means:

- (i) conduct of a public officer, or a practice, policy or procedure of a public authority, that results in an irregular and unauthorised use of public money or substantial mismanagement of public resources; or
- (ii) conduct of a public officer involving substantial mismanagement in or in relation to the performance of official functions; and

(b) includes conduct resulting from impropriety, incompetence or negligence; and

(c) is to be assessed having regard to relevant statutory provisions and administrative instructions and directions.

Misconduct in public administration defined at Section 4 of the *ICAC Act 2012* means:

- a) contravention of a code of conduct by a public officer while acting in his or her capacity as a public officer that constitutes a ground for disciplinary action against the officer; or
- b) other misconduct of a public officer while acting in his or her capacity as a public officer.

Manager means any Employee of the Council who is responsible for the direct supervision of other Employees, and/or, for the management of a Council Department.

Office for Public Integrity (OPI) is the office established under the *ICAC Act* that has the function to:

- a) receive and assess complaints about public administration from members of the public;
- b) receive and assess reports about corruption, misconduct and maladministration in public administration from the Ombudsman, the Council and public officers;
- c) make recommendations as to whether and by whom complaints and reports should be investigated;
- d) perform other functions assigned to the Office by the Commissioner.

Public administration defined at section 4 of the *ICAC Act 2012* means without limiting the acts that may comprise public administration, an administrative act within the meaning of the *Ombudsman Act 1972* will be taken to be carried out in the course of public administration.

Public Officer defined under the *ICAC Act 2012* includes:

- an Elected Member;
- an Employee or Officer of the Council;
- a person who is a member of the State Executive of the Local Government Association; and
- an officer or employee of the Local Government Association.

A **Responsible Officer** is a person (or persons) authorised to receive and act upon public interest information provided by a Whistle-blower. Each Council must ensure that a member of the staff of the Council (with qualifications prescribed by the Regulations³) is designated as a Responsible Officer for the Council for the purposes of the *Whistleblowers Protection Act 1993*.

SAPOL means the Anti-Corruption Branch of the South Australian Police Force.

A **Whistle-blower** is any person who makes an appropriate disclosure of public interest information under the *Whistleblowers Protection Act 1993*.

Waste refers to the waste of public resources (including public money), which occurs as a result of the substantial mismanagement, irregular or, unauthorised use of public resources.

³ Regulation 21B of the *Local Government (General) Regulations 1999*, states that the prescribed qualifications are the qualifications determined by the Minister. The Minister has not yet made any determination.

6.6 INTERNAL CONTROL AND RISK MANAGEMENT ASSESSMENT

REPORT AUTHOR: Management Accountant
GENERAL MANAGER: General Manager, Corporate Service
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA75186/A266835
ATTACHMENTS: A - B

PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee with an update on the status of the Council's major risks and the assessment of the Council's Internal Controls.

BACKGROUND

The 2020-2021 Audit Committee Work Program requires the Committee to:

- a. *Identify whether weaknesses in internal controls have been previously identified, e.g. by management or Council's external auditor, and if so whether action has been taken to have them addressed:*
 - *consider the range of documented internal control policies and procedures; and*
 - *whether they are being followed.*
- b. *Develop and monitor the delivery of the Council's Strategic Internal Audit Plan by;*
 - *meeting with the Council's Internal Auditors to discuss any points of concern raised by the Internal Auditor, as part of the delivery of the Strategic Audit Plan;*
 - *assessing the appropriateness of the Council's response to matters raised in the Internal Audit Reports; and*
 - *annually review the appropriateness of the Council's three (3) year Strategic Internal Audit Plan.*
- c. *Review Management's assessment of Council's major risks.*
- d. *Establish whether locally appropriate strategies exist to minimise the likelihood of occurrence and adverse consequence for obvious and major risks. Consider:*
 - *whether an assessment has been undertaken to identify foreseeable events with potentially catastrophic consequences and actions established to minimise their likelihood and effect*
 - *whether a business continuity plan has been developed in case of major damage to key Council properties or other, (e.g. computer, assets);*
 - *whether there are significant risks that have been identified by Council's insurers that have not been reasonably addressed and therefore could jeopardise insurance cover in this regard; and*
 - *adequacy of insurance coverage.*

At its meeting held on 15 October 2010, the Audit Committee requested that Risk Management be a standard item on its agenda and that a brief report be prepared for each meeting confirming that the risks remain current and that the identified existing controls remain in place.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Additional funding may be required to complete the work which has been requested by the Audit Committee, depending on the nature and timeframes which are set for any further work required to be undertaken.

EXTERNAL ECONOMIC IMPLICATIONS

Nil.

SOCIAL ISSUES

Nil

CULTURAL ISSUES

Nil.

ENVIRONMENTAL ISSUES

Nil

RESOURCE ISSUES

Refer to Financial Implications above.

RISK MANAGEMENT

The risks identified to be managed are contained in **Attachment B**.

CONSULTATION

- **Committee Members**
Not applicable.
- **Community**
Not Applicable.
- **Staff**
Where Applicable.
- **Other Agencies**
Not Applicable.

DISCUSSION

Financial Internal Controls

A self-assessment of the Council's Financial Internal Controls was undertaken for the twelve (12) month period ending 30 June 2021. The Overall Organisational effectiveness rating for the assessment period was 4.89 out of a maximum score of 5 (2019: 4.87), which would indicate that the controls which are in place have been consistently and or effectively applied in the majority of cases. While there has been no movement in the overall assessment, as detailed in Table1 below, there have been movements within each assessment category.

TABLE 1: ASSESSED RATING BY CATEGORY

Category	2021	2020	Comments
Assets	4.92	4.90	While overall the internal controls in place have been assessed as being more effective, when compared to the 2020 assessment there has been a decrease in the assessed effectiveness of the prepayment controls due to the prepayment reconciliations not being undertaken in a consistent or timely way.
Liabilities	4.88	4.84	The increase in the rating due to the debenture payment were recorded in the correct period compared to 2019-2020 Financial Year
Revenue	4.84	4.84	No changes in the rating
Expenses & External Services	4.95	4.86	The increase in the rating of assessment is due to the policy related to the reimbursement of expenditure being developed and adopted by the Council
Strategic Financial Planning	4.88	4.94	The decrease in the assessment is due primarily to the reviewer of the Controls believing that the narrations for Journals could be improved to better explain the transactions
Financial Governance	5.00	5.00	No changes in the rating

Attachment A contains a summary report on the assessment which has been undertaken and the action plans which have been developed to strengthen the control activities which require improvements.

Risk Management Assessment

Following the risk review and risk workshop held on 11 September 2019, eight (8) strategic risks and thirteen (13) operational risks were identified. Upon review of the nature of the risks and the existing controls which are in place, five (5) strategic risks and three (3) operational risks were identified with a target risk greater than the residual risk. To reduce the risk to the target risk rating, a number of treatment plans were identified to mitigate against the risks. The status of the risks requiring additional mitigation strategies and controls is contained in **Attachment B**.

Internal Audit

The Council has in place a three (3) year Strategic Internal Audit Plan (the Plan) which, following the recommendation of the Audit Committee, was adopted by the Council on 4 November 2019.

Given the Covid-19 impact, there has been no internal audit activity undertaken.

Information Security Breaches

The Council's 2015 Risk Management Plan identified the Breach of Confidentiality and Destruction of Information, Communications and Technology, as risks which the Council is required to manage and implement treatment plans in order to mitigate the risks. While the Council has a number of existing controls in place such as IT Security Controls and system procedures and policies which address these two risks, a staff initiated Information Security Committee (the Committee) was established in October 2016, with the following purpose:

'...to provide a structured and formal forum for assessing information security risks; including reviewing existing and past Information security incidents'

In addition, the Committee will work to understand industry trends and new threat scenarios to identify initiatives and mitigation strategies that counteract existing and future risks. Through regular meetings, Information Security processes will be continuously challenged, assessed and enhanced, outcomes from incident investigations will be tracked and staff awareness will remain in focus.'

The Committee meets on a quarterly basis, and is co-ordinated by the Manager, Information Services and supported by the General Manager, Corporate Services.

Security incidents are categorised into 3 areas:

- Confidentiality – protecting information from disclosure to unauthorized parties;
- Integrity – protecting information from being modified by unauthorized parties; and
- Availability – ensuring that authorized parties are able to access information when needed.

Between July 2020 and June 2021, the Committee tracked and reviewed 10 Information Security incidents, two (2) in associated with Confidentiality, seven (7) in associated with Integrity and one (1) in associated with Availability. Over the same period, no security information breaches were identified.

As at the time of writing this report, there has been 920 days since the last information security breach occurrence. The previous period was 461 days. It is noted that previous incidents and the resulting preventative actions continue to have a positive impact on how often incidents occur and when they do, how long they last or the severity of the impact.

Details of the Incident Summary for the period from July 2020 to June 2021 are detailed in Table 2 below

TABLE 2: BREACH SUMMARY JULY 2020 - JUNE 2021

Date	Threat type	Impact	Reactive Actions	Preventative actions/Comments
23 November 2020	Credential Dump	A staff members password was leaked	Identified the source of the leak and staff member changed their password	The staff member to change their password on sites that password was being used.
20 January 2021	Phishing	A staff members provided password to a phishing scam	The staff member changed their password	The phishing email was from a know service provider

OPTIONS

Nil.

CONCLUSION

Nil.

COMMENTS

Nil.

RECOMMENDATION

That the report be received and noted.

Attachment A

Internal Control and Risk Management Assessment

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

**Financial Internal Controls
Self- Assessment
June 2021**



City of
**Norwood
Payneham
& St Peters**

Financial Internal Controls Self-Assessment

June 2021

BACKGROUND

Internal control is one of the foundations of a good Corporate Governance Framework. The Councils approach to internal control is based on a pro-active, risk aware culture that reviews and identifies the key business risks that the organisation faces. By implementing an Internal Control Framework, the Council is able to demonstrate both a practical commitment to governance processes and transparency in the delivery of the Framework.

In addition, the Council will be adequately equipped to meet the statutory obligations under Section 125 of the Local Government Act 1999 ("Local Government Act"), which states that:

"a council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records".

The primary responsibility for managing organisational risks on a day-to-day basis rest with the Councils Management and forms the "first line of defence" for the Council. The "second line of defence" are the policies and procedures which govern organisational activities and processes. By monitoring activities, using tools such as the internal control self-assessment, boundaries and expected standards by which the organisation operates are established. The "third line of defence" consists of internal audit which is charged with the responsibility to perform an objective assessment on the performance of control activities and business processes.

The financial internal control environment, which is part of the Council's broader internal control processes, is designed to assist the Council in addressing the risk of fraud and error, improving reliability of financial reporting and compliance with laws, regulations and policies. It focuses on Council's financial processes and functions that deal with, but are not limited to, budgeting, financial reporting, transaction processing, financial delegations, treasury management and infrastructure management.

A good financial internal control environment will provide confidence to all stakeholders that:

- the Council's assets are safeguarded;
- financial and non-financial reporting is reliable;
- the Council complies with legislation and Council policies;
- the Council's operations are effective and efficient.

The effectiveness of the control environment are assessed on a scale from 1 – 5. Table 1 describes the control effectiveness ratings.

Financial Internal Controls Self-Assessment

June 2021

TABLE 1: CONTROL EFFECTIVENESS RATINGS

Score	Score Definition	
0	n/a or not rated	no rating as not relevant or not implemented
1	Ineffective	During the period, the control has not been implemented as described. Urgent management action is required to implement the described control processes.
2	Requires significant improvement	During the period, the control has been implemented as described, but with significant deficiencies in the consistency or effectiveness of implementation. Significant management action required to implement processes to improve the effectiveness of the control.
3	Partially effective	During the period, the control has been implemented as described, but with some deficiencies in the consistency and/or effectiveness in which it has been applied.
4	Majority effective	During the period, the control has been implemented as described and in the majority of cases has been consistently and/or effectively applied. There is potential to enhance the effectiveness of the control, but only with minor adjustments.
5	Effective	During the period, the control as described has been fully implemented and has in all cases has been consistently and/or effectively applied.

INTRODUCTION

The following report summarises the results of the Council's self-assessment of the financial control environment for the previous twelve (12) months to June 2021. The assessment is based on a desk top review by the Council's Finance Staff. The initial assessment of the financial control is undertaken by the staff member (control owner) responsible for the business process on a day to day basis, with the supervisor/manager of the business process reviewing the control effectiveness rating, to determine the overall control effectiveness. Where a control effectiveness rating was deemed to be partially effective or less, action plans have been developed to address the weakness in the control environment.

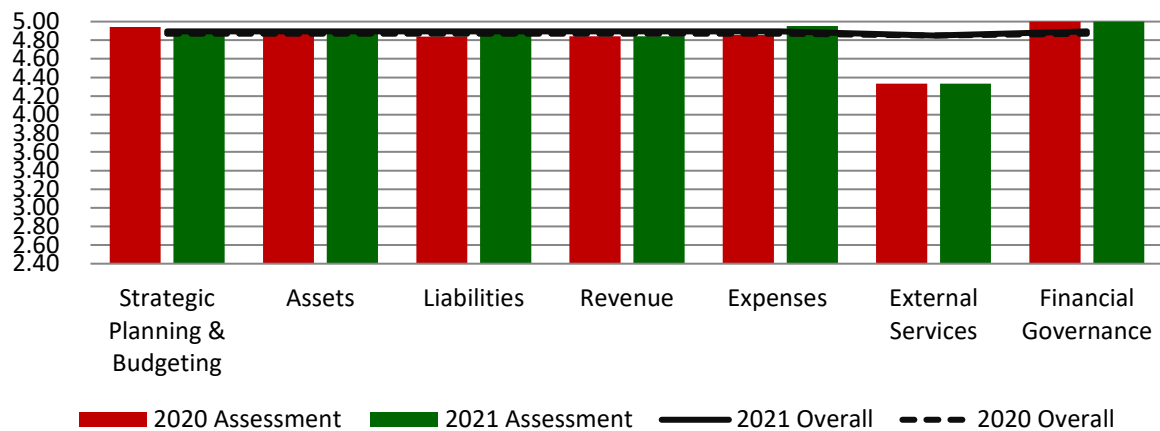
SUMMARY OF RESULTS

The Overall Organisational Effectiveness rating for the assessment period was 4.89 out of a maximum score of 5 (2020: 4.87), which means that the controls in place have been consistently and or effectively applied in the majority of cases. Compared to the previous rating, the overall rating has remained consistent with previous assessments, as detailed in Figure 1, compared to the prior year assessment, there has been some minor movements in the ratings within each category.

Financial Internal Controls Self-Assessment

June 2021

FIGURE1: FINANCIAL INTERNAL CONTROLS SELF-ASSESSMENT BY CATEGORY



A breakdown of each business process and associated risks within each category are detailed below.

ASSETS

Table 2 outlines the business processes assessed within the Assets category, with a description of the risks the control environment is designed to minimise.

TABLE 2: ASSET BUSINESS PROCESS AND ASSOCIATED RISKS

Business Process	Risk
Petty Cash & Banking	<ul style="list-style-type: none"> Banking transactions are either inaccurately recorded or not recorded at all Cash Floats and Petty Cash transactions are either invalid, inaccurately recorded or not recorded at all Cash Floats and Petty Cash are inadequately safeguarded Fraud (i.e. misappropriation of funds)
Debtors	<ul style="list-style-type: none"> Debtors are either inaccurately recorded or not recorded at all Credit notes to debtors are either inaccurately recorded or not recorded at all An appropriate provision for doubtful debts is not recorded Debtors are either not collected on a timely basis or not collected at all The Debtors master file data does not remain pertinent.
Fixed Assets	<ul style="list-style-type: none"> Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent Fixed assets are inadequately safeguarded Fixed Assets are not valued correctly initially or on subsequent revaluation Fixed Asset maintenance and/or renewals are inadequately planned Depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes inappropriate useful lives and residuals.
Investments	<ul style="list-style-type: none"> Council makes poor investment decisions. Investment transactions are either not recorded or are recorded inaccurately

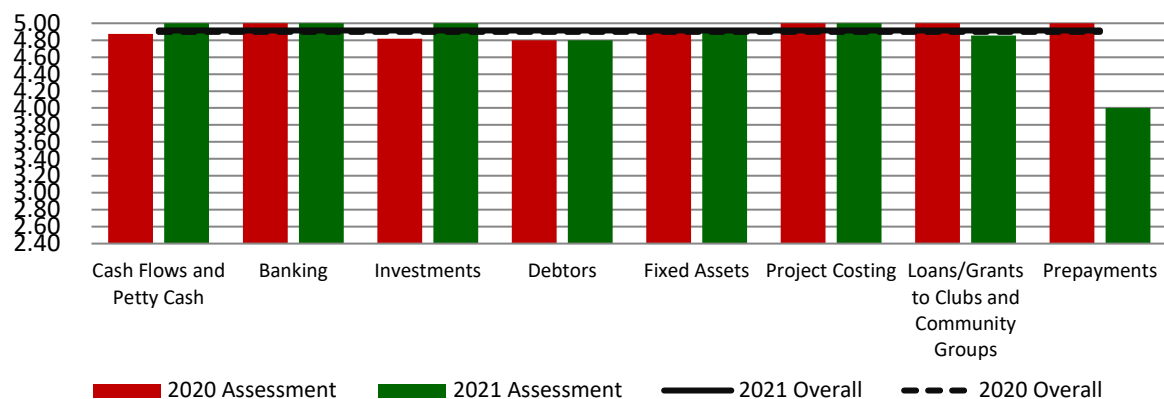
Financial Internal Controls Self-Assessment

June 2021

Business Process	Risk
	<ul style="list-style-type: none"> Investment income is inaccurately calculated or not recorded in the appropriate period. Conflict of interest impacts negatively upon the investment decision
Loans and or Grants to Clubs and Community Groups	<ul style="list-style-type: none"> Council issues Loans / Grants inappropriately Loans/Grants to Clubs/Community Groups are inaccurately recorded or not recorded at all Clubs/Community Groups are not able to repay Loans/Grants to the Council.
Prepayment	<ul style="list-style-type: none"> Prepayments are either inaccurately recorded or not recorded at all
Project Costing	<ul style="list-style-type: none"> Project Costs are either inaccurately recorded or not recorded at all

The effectiveness rating for the assessment period was 4.92 (2020: 4.90), there has been an increase in the assessment compared to the 2020 assessment. The improvement in the rating is due to the Council's policies being updated on a regular basis, the staff are more familiar with policies and apply policies in managing their daily work activities.

FIGURE 2 FINANCIAL INTERNAL CONTROLS - ASSETS



Compared to the previous Assessment, there has been a decrease in the assessed rating in the Prepayment area due to the Prepayment reconciliations having not been undertaken in a consistent or timely manner..

LIABILITIES

Table 3 sets out the business processes assessed within the Liabilities category, with a description of the risks the control environment is designed to minimise.

TABLE 3: LIABILITIES BUSINESS PROCESS AND ASSOCIATED RISKS

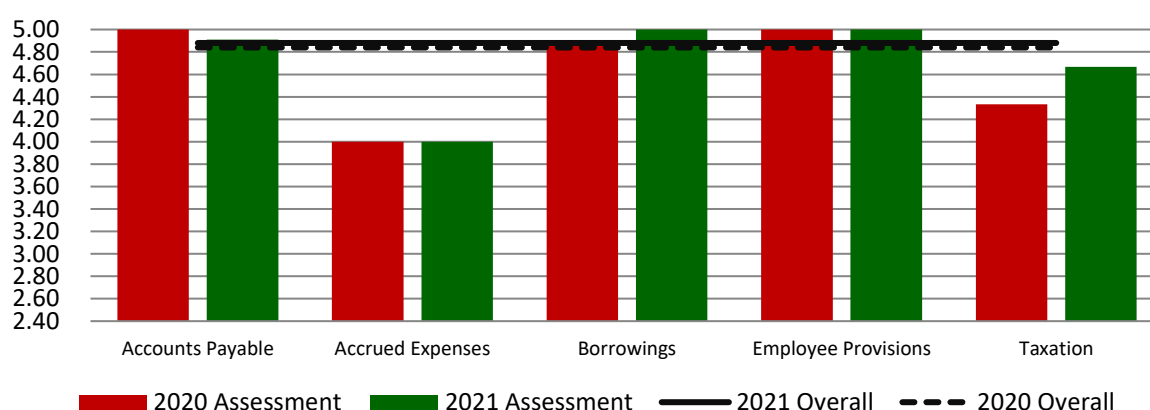
Financial Internal Controls Self-Assessment

June 2021

Business Process	Risk
Accounts Payable	<ul style="list-style-type: none"> Accounts payable amounts are either inaccurately recorded or not recorded at all Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all Disbursements are not authorised properly Accounts are not paid on a timely basis Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.
Accrued Expenses	<ul style="list-style-type: none"> Accrued Expenses are either inaccurately recorded or not recorded at all.
Borrowings	<ul style="list-style-type: none"> Borrowings are either not recorded or are recorded inaccurately Loans are taken out without appropriate approval Loans are not repaid in accordance with the agreed terms Loan repayments are not recorded at all or are recorded inaccurately Lack of working capital to meet Council's financial commitments.
Employee Provisions	<ul style="list-style-type: none"> Employee Provisions are either inaccurately recorded or not recorded at all Payroll master file does not remain pertinent.
Taxation	<ul style="list-style-type: none"> Tax liabilities are either inaccurately recorded or not recorded at all Council does not meet statutory reporting / lodgement deadlines.

The Effectiveness Rating for the assessment period was 4.88 (2020: 4.84), which means that the controls in place have been consistently and or effectively applied in the majority of cases.

FIGURE 3 FINANCIAL INTERNAL CONTROLS– LIABILITIES



As stated in Figure 3 above, the overall rating with respect to the controls surrounding business process dealing with the Council's Liabilities, have increased marginally, with the increase being recorded within Taxation and Borrowings. Compared to 2019-2020 Financial Year, the loan repayments were recorded in the correct period during 2020-2021

Financial Internal Controls Self-Assessment

June 2021

Financial Year. From 2020, the Council started to use electronic document management system, Objective, to replace the hard copy (paper) system. One of benefits of using Objective is that the staff can be tasked when the work related documents are stored in the system and tasks will be listed on the Task page until it is completed. This helps the finance staff to remember recording the loan payment in the correct period and complete the task and let manager know that task is finished.

REVENUE

Table 4 below outlines the business processes assessed within the Revenue category, with a description of the risks the control environment is designed to minimise.

TABLE 4: REVENUE BUSINESS PROCESS AND ASSOCIATED RISKS

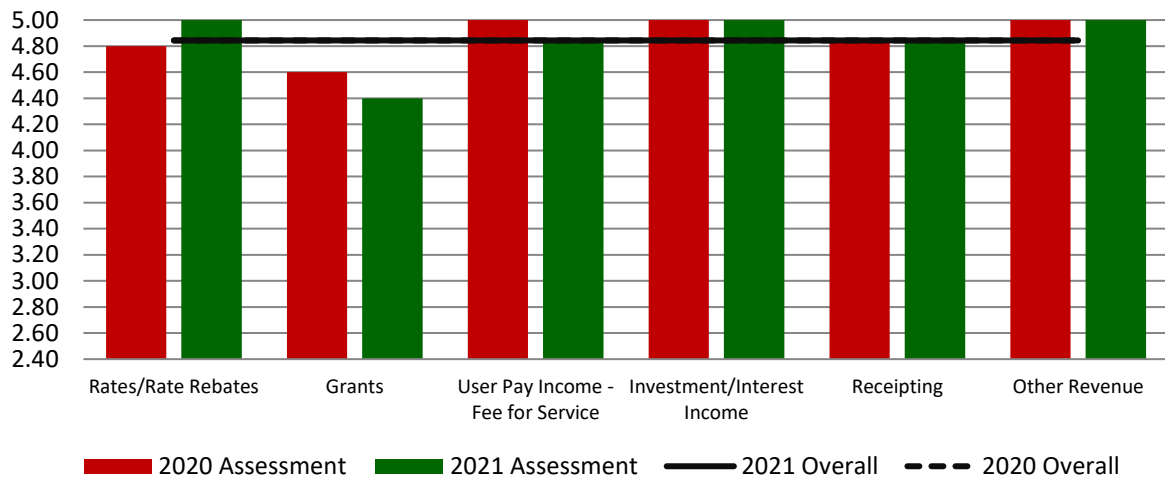
Business Process	Risk
Rates/Rate Rebates	<ul style="list-style-type: none"> • Council does not raise the correct level of rate income • Rates and rate rebates are either inaccurately recorded or not recorded at all • The Property master file does not remain pertinent • Rates are not collected on a timely basis.
Grants	<ul style="list-style-type: none"> • Council loses recurrent Grant funding to provide existing service • Grant funding is not claimed by Council on a timely basis or not claimed at all • Grants are either inaccurately recorded or not recorded at all.
User Pay/Fee for Service	<ul style="list-style-type: none"> • The fee charged does not reasonably reflect the value of the services provided • Council does not apply User Pay principles consistently • User pay income is either inaccurately recorded or not recorded at all.
Investment/Interest Income	<ul style="list-style-type: none"> • Investment income is either inaccurately recorded or not recorded at all.
Receipting	<ul style="list-style-type: none"> • Receipts are either inaccurately recorded or not recorded at all • Receipts are not deposited at the bank on a timely basis.
Other Revenue	<ul style="list-style-type: none"> • Other Revenue is either inaccurately recorded or not recorded at all.

The effectiveness rating for the assessment period was 4.84 (2020:4.84), which means that the controls in place have been consistently and or effectively applied in the majority of cases. As detailed in Figure 4, the rating in the classification of Grant has decreased due to the assessor and reviewer noting that the communication to the Finance team from the project managers on grant funding needs to be developed to ensure that funding is identified and recorded in Budget reviews. The rating in the classification of User Pay Income – Fee for Service has decreased due to one agreement being identified that the monthly lease fees was being charged at the GST exclusive rate rather than the GST inclusive rate. In contrast to Grant and User Pay Income – Fee for Service, the rating for the classification of Rates/Rates Rebates has increased due the staff being confident that the policies and procedures have been applied in the activities and there has been no evidence within the control sample, to suggest the controls has not been complied with during the assessment period

FIGURE 4: FINANCIAL INTERNAL CONTROLS - REVENUE

Financial Internal Controls Self-Assessment

June 2021



EXPENDITURE & EXTERNAL SERVICES

Table 5 below outlines the business processes assessed within the Expenditure category, with a description of the risks the control environment is designed to minimise.

TABLE 5: EXPENDITURE BUSINESS PROCESS AND ASSOCIATED RISKS

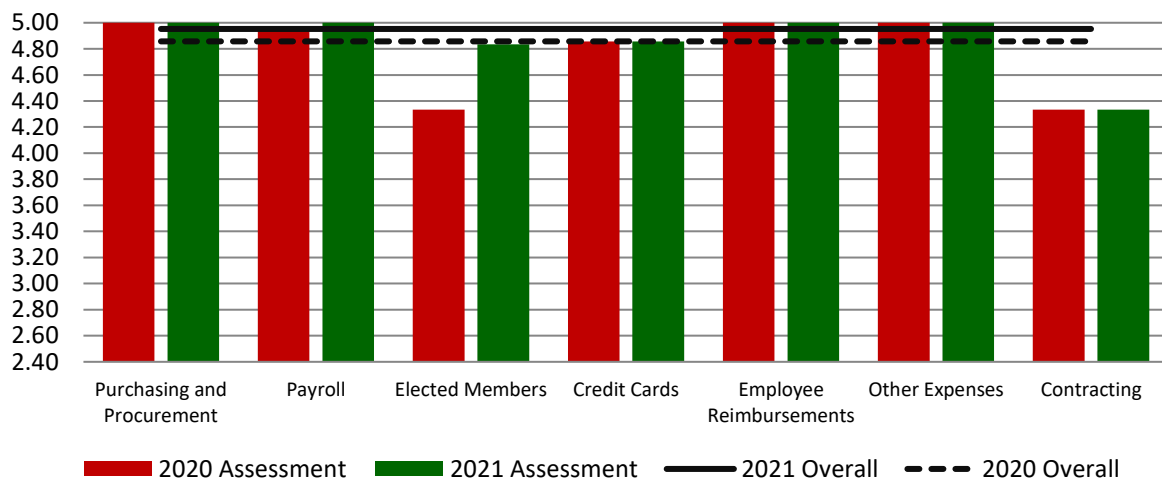
Business Process	Risk
Purchasing & Procurement	<ul style="list-style-type: none"> • Council does not obtain value for money in its purchasing & procurement activities • Purchases of goods and services are made from non-preferred suppliers • Purchase orders are either recorded inaccurately or not recorded at all • Purchase orders are placed for unapproved goods and services • Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.
Payroll	<ul style="list-style-type: none"> • Payroll expenses are inaccurately calculated • Payroll disbursements are made to incorrect or fictitious employees • Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all • Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file • Voluntary and statutory payroll deductions are inaccurately processed • Employees are terminated in breach of statutory and enterprise agreements.
Elected Members	<ul style="list-style-type: none"> • Elected Members obtain unauthorised private benefit from Council • Elected Member expenses and allowances are inaccurately recorded or not recorded at all.
Credit Cards	<ul style="list-style-type: none"> • Credit Cards are issued to unauthorised employees. • Credit Cards are used for purchases of a personal nature • Credit Card limits are set at inappropriate levels.
Employee Re-imbursements	<ul style="list-style-type: none"> • Employees are reimbursed for expenses of a personal nature • Employee reimbursements are either inaccurately recorded or not recorded at all.

Financial Internal Controls Self-Assessment June 2021

Business Process	Risk
Other Expenses	<ul style="list-style-type: none"> Other Expenses are either inaccurately recorded or not recorded at all Other Expenses do not represent valid expenses of Council.
External Services	
Contracting	<ul style="list-style-type: none"> Council is not able to demonstrate that all probity issues have been addressed in the Contracting process Commitments are made for unapproved goods and services Council does not obtain value for money in relation to its contracting.

The effectiveness rating for the assessment period was 4.95 (2020:4.86) for expenditure, which means that the controls in place have been consistently and or effectively applied in the majority of cases.

FIGURE 5 FINANCIAL INTERNAL CONTROLS– EXPENSES & EXTERNAL CONTRACT



As detailed in Figure 5 above, the overall rating with respect to the controls surrounding business process dealing with the Council’s Expenses, has increased in the classification of Elected Members, due to new policy being developed and adopted by the Council which sets out the type and nature of expenditure that can be reimbursed.

While the overall control environments associated with expenditure were assessed as being Majority Effective, there is one area within the expenditure business process where the effectiveness of the control was assessed as “Partially Effective”. Table 6 details the control assessed as partially effective and the associated action plan to address the deficiencies.

TABLE 6: CONTROL WEAKNESS AND ASSOCIATED ACTION PLAN

Financial Internal Controls Self-Assessment June 2021

Business Process	Control	Effective Rating	Identified Weakness	Action Plan	Due Date
Contracting	There is a contract management process in place throughout the term of contract to ensure that supplier/Contractor meet their obligation	3	While the Council's has a Procurement Policy and framework in place, the Contract Management component of the Framework is being developed.	Finalisation of the Contract Management Framework	30/12/2021

STRATEGIC FINANCIAL PLANNING

Table 7 outlines the business processes assessed within the Strategic Financial Planning, with a description of the risks the control environment is designed to minimise.

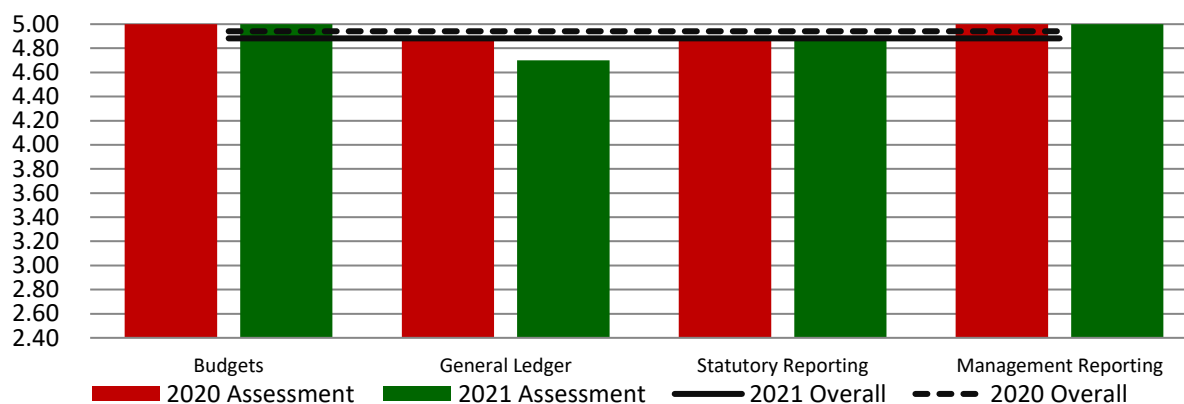
TABLE 7: STRATEGIC FINANCIAL PLANNING BUSINESS PROCESS AND ASSOCIATED RISKS

Business Process	Risk
Budgets	<ul style="list-style-type: none"> • Budgets do not reflect strategic objectives • Unrealistic budgets • Budgets are not compliant with relevant legislation • Budgets are inaccurately reported with differences in the budget adopted by Council, and that exercised by Council administration.
General Ledger	<ul style="list-style-type: none"> • General Ledger does not contain accurate financial information • Data contained within the General Ledger is permanently lost.
Statutory Reporting	<ul style="list-style-type: none"> • Council does not comply with statutory reporting requirements and deadlines • Council's financial information is not reviewed in a timely manner to enable effective decision making • Council's statutory reports provide inaccurate financial information.
Management Reporting	<ul style="list-style-type: none"> • KPIs are not consistent with corporate objectives and accounting policies adopted by Council are not adhered to by Council administration • Council's manage reports provide inaccurate financial information • Significant budget variances are either not investigated on a timely basis or not investigated at all.

The effectiveness rating for the assessment period was 4.88 (2020:4.94). The controls in place have been consistently and or effectively applied in the majority of cases.

FIGURE 6: FINANCIAL INTERNAL CONTROLS - STRATEGIC PLANNING & BUDGETS

Financial Internal Controls Self-Assessment June 2021



As detailed in Figure 6 above, the rating in General Ledger has seen a slight decrease. While there were no instances identified where the controls/processes in place were not adhered to, in undertaking the assessment, reviewer assessing the existing processes, believe that the narrations could be improved to better explain the nature of the transaction.

FINANCIAL GOVERNANCE

Table 8 below sets out the business processes assessed within the Financial Governance, with a description of the risks the control environment is designed to minimise.

TABLE 8: FINANCIAL GOVERNANCE BUSINESS PROCESS AND ASSOCIATED RISKS

Business Process	Risk
Governance	<ul style="list-style-type: none"> • Policies and Procedures do not reflect current requirements • Delegations of authority are not commensurate with job roles and responsibilities • Staff are not aware of their responsibilities to ensure good governance including compliance with policies, procedures and relevant legislation.

The effectiveness rating for the assessment period was 5 (2020: 5). The controls in place have been consistently and or effectively applied in the majority of cases.

Attachment B

Internal Control and Risk Management Assessment

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**



IDENTIFIED RISKS REQUIRING TREATMENT PLANS

Risk	Inherent Risk	Residual Risk	Target Risk	Treatment Plan	Status
<p>1. Community Expectations</p> <p>The Council is not delivering what the community expects or delivering what has been promised. This can be over or under servicing. The Council is (or should not) delivering certain services and/or projects as the community are (or not) wanting, needing or expecting.</p>	<p>High 9</p> <p>Intolerable without treatment</p>	<p>Substantial 14</p> <p>Tolerable with continual review</p>	<p>Medium 19</p> <p>Tolerable with periodic review</p>	<ul style="list-style-type: none"> Development of Service Standards for key services 	<p>Street and Footpath Sweeping review undertaken during 2019-2020, and a new Street & Footpath Sweeping Program introduced in April 2020.</p> <p>Footpath Defect Identification Program undertaken in 2018-2019. Footpath Defect Rectification Program developed and is being undertaken over a period of two years, commencing in 2019-2020.</p> <p>Since the commencement of the program, the Council has rectified 1,797 of the 2547 identified footpath defects. This represents 9,747 sqm of footpath paving.</p> <p>The Council has developed a Service Excellence Framework, designed to identify a single agreed service philosophy and expected standards of service, which is aligned to the Organisational Values. Individual departments are developing Service Excellence Plans.</p> <p>Street and Footpath Sweeping Program available on the Councils' Website.</p> <p>Letter box affected residents when undertaking programmed street tree pruning and civil infrastructure renewal programs.</p>
				<ul style="list-style-type: none"> Develop a multi-channel approach to communicate service standards 	



IDENTIFIED RISKS REQUIRING TREATMENT PLANS

Risk	Inherent Risk	Residual Risk	Target Risk	Treatment Plan	Status
				<ul style="list-style-type: none"> Development of standard responses or FAQ for sensitive issues and significant projects and changes Policies supporting business practice are regularly reviewed and up dated where appropriate and widely communicated to ensure such policies are administered on a balanced and consistent basis. 	<p>Frequently Asked Questions developed for COVID-19 Rate deferral.</p> <p>Policy review program and associated framework has been developed. All Council policies have been reviewed and considered by the Council with the exception of the Tree Policy, which has been put on hold pending the development of the Tree Strategy.</p>
2. Non-delivery of a project or not delivery the right project.	High 9 Intolerable without treatment	Substantial 14 Tolerable with continual review	Medium 19 Tolerable with periodic review	<ul style="list-style-type: none"> Develop a Corporate Plan, which focusses on the priority in the medium term (i.e. 3 years) that links to the Strategic Plans (I.e. City Plan 2030, Long Term Financial Plan, Asset Management Plans) Implement a common project management system across the organisation Develop a Project reporting framework, with the focus on what needs to go back to Council (i.e. Strategy & Direction) and what is dealt with at Administration Level (Operational). 	<p>At its meeting held on 7 September 2020, the Council resolved to establish a Regional Capital Projects Committee.</p> <p>The purpose of the Committee is to assist the Council in the development of Regional Capital Projects which are referred to the Committee by the Council.</p> <p>The Committee is charged with making recommendations to the Council regarding actions, including studies associated with the development of masterplans and concepts as required for Regional Projects.</p>



IDENTIFIED RISKS REQUIRING TREATMENT PLANS

Risk	Inherent Risk	Residual Risk	Target Risk	Treatment Plan	Status
3. Elected Member conduct Elected Members (EMs) micro-manage business or communicate inappropriate message.	Substantial 13 Tolerable with continual review	Medium 19 Tolerable with periodic review	Low 23 Acceptable with Periodic review	<ul style="list-style-type: none"> Undertake Culture and Values development programs, similar/consistent to the Staff program (Top down, one organisation) Establish Elected Member “group norms”. Develop and implement ongoing/regular training & awareness programs 	
4. Lack of innovation and forward planning Lack of forward planning in project priorities and consideration of innovative outcomes in asset management.	High 9 Intolerable without treatment	Medium 19 Tolerable with periodic review	Low 24 Acceptable with Periodic review	<ul style="list-style-type: none"> Infrastructure & Asset Management Plans prepared as a forward planning tool rather than a legislative compliance activity Development of a Corporate Plan which provides medium term plan for service priorities and projects Reinforce the inclusion of future impacts, when preparing Funding submissions Encourage consideration of innovation and use of emerging technologies when considering proposals and designs Include, value add and innovation in design solutions and consider in procurement activities. 	<i>Infrastructure & Asset Management Plans have been reviewed and adopted by the Council.</i>



IDENTIFIED RISKS REQUIRING TREATMENT PLANS

Risk	Inherent Risk	Residual Risk	Target Risk	Treatment Plan	Status
<p>5. Lack of Organisational and Departmental Strategy</p> <p>Organisation wide or departmental decisions made without reference to an agreed organisational direction and strategy.</p>	<p>Extreme 5 Intolerable</p>	<p>Substantial 13 Tolerable with Continual review</p>	<p>Low 24 Acceptable with Periodic review</p>	<ul style="list-style-type: none"> Development of a Corporate Plan which provides medium term plan for service priorities and project priorities which link to the Council's suite of Strategic documents (City Plan 2030, LTFP, ABP, IAMP) Grant Funding Applications, to be supported with business case and funding submissions prior to applying for the funds 	<p>The mid-term review of the <i>CityPlan 2030</i> and update of the Councils <i>Long Term Financial Plan</i> and <i>Infrastructure & Asset Management Plans</i> and <i>2021-2022 Annual Business Plan & Budget</i> has been completed and adopted by the Council.</p> <p>Recent Funding applications have been based on projects proposed within the Long Term Financial Plan</p>
<p>6. Contract management</p> <p>Insufficient management of contracts</p>	<p>Extreme 4 Intolerable</p>	<p>High 9 Intolerable without treatment</p>	<p>Low 24 Acceptable with Periodic review</p>	<ul style="list-style-type: none"> Finalisation of the Contract Management Framework and associated measurement and monitoring tools Annual Refresher training for staff who manage contracts Induction program be enhanced for staff with contract management responsibilities 	<p>Internal Audit Review undertaken. High level Roadmap developed and templates provided to assist in the development of the Framework.</p>
<p>7. Contractor management</p> <p>Incorrect contractor management in service/project delivery.</p>	<p>Extreme 4 Intolerable</p>	<p>High 9 Intolerable without treatment</p>	<p>Low 24 Acceptable with Periodic review</p>	<ul style="list-style-type: none"> Increase awareness of WHS Contractor Chapter in WHS Manual or develop/enhance a Contractor Management Framework Development of associated Contractor management and Performance measurement and monitoring tools / templates to ensure consistent application across the organisation 	



IDENTIFIED RISKS REQUIRING TREATMENT PLANS

Risk	Inherent Risk	Residual Risk	Target Risk	Treatment Plan	Status
8. Business and commercial awareness	Extreme 5 Intolerable	Substantial 14 Tolerable with Continual review	Low 21 Acceptable with Periodic review	<ul style="list-style-type: none"> Refresher Training to be incorporated in the Corporate Training Calendar 	

6.7 AMENDMENT TO 2021-2022 AUDIT COMMITTEE WORK PROGRAM

REPORT AUTHOR: Chief Executive Officer
GENERAL MANAGER: Not Applicable
CONTACT NUMBER: 8366 4539
FILE REFERENCE: qA75186
ATTACHMENTS: Nil

PURPOSE OF REPORT

The purpose of this report is to advise the Committee of an amendment which has been made by the Council to the Committee's *2021-2022 Work Plan*.

BACKGROUND

At its meeting held on 5 October 2021, the Council resolved to amend the Committee's *2021-2022 Work Plan* by including a review of unoccupied staff positions that:

- are funded in the 2021-2022 financial year;
- were also funded in the 2020-2021 financial year; and
- have not been advertised for a period of 12 months or more;

with respect to the continued relevance of unoccupied staff positions, the filling of such positions and related budgetary impacts.

As resolved by the Council, the Committee's *2021-2022 Work Plan* will be amended accordingly and to progress the resolution, a report will be provided to the Committee for its consideration.

RECOMMENDATION

That the Committee notes the amendment to its *2021-2022 Work Plan*, as amended by the Council at its meeting held on 5 October 2021.

7. CONFIDENTIAL REPORTS
Nil

8. OTHER BUSINESS
(Of an urgent nature only)

9. NEXT MEETING
Monday 28 February 2022

10. CLOSURE