

# COMMITTEE AGENDA

## **Audit Committee**

Notice is hereby given pursuant to the provisions of the Local Government Act, 1999, that the next Meeting of the Audit Committee will be held in the Council Chambers, 181 Unley Road Unley on

***Tuesday 17 October 2023 6.30pm***

for the purpose of considering the items included on the Agenda.

**Chief Executive Officer**





## **MEMBERS**

Presiding Member M Davies  
Independent Member A Martin  
Independent Member P Lee  
Councillor M Broniecki  
Councillor J Gaffey

## **ACKNOWLEDGEMENT**

*Ngadlurlu tampinhi, ngadlu Kurna yartangka inparrinhi. Ngadlurlu parnuku tuwila yartangka tampinhi.*

*Ngadlurlu Kurna Miyurna yaitya yarta-mathanya Wama Tarntanyaku tampinhi. Parnuku yaitya, parnuku tapa purruna yalarra puru purruna.\**

We would like to acknowledge this land that we meet on today is the traditional lands for the Kurna people and that we respect their spiritual relationship with their country.

We also acknowledge the Kurna people as the traditional custodians of the Adelaide region and that their cultural and heritage beliefs are still as important to the living Kurna people today.

\*Kurna Translation provided by Kurna Warra Karrpanthi

## **ORDER OF BUSINESS**

### **ITEM**

### **PAGE NO**

#### **1. ADMINISTRATIVE MATTERS**

##### **1.1 APOLOGIES**

Nil

##### **1.2 LEAVE OF ABSENCE**

Nil

##### **1.3 CONFLICT OF INTEREST**

*Members to advise if they have any material, actual or perceived conflict of interest in any Items in this Agenda and a Conflict of Interest Disclosure Form (attached) is to be submitted.*

##### **1.4 MINUTES**

1.4.1 Minutes of the Ordinary Audit Committee Meeting held  
Thursday, 28 September 2023

##### **1.5 DEFERRED / ADJOURNED ITEMS**

Nil

#### **2. REPORTS**

2.1	2022-23 General Purpose Financial Statements	5
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2.5	Proposed Update to Audit Committee Workplan (October 2023)	302

#### **3. OTHER BUSINESS**

#### **NEXT MEETING**

Tuesday 14 November 2023 - 6.30pm

Council Chambers, 181 Unley Road Unley

## DECISION REPORT

<b>REPORT TITLE:</b>	2022-23 GENERAL PURPOSE FINANCIAL STATEMENTS
<b>ITEM NUMBER:</b>	2.1
<b>DATE OF MEETING:</b>	17 OCTOBER 2023
<b>AUTHOR:</b>	MORGAN KRIS, TEAM LEADER - FINANCIAL ACCOUNTING
<b>DIVISION:</b>	BUSINESS SUPPORT AND IMPROVEMENT
<b>ATTACHMENTS:</b>	<ol style="list-style-type: none"><li>1. CITY OF UNLEY'S 2022-23 GENERAL PURPOSE FINANCIAL STATEMENTS (FINAL DRAFT)</li><li>2. AUDIT COMPLETION REPORT</li><li>3. STATEMENT OF INDEPENDENCE BY AUDITOR</li><li>4. CERTIFICATION OF AUDITOR INDEPENDENCE</li><li>5. CENTENNIAL PARK CEMETARY AUTHORITY GENERAL PURPOSE FINANCIAL STATEMENTS FOR 2022 - 2023</li><li>6. BROWN HILL AND KESWICK CREEKS STORMWATER BOARD GENERAL PURPOSE FINANCIAL STATEMENTS FOR 2022 - 2023</li><li>7. EASTERN WASTE MANAGEMENT AUTHORITY INC GENERAL PURPOSE FINANCIAL STATEMENTS FOR 2022 - 2023</li></ol>

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### 1. **PURPOSE**

The 2022-23 General Purpose Financial Statements have been prepared in accordance with the Australian Accounting Standards and the *SA Local Government Model Financial Statements* as prescribed in the *Local Government (Financial Management) Regulations 2011*.

The statements are now presented to the Audit Committee for due consideration and recommendation to Council that they present fairly the state of affairs of the Council for the 2022-23 financial year.

## **2. RECOMMENDATION**

That:

1. The report be received.
2. Having reviewed the City of Unley's 2022-23 General Purpose Financial Statements, contained in Attachment 1 and External Auditor, Galpins, Audit Completion Report contained in Attachment 2, the Audit Committee considers that the 2022-23 General Purpose Financial Statements present fairly the state of affairs of Council and recommends presentation to Council for adoption on 27 November 2023.
3. The City of Unley's 2022-23 General Purpose Financial Statements, contained in Attachment 1, be certified by the Chief Executive Officer and the Mayor.
4. The Certification of Auditor Independence contained in Attachment 4 be noted by Council and be certified by the Chief Executive Officer and the Presiding Member of the Audit Committee.
5. The Centennial Park Cemetery Authority General Purpose Financial Statements for 2022-23, signed by the subsidiary's External Auditor and contained in Attachment 5, be noted.
6. The Brown Hill and Keswick Creek's Stormwater Project Board General Purpose Financial Statements for 2022-23, signed by the subsidiary's External Auditor and contained in Attachment 6, be noted.
7. The Eastern Waste Management Authority General Purpose Financial Statements for 2022-23, signed by the subsidiary's External Auditor and contained in Attachment 7, be noted.

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## **3. RELEVANT CORE STRATEGIES – FOUR YEAR DELIVERY PLAN**

4. Civic Leadership
  - 4.1 We have strong leadership and governance.
  - 4.2 Council provides the best value services to the community.
  - 4.3 Our business systems are effective and transparent.

## **4. BACKGROUND**

The 2022-23 General Purpose Financial Statements have now been prepared and are attached for Members' information and review. They have been prepared in accordance with the Australian Accounting Standards and the SA Local Government Model Financial Statements as prescribed in the Local Government (Financial Management) Regulations

2011. A copy of the Financial Statements are provided as Attachment 1 to this Report.

*Attachment 1*

In accordance with section 126(4)(a) of the *Local Government Act 1999*, the Audit Committee has a responsibility to review the Financial Statements to be satisfied that they present fairly the state of affairs of Council.

Council's external auditor, Galpins have provided their 2022-23 Audit Completion Report and have indicated that, subject to completion of the identified procedural matters, their Audit Reports in relation to the Financial Statements and Internal Controls will be signed without reference to any qualification. The report has been provided as Attachment 2

*Attachment 2.*

## **5. DISCUSSION**

The 2022-23 General Purpose Financial Statements are attached for the Committee's information and review.

*Attachment 1*

The summary for General-Purpose Financial Statements are as follows:

### **5.1 Statement of Comprehensive Income**

#### **Net Operating Surplus**

The Statement of Comprehensive Income shows a net operating surplus (including the equity accounted businesses: Centennial Park, Brown Hill Keswick Creek Stormwater Project, and Eastern Waste Management Authority), of \$3.934M for 2022-23. This is a reduction of \$0.7M compared with the prior year operating surplus of \$4.685M. The reduction is due to an increase Council's operating expenditure of \$3.7M (7.7%), offset by an increase in operating income \$3.0M (5.6%).

The increases in income and expenditure from the prior financial year, and variances detailed below (which are compared to the prior financial year), do not reflect the variance to budget. A comparison of the financial results to budget will be provided to Council as part of the presentation of the Financial Statements to Council in November.

Statement of Comprehensive Income \$'000	2022-23	2021-22	Movement
<b>Council Operating Surplus</b>	<b>3,464</b>	<b>4,687</b>	<b>(1,223)</b>
Centennial Park Net gain / (loss)	420	67	353
Brown Hill Keswick Creek Net gain / (loss)	26	(69)	95
East Waste	24	-	24
<b>Net Operating Surplus</b>	<b>3,934</b>	<b>4,685</b>	<b>(751)</b>
<b>Net Surplus</b>	<b>7,480</b>	<b>5,886</b>	<b>1,594</b>
Other Comprehensive Income	168,938	8,864	160,074
Total Comprehensive Income	176,418	14,750	161,668

## Income

Income increased by \$3.0M compared to the 2021-22 financial year. Key items included the following:

- Rate income increased by \$2.09M which was in line with Council's expectations. This increase was attributed to:
  - A General Rate increase for the 2022-23 financial year of 3.7% before growth; and
  - Growth from new developments and additions of 1.07%.
- The Net Gain from Subsidiaries increased by \$403K, primarily attributed to CPCA's increased income from user charges and investment Income.
- Statutory Charges increased by \$306K, largely due to parking expiations associated with the Royal Adelaide Show. The 2021 Show was cancelled due to COVID-19 restrictions, and adverse weather conditions during the 2022 Show restricted parking in the Park Lands, resulting in a large number of parking expiations;
- User Charges increased by \$167K, attributed to:
  - An increase in parking recoveries \$60K;
  - An increase in Swimming Centre memberships \$48K; and
  - An increase in income from hoarding \$30K
- Reimbursements increased by \$259K due to Unley Oval \$93K contribution for additional works at Sturt Football Club and funds collected from the rate payers for additional waste bins \$63K;

- Investment Income increase by \$109K due to a significant rise in interest rates and an increase cash held on deposit; and
- Grants, subsidies and contributions reduced by \$353K due to a reduction in the Local Roads funding \$473K, offset by increases in Financial Assistance Grant \$82K and Public Library Service initiative grant of \$42K.

## **Expenditure**

Expenditure increased by \$3.7M compared to the 2021-22 financial year. Key items included:

- (1) Employee Costs increased by \$485K. The increase was principally due to the enterprise agreement, reduced vacancies and an additional project funded position.
- (2) Materials, Contracts and Other Expenditure increased by \$2.5M. Key items included the following:
  - Consultants increased by \$452K, due to Local Government Elections \$199K, condition audits and valuations for infrastructure and buildings \$194K, and an increase in Economic Development advice \$41K;
  - Maintenance Contracts increased by \$423K, due to increased maintenance on footpaths \$209K, reserves \$198K, roads \$51K and buildings \$50K, partially offset by a reduction in line marking \$139K, a significant proportion of which was completed in 2021-22;
  - 367K. \$208K of this relates to a change in accounting standards whereby cloud-based computing costs cannot be capitalised and must be annually expensed as an operating cost. The balance is the CPI rise in licence fees;
  - IT Cloud Computing expenditure has increased by \$575K. This is due to
    - Costs associated with the development and transition of existing systems to cloud based services \$367K, including the enterprise asset management system and payroll system. Accounting standards restrict the capitalisation of such costs.
    - Software and licences \$208K have increased due to new annual licence fees for systems (including Council's finance systems) and significant indexation increases for existing cloud based services.
  - Power costs increased by \$200K due to increased prices arising from a short-term contract negotiated by the Local Government Association;
  - Community Programs (including events) increased by \$154K as certain programs and event were cancelled in the prior financial

year due to restrictions associated with COVID-19 (eg. the Santos Tour Down Under Stage Start); and

- Waste Contracts increase by \$508K due to the transition to a new service provider (East Waste), an increase in fuel prices, and an increase in the quantum and cost of disposing civil construction waste.
- Depreciation increased by \$743K following the revaluation of roads, kerbs & water table on 1 July 2022.

### Other Comprehensive Income

The significant increase in other comprehensive income \$160K is due to the increase in the revaluation surplus of \$168.8K arising the following infrastructure and property revaluations:

- Land \$111.5M,
- Roads \$28.0M,
- Buildings \$13.0M;
- Kerbs and water table \$10.4M; and
- Other Assets, including Open Space, \$5.9M.

### 5.2 Statement of Financial Position

The Statement of Financial Position discloses the total assets, total liabilities, and total Council Equity of Council at the end of the reporting period. As at 30 June 2023, Council held net assets totalling \$737.2M compared with \$560.8M for the previous year, representing an increase in total equity of \$176.4M.

Statement of Financial Position \$'000	2022-23	2021-22	Movement
Total Assets	750,073	574,491	175,582
Less Total Liabilities	(12,859)	(13,695)	836
Net Assets	737,214	560,796	176,418

The key movements for 2022-23 across Asset and Liabilities are as follows:

- (1) Current assets increased by \$2.1M. This was largely driven by a \$1.95M increase across Trade and Other Receivables due to the following:
  - Debtors due to accrued revenue from the sale of land \$0.7M;
  - Increase in prepayments \$0.5M;



- Accrued revenue and Rates (General and Other) increased to \$0.4M; and
  - Moderate increase in cash, \$0.2M held under deposits on call and cash on hand.
- (2) Equity Accounted Investments increased by \$1.09M, represented by the following equity increases:
- Centennial Park Cemetery Authority increased by \$0.5M. This was attributable to:
    - o an operating surplus of \$420K (50% share); and
    - o an increase in the reserve recognising a bequest received from a deceased estate asset to maintain the CPCA site \$70K (50% share).
  - Brown Hill Keswick Creek Stormwater Project increased by \$0.4M. This was due to capital contributions \$0.5M offset by decrease in revaluation of infrastructure and land improvements and asset disposals, \$0.1M;
  - Eastern Waste Management Authority increased by \$0.1M. The share of equity is recognised for the first time since the City of Unley joined the Authority as a Member Council in July 2022. The increase was attributed to:
    - o Other comprehensive income - asset disposal \$18K (12.5% share);
    - o An operating surplus of \$24K (12.5% share);
    - o Share of opening accumulated surplus of \$106K (12.5% share).
- (3) Infrastructure, Property, Plant and Equipment increased by \$172.4M. The capitalisation of new \$6.3M and renewal assets \$9.1M, offset by depreciation of \$10.8M and asset disposals of \$1.1M.
- The increase in Infrastructure, Property, Plant and Equipment of \$168.8M is mainly due to the increase in valuations of the following asset categories;
    - o Land \$111.5M,
    - o Roads \$28.0M,
    - o Buildings \$13.0M;
    - o Kerbs and water table \$10.4M; and
    - o Other Assets, including Open Space, \$5.9M.
- (4) Liabilities reduced \$0.8M from \$13.7M to \$12.9M.
- Trade and other payables reduced by \$2.5M, from \$6.2M in 2021-22 to \$3.7M in 2022-23. This was due to the timing of payments for major building projects in the prior financial year.

- This was offset by an increase in current and non-current borrowings \$1.65M from \$3.2M in 2021-22 to \$4.85M. This was primarily due to the completion of projects carried forward from the 2021-22 financial year and reduction in trade and other payables.

### 5.3 **Statement of Cash Flows**

Council generated \$9.8M from its Operating Activities during the financial year compared to \$17.1M during 2021-22; this is largely due to an increase in payments to suppliers and employees. Details of how this reconciles with the net surplus and changes in net assets are shown in Note 11 of the Financial Statements.

During the year, Council spent \$15.4M on the construction and purchase of assets compared to \$9.5M in 2021-22. This increase was attributable to the construction of the Unley Oval Grandstand Community Hub, the Edmund Avenue Business Hub, and new clubrooms for the Millswood Croquet Club.

Borrowings increased by \$1.65M during the year as outlined above, noting project carry forwards of \$2.57M into the 2023-24 financial year will reduce the forecast repayment of borrowings in 2023-24 as outlined in the Preliminary End of Year Report.

The Cash Flow Statement shows a moderate increase in cash held of \$170K compared to the prior financial year.

### 5.4 **Financial Key Performance Indicators**

The key financial indicators are summarised and discussed below and are also included as Note 15 Financial Indicators of the Financial Statements.

Financial Indicators	2022-23	2021-22	Adopted Target
Operating Surplus (\$'000)	3,934	4,685	
Adjusted Operating Surplus Ratio*	6.3%	7.4%	5% or greater of total operating income
Net Financial Liabilities Ratio	13%	20%	Less than 80% of total operating income
Asset Renewal Funding Ratio	104%	63%	100% or greater of recommended spend in the Asset Management Plans over a 10-year period

*\*The Adjusted Operating Surplus Ratio removes the distortion of Federal Government advance payments made in 2021-22.*

The 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.

Council's Operating Surplus Ratio and Net Financial Liabilities Ratio continue to perform better than Council's adopted targets whilst the Asset Renewal Funding Ratio was in line with Council's adopted target for 2022-23.

The City of Unley continues to be financially sustainable. Council will continue to review and monitor future financial results and its financial position in conjunction with its Long-Term Financial Plan (LTFP).

## **5.5 Audit Opinion**

The role of the external auditor is to provide an audit opinion to Council with respect to the audited financial statements.

In addition, Section 129 of the *Local Government Act 1999* also requires the external auditor to provide an opinion that the internal controls are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law. These controls relate to the receipt, expenditure and investment of money, acquisition and disposal of property, and incurring of liabilities to ensure that they have been conducted properly and in accordance with law in all material respects.

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with section 125 of the *Local Government Act 1999*.

The audit procedures included assessing the controls of Council based on the criteria in the *Better Practice Model – Internal Financial Controls*. In their Audit Completion Report, Galpins advised the Council demonstrated a high level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

The external auditor, Mr. Muhlhausler has completed the audit of the financial statements and in his report on matters arising from the audit (Audit Completion report) has indicated that subject to completion of the remaining outstanding matters, Galpins anticipate issuing unqualified opinions in relation to the financial statements and internal controls.

*Attachment 2*

The final audit clearance issued is subjected to:

- the General Purpose Financial Statements certified by Council's Mayor and Chief Executive Officer after the Audit Committee meeting on 17 October 2023.

## **5.6 Certification Statement of Independence of Council Auditor**

Regulation 22 (5) of the *Local Government (Financial Management) Regulations 2011* requires the auditor of a Council to provide a written statement attesting to their independence. Council's Auditor, Galpins have provided their proposed Statement of Audit Independence in the Annual Audit Completion report, as prescribed in the Regulations.

*Attachment 3*

Regulation 21 (2) of the *Local Government (Financial Management) Regulations 2011* requires the Council's Chief Executive Officer and the Presiding Member of the Audit Committee to provide a statement, on an annual basis, that the Council Auditor is independent of the Council for the relevant financial year.

*Attachment 4*

## **5.7 Centennial Park Cemetery Authority Financial Statements**

A copy of Centennial Park Cemetery Authority's (CPCA) financial statements for 2022-23 is attached for information.

*Attachment 5*

The financial statements reflect a Net Operating Surplus of \$840K for the reporting period compared to a surplus of \$134K for the previous year. Council's 50% share of this result is \$420K.

The financial statements reflect Net Assets of \$48.5M as at 30 June 2023. This represents an increase of \$1.07M for the reporting period. This is due to an increase of \$2.3M in Cash and Cash equivalent assets, offset by the increase in Provisions (Deferred Interment Rights Revenue) of \$1M.

The equity accounted value of CPCA reflected in the City of Unley's Statement of Financial Position is \$24.3M compared to \$23.8M for the previous year. The details of the breakdown are provided in Note 19.

## **5.8 Brown Hill and Keswick Creeks Stormwater Project Financial Statements**

A copy of the Brown Hill and Keswick Creeks Stormwater Project (BHKC) financial statements for 2022-23 are attached for information.

*Attachment 6*

The financial statements reflect a Net Operating Surplus of \$126K for the reporting period compared to a deficit of \$330K for the previous year. Council's 21% share of this result is \$26K.

The financial statements reflect Net Assets of \$37M as at 30 June 2023. This represents an increase of \$1.8M for the reporting period

which is reflective of the entity increasing its capital works through contributions from Member Councils and government grants. It is noted that Current Liabilities has increased by \$3.5M due to capital grants received in advanced for 2022-23 compared to the previous year. The BHKC Board has assessed the liquidity risk to be low with sufficient resources to meet its obligations.

Council's share of equity accounted value of BHKC reflected in the City of Unley's Statement of Financial Position is \$7.8M compared to \$7.4M for the previous year. The details of the breakdown are provided in Note 19.

## **5.9 Eastern Waste Management Authority Financial Statements**

A copy of the Eastern Waste Management Authority financial statements for 2022-23 are attached for information.

*Attachment 7*

The financial statements reflect a Net Operating Surplus of \$190K which is the first year of this equity accounted subsidiary. Council's 12.5% share of this result is \$24K.

The financial statements reflect Net Assets of \$1.2M as at 30 June 2023. Council's share of equity accounted value of Eastern Waste Management Authority reflected in the City of Unley's Statement of Financial Position is \$148K.

## **6. POLICY IMPLICATIONS**

### **6.1 Financial/budget implications**

Council must, on or before 30 November, submit a signed copy of the audited financial statements of Council to the Minister for Local Government and the Presiding Member of the South Australian Local Government Grants Commission.

Council must also consider a report showing the audited financial results of the Council compared with the estimated financial results set out in the budget, by no later than 31 December of each year.

### **6.2 Legislative/Risk Management**

The 2022-23 General Purpose Financial Statements have now been prepared in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

In accordance with section 126(4)(a) of the Local Government Act 1999, the Audit Committee has a responsibility to review the Financial Statements to be satisfied that they present fairly the state of affairs of Council.

**6.3 Staffing/Work Plans/Additional Resource Impact**

NIL

**6.4 Climate/Environmental Impact**

NIL

**6.5 Social/Economic**

NIL

**7. ANALYSIS OF OPTIONS**

Option 1 –

That:

1. The report be received.
2. Having reviewed the City of Unley's 2022-23 General Purpose Financial Statements, contained in Attachment 1 and External Auditor, Galpins, Audit Completion Report contained in Attachment 2, the Audit Committee considers that the 2022-23 General Purpose Financial Statements present fairly the state of affairs of Council and recommends presentation to Council for adoption on 27 November 2023.
3. The City of Unley's 2022-23 General Purpose Financial Statements, contained in Attachment 1, be certified by the Chief Executive Officer and the Mayor.
4. The Certification of Auditor Independence contained in Attachment 4 be noted by Council and be certified by the Chief Executive Officer and the Presiding Member of the Audit Committee.
5. The Centennial Park Cemetery Authority General Purpose Financial Statements for 2022-23, signed by the subsidiary's External Auditor and contained in Attachment 5, be noted.
6. The Brown Hill and Keswick Creek's Stormwater Project General Purpose Financial Statements for 2022-23, signed by the subsidiary's External Auditor and contained in Attachment 6, be noted.
7. The Eastern Waste Management Authority General Purpose Financial Statements for 2022-23, signed by the subsidiary's External Auditor and contained in Attachment 7, be noted.

In accordance with section 126(4) of the *Local Government Act 1999* the Audit Committee needs to review the General Purpose Financial Statements 2022-23 and be satisfied that they present fairly the state of affairs of Council in accordance with the *Local Government Act 1999*, the *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.

Council will then be presented with the General Purpose Financial Statements at its November Council meeting for adoption and, in accordance with legislation, a copy of the General Purpose Financial Statements will be sent to the Minister for Local Government and the SA Local Government Grants Commission.

The 2022-23 financial result is pleasing. Council will continue to review and monitor future financial results and its financial position in conjunction with its Long Term Financial Plan (LTFP).

Option 2 -

That:

1. The report be received.
2. The Audit Committee advises that it has reviewed the annual General Purpose Financial Statements of the Council for the financial year ended 30 June 2023 and is not satisfied that they present fairly the state of affairs of Council and require further review before presentation to Council.

*Amendments to be determined by the Audit Committee*

As a result, this may delay the adoption of the 2022-23 General Purpose Financial Statements by Council and will impact on Council's legislative requirements in providing signed financial statements to the Minister for Local Government and the SA Local Government Grants Commission by 30 November 2023. The Administration would inform the Minister of the delay in the adoption of the General Purpose Financial Statements.

**8. RECOMMENDED OPTION**

Option 1 is the recommended option.

**9. REPORT AUTHORISERS**

Name	Title
Alex Brown	Manager Finance and Procurement
Nicola Tinning	General Manager, Business Support & Improvement





# City of Unley

## GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2023

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*Our City is recognised for its vibrant community spirit,  
quality lifestyle choices, diversity, business strength and  
innovative leadership.*



## General Purpose Financial Statements

for the year ended 30 June 2023

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## General Purpose Financial Statements

for the year ended 30 June 2023

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### 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 2023 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.

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Peter Tsokas  
Chief Executive Officer

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Michael Hewitson  
Mayor

Date : 27 November 2023

## City of Unley

Financial Statements 2023

## Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Income</b>			
Rates	2a	46,175	44,084
Statutory charges	2b	1,904	1,598
User charges	2c	2,104	1,937
Grants, subsidies and contributions - operating	2g	3,781	4,134
Investment income	2d	154	45
Reimbursements	2e	680	421
Other income	2f	894	888
Net Gain - Equity Accounted Council Businesses	19(e)	470	67
<b>Total income</b>		<b>56,162</b>	<b>53,174</b>
<b>Expenses</b>			
Employee costs	2a	17,740	17,255
Materials, contracts and other expenses	3b	23,497	20,952
Depreciation, amortisation and impairment	3c	10,769	10,026
Finance costs	3d	222	187
Net loss - Equity Accounted Council Businesses	19(e)	—	69
<b>Total expenses</b>		<b>52,228</b>	<b>48,489</b>
<b>Operating surplus / (deficit)</b>		<b>3,934</b>	<b>4,685</b>
Asset disposal and fair value adjustments	4	121	(433)
Amounts received specifically for new or upgraded assets	2g	3,425	1,634
<b>Net surplus / (deficit)</b>		<b>7,480</b>	<b>5,886</b>
<b>Other comprehensive income</b>			
Changes in revaluation surplus - I,PP&E	9a	168,839	7,705
Share of other comprehensive income - equity accounted council businesses	19, 19	(7)	1,159
Other Equity Adjustments - Equity Accounted Council Businesses	19	106	—
<b>Total other comprehensive income</b>		<b>168,938</b>	<b>8,864</b>
<b>Total comprehensive income</b>		<b>176,418</b>	<b>14,750</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## City of Unley

Financial Statements 2023

## Statement of Financial Position

as at 30 June 2023

\$ '000		2023	2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent assets	5a	1,655	1,485
Trade and other receivables	5b	3,647	1,697
Other financial assets	5c	—	2
<b>Total current assets</b>		<b>5,302</b>	<b>3,184</b>
<b>Non-current assets</b>			
Equity accounted investments in council businesses	6	32,222	31,137
Infrastructure, property, plant and equipment	7	712,549	540,170
<b>Total non-current assets</b>		<b>744,771</b>	<b>571,307</b>
<b>TOTAL ASSETS</b>		<b>750,073</b>	<b>574,491</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8a	3,709	6,181
Borrowings	8b	277	266
Provisions	8c	4,058	3,996
<b>Total current liabilities</b>		<b>8,044</b>	<b>10,443</b>
<b>Non-current liabilities</b>			
Borrowings	8b	4,581	2,944
Provisions	8c	234	308
<b>Total non-current liabilities</b>		<b>4,815</b>	<b>3,252</b>
<b>TOTAL LIABILITIES</b>		<b>12,859</b>	<b>13,695</b>
<b>Net assets</b>		<b>737,214</b>	<b>560,796</b>
<b>EQUITY</b>			
Accumulated surplus		177,026	169,467
Asset revaluation reserves	9a	559,971	391,132
Other reserves	9b	217	197
<b>Total council equity</b>		<b>737,214</b>	<b>560,796</b>
<b>Total equity</b>		<b>737,214</b>	<b>560,796</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000		Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
<b>2023</b>					
Balance at the end of previous reporting period		169,467	391,132	197	560,796
Adjustments (correction of prior period errors)	24a	—	—	—	—
<b>Restated opening balance</b>		<b>169,467</b>	<b>391,132</b>	<b>197</b>	<b>560,796</b>
Net surplus / (deficit) for year		7,480	—	—	7,480
<b>Other comprehensive income</b>					
Gain (loss) on revaluation of IPP&E	7a	—	168,839	—	168,839
Share of OCI - equity accounted council businesses	19	(7)	—	—	(7)
Other equity adjustments - equity accounted council businesses	19	106	—	—	106
- Other Movements - Carpark and tree funds		—	—	—	—
<b>Other comprehensive income</b>		<b>99</b>	<b>168,839</b>	<b>—</b>	<b>168,938</b>
<b>Total comprehensive income</b>		<b>7,579</b>	<b>168,839</b>	<b>—</b>	<b>176,418</b>
Transfers between reserves		(20)	—	20	—
<b>Balance at the end of period</b>		<b>177,026</b>	<b>559,971</b>	<b>217</b>	<b>737,214</b>
<b>2022</b>					
Balance at the end of previous reporting period		162,422	383,427	177	546,026
Adjustments (correction of prior period errors)	24a	—	—	—	—
<b>Restated opening balance</b>		<b>162,422</b>	<b>383,427</b>	<b>177</b>	<b>546,026</b>
Net surplus / (deficit) for year		5,886	—	—	5,886
<b>Other comprehensive income</b>					
Gain (loss) on revaluation of IPP&E	7a	—	—	—	—
Share of OCI - equity accounted council businesses	19	1,159	7,705	—	8,864
Other equity adjustments - equity accounted council businesses	19	—	—	—	—
- Other Movements - Carpark and tree funds		—	—	20	20
<b>Other comprehensive income</b>		<b>1,159</b>	<b>7,705</b>	<b>20</b>	<b>8,884</b>
<b>Total comprehensive income</b>		<b>7,045</b>	<b>7,705</b>	<b>20</b>	<b>14,770</b>
<b>Balance at the end of period</b>		<b>169,467</b>	<b>391,132</b>	<b>197</b>	<b>560,796</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## City of Unley

Financial Statements 2023

## Statement of Cash Flows

for the year ended 30 June 2023

\$ '000	2023	2022
<b>Cash flows from operating activities</b>		
<u>Receipts</u>		
Operating receipts	56,978	57,393
Investment receipts	154	45
<u>Payments</u>		
Operating payments to suppliers and employees	(47,140)	(40,153)
Finance payments	(193)	(221)
<b>Net cash provided by (or used in) operating activities</b>	<b>9,799</b>	<b>17,064</b>
<b>Cash flows from investing activities</b>		
<u>Receipts</u>		
Amounts Received Specifically for New/Upgraded Assets	3,425	1,634
Sale of replaced assets	1,228	190
Repayments of loans by community groups	2	13
<u>Payments</u>		
Expenditure on renewal/replacement of assets	(9,103)	(5,574)
Expenditure on new/upgraded assets	(6,314)	(3,896)
Capital contributed to equity accounted Council businesses	(515)	(840)
<b>Net cash provided (or used in) investing activities</b>	<b>(11,277)</b>	<b>(8,473)</b>
<b>Cash flows from financing activities</b>		
<u>Receipts</u>		
Proceeds from Borrowings	1,648	—
<u>Payments</u>		
Repayment of bonds and deposits	—	(3)
Repayments of Borrowings	—	(8,719)
<b>Net cash provided by (or used in) financing activities</b>	<b>1,648</b>	<b>(8,722)</b>
<b>Net increase (decrease) in cash held</b>	<b>170</b>	<b>(131)</b>
plus: cash & cash equivalents at beginning of period	1,485	1,616
<b>Cash and cash equivalents held at end of period</b>	<b>1,655</b>	<b>1,485</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.



## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Contents of the Notes accompanying the General Purpose Financial Statements

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## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 1. Summary of Significant Accounting Policies

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

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

**(1) Basis of preparation****1.1 Compliance with Australian Accounting Standards**

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 27 Nov 2023.

**1.2 Critical accounting estimates**

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

Particular areas involving a high degree of judgement or complexity include the estimation of future payments and timing in relation to tip restoration liability. Further information in relation to the estimation of these liabilities are given in the relevant sections of these Notes.

**1.3 Rounding**

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

**1.4 Estimates and assumptions****(2) The local government reporting entity**

The City of Unley is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 181 Unley Road, Unley. These consolidated financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

**(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.

In recent years the payment the Financial Assistance Grant and Identified Local Roads Grants has varied from the annual allocation as shown in the table below:

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 1. Summary of Significant Accounting Policies (continued)

Financial Year	Cash Payment Received \$'000s	Annual Allocation \$'000s	Difference \$'000s
2022/23	1,731	1,324	408
2021/22	1,732	1,324	407
2020/21	1,364	1,242	121

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of 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 grants received and the grants entitlements allocated.

**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".

For works undertaken on a fixed price contract basis, revenues are recognised over time using the input method, with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

**(4) Cash, cash equivalents and other financial instruments**

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

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

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

All financial instruments are recognised at fair value at the date of recognition, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

**(5) Infrastructure, property, plant and equipment****5.1 Initial Recognition**

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

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 1. Summary of Significant Accounting Policies (continued)

**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 given to the nature of the asset and its estimated service life.

Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Buildings	\$5,000
Drainage / Recycled Water	\$5,000
Roads, Lanes, Kerb & Watertable	\$5,000
Pathways	\$5,000
Traffic & Lighting	\$5,000
Bridges	\$5,000
Other Assets	\$5,000
Equipment, Furniture & Fittings - Other	\$5,000
Equipment, Furniture & Fittings - Computers *	\$3,000

\* The Equipment, Furniture & Fittings - Computers threshold applies unless the asset purchase is part of the scheduled replacement program.

**5.3 Subsequent Recognition**

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

**5.4 Depreciation of Non-Current Assets**

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

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

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

Equipment, Furniture & Fittings	1 to 10 years
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*Building & Other Structures*

Buildings	50 years
Building Fit Outs	15 years

*Infrastructure*

Roads, Lanes, Kerb & Watertable	20 to 150 years
Pathways	20 to 50 years
Drainage / Recycled Water	5 to 100 years
Traffic and Lighting	5 to 20 years
Bridges	50 to 75 years
Other Assets	5 to 20 years

**5.5 Impairment**

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

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## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 1. Summary of Significant Accounting Policies (continued)

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

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

**5.6 Borrowing Costs**

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

**(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 usually 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 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**

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".

**(8) Employee benefits****8.1 Salaries, Wages & Compensated Absences**

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

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

Weighted avg. discount rate 4.21% (2022, 2.77%)

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

**8.2 Superannuation**

The Council makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 1. Summary of Significant Accounting Policies (continued)

**(9) 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. Note: For 2021-22, The council did not have any leases.

**9.1 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.

**i) 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:

The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

**ii) 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.

**iii) 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.

**(10) Equity accounted Council businesses****Centennial Park Cemetery Authority**

Council has a 50% share in the regional subsidiary, Centennial Park Cemetery Authority. Council's share has been recognised in the Financial Statements by including its share of the net assets within the Statement of Financial Position. The Change in the Equity Share, including any asset revaluation, is disclosed in the Statement of Comprehensive Income. Details are reported in Note 19.

As a result of changes made to the Charter of Centennial Park on August 2011, all distributions paid to Council are recorded as revenue in the Statement of Comprehensive Income. Distributions paid by Centennial Park to Council are regarded as payments for guaranteeing the liabilities of Centennial Park and accordingly are treated as an expense in the Statement of Comprehensive Income in the Financial Statements of Centennial Park.

**Brown Hill Keswick Creek Stormwater Project**

Council is party to an agreement with the Cities of Adelaide, Burnside, Mitcham, and West Torrens in relation to the Brown Hill Keswick Creek Stormwater Project which is accounted for under AASB 11 Joint Agreements as a joint operation. As such each party is responsible for its own direct costs, and joint assets, revenue and expenses are shared on the basis set out in the agreement and Stormwater Management Plan documentation. Council's share has been recognised in the Financial Statements by including its share of joint revenue and expenditure in the Statement of Comprehensive Income and Council's share of joint assets within the Statement of Financial Position. Further details are provided in Note 19.

**Eastern Waste Management Authority**

The City of Unley became a Constituent Member of the Eastern Waste Management Authority (East Waste), a regional subsidiary established under s43 of the *Local Government Act 1999*, on 25 July 2022. The City of Unley has an equal, 1/8<sup>th</sup> share (12.5%) of East Waste with the Cities of Campbelltown, Burnside, Prospect, Mitcham, Norwood Payneham & St Peters, the Corporation of the Town of Walkerville, and Adelaide Hills Council. East Waste commenced providing waste collection services for Council on 1 August 2022. Council's share has been recognised in the Financial Statements by including its share

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## City of Unley

Financial Statements 2023

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 1. Summary of Significant Accounting Policies (continued)

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of joint revenue and expenditure in the Statement of Comprehensive Income and Council's share of joint assets within the Statement of Financial Position. Further details are provided in Note 19.

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## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 1. Summary of Significant Accounting Policies (continued)

**(11) GST implications**

In accordance with UIG Abstract 1031 "Accounting for the Goods &amp; 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.

**(12) New accounting standards and UIG interpretations****New accounting standards, amendments to existing standards and UIG Interpretations**

Council applied for the first time certain new standards and amendments to existing standards, which are effective for annual periods beginning on or after 1 January 2022. Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Amendments to Australian Accounting Standards – AASB 2020-3: Annual Improvement 2018-2020 and Other Amendments**

Council adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

The adoption of the amendment did not have a material impact on the financial statements.

**AASB 2020-6: Amendments to Australian Accounting Standards – Classification of Liabilities as Current and Non-Current**

AASB 2020-6 defers the effective date for applying the requirements added to AASB 101 in AASB 2020-1 from annual reporting periods beginning on or after 1 January 2022 to annual reporting periods beginning after 1 January 2023, with earlier application permitted.

The adoption of the amendment did not have a material impact on the financial statements.

**Standards issued by the AASB not yet effective**

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2023, these standards have not been adopted by Council and will be included in the financial statements on their effective date. The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Council.

**Effective for annual report periods beginning on or after 1 January 2023.**

AASB 2022-6: Amendments to Australian Accounting Standards – Non current Liabilities with Covenants.

**Effective for annual report periods beginning on or after 1 January 2024.**

AASB 2022-5: Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback

**Effective for annual report periods beginning on or after 1 January 2025.**

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an investor and its Associate or Joint Venture

Council has assessed the impact of new and changed Australian Accounting Standards and Interpretations not yet effective and concluded that they will not have a material in the financial statements.

**(13) 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.

**(14) Disclaimer**

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

# City of Unley

Financial Statements 2023

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 2. Income

\$ '000	2023	2022
<b>(a) Rates</b>		
<b>General rates</b>		
General rates	45,196	43,197
Less: mandatory rebates	(883)	(916)
Less: discretionary rebates, remissions and write-offs	(123)	(114)
<b>Total general rates</b>	<b>44,190</b>	<b>42,167</b>
<b>Other rates (including service charges)</b>		
Regional Landscape Levy	1,463	1,427
Separate and special rates	339	332
<b>Total other rates (including service charges)</b>	<b>1,802</b>	<b>1,759</b>
<b>Other charges</b>		
Penalties for late payment	132	120
Legal and other costs recovered	51	38
<b>Total other charges</b>	<b>183</b>	<b>158</b>
<b>Total rates</b>	<b>46,175</b>	<b>44,084</b>
<b>(b) Statutory charges</b>		
Development Act fees	512	554
Animal registration fees and fines	187	191
Parking fines / expiation fees	1,062	727
Environmental control fines	45	29
Search Fees	78	97
Permits - Car Park, Urban Tree and Tree Amenity	20	-
<b>Total statutory charges</b>	<b>1,904</b>	<b>1,598</b>
<b>(c) User charges</b>		
Hall and equipment hire	225	234
Property lease	585	580
Catering	43	39
Sales - Swimming Memberships	332	284
Parking Control	205	92
Swim School	206	202
Swimming User Groups	96	86
Swimming Centre Operations	155	176
Unley Community Centre	39	35
Other User Charges	218	209
<b>Total user charges</b>	<b>2,104</b>	<b>1,937</b>

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## City of Unley

Financial Statements 2023

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 2. Income (continued)

\$ '000	2023	2022
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##### (d) Investment income

Interest on investments

- Local Government Finance Authority

	154	45
<b>Total investment income</b>	<b>154</b>	<b>45</b>

##### (e) Reimbursements

Depot	317	133
Parking Control	127	91
Strategic Projects	36	-
Events Operating Projects	20	-
Waste Management	73	10
Other	107	187
<b>Total reimbursements</b>	<b>680</b>	<b>421</b>

##### (f) Other income

Donations - General	11	19
Advertising - Other	82	78
Artisit - Exhibition Income	29	16
Contributions - CPCA Guarantee Fee	345	330
Contributions - Other	50	107
Community Services - Other	320	296
Book Club	2	1
Replacement Material	5	4
Workers Compensation Rebate	17	-
Insurance Claims Received	15	20
Fuel Tax Credits	18	17
<b>Total other income</b>	<b>894</b>	<b>888</b>

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## City of Unley

Financial Statements 2023

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 2. Income (continued)

\$ '000	2023	2022
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#### (g) Grants, subsidies and contributions

Amounts received specifically for new or upgraded assets

	3,425	1,634
<b>Total</b>	<b>3,425</b>	<b>1,634</b>

#### Other grants, subsidies and contributions

Other grants, subsidies and contributions

	3,781	4,134
<b>Total other grants, subsidies and contributions</b>	<b>3,781</b>	<b>4,134</b>

#### Total grants, subsidies and contributions

<b>7,206</b>	<b>5,768</b>
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The functions to which these grants relate are shown in Note 12.

#### (i) Sources of grants

Commonwealth Government

2,768	2,925
-------	-------

State Government

3,379	2,828
-------	-------

Other

1,059	15
-------	----

#### **Total**

<b>7,206</b>	<b>5,768</b>
--------------	--------------

#### (ii) Individually significant items

Grant Commission (Financial Assistance Grant) recognised as income

1,443	1,097
-------	-------

In June 2023, Council has received payment of \$1,443k for the 2023-24 Financial Assistance Grant (FAG).

As in the previous years, these amounts are recognised as income upon receipt.

Similarly in June 2022, 75% of the 2022-23 grant was paid and recognised as income in that year.

## City of Unley

Financial Statements 2023

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 3. Expenses

\$ '000		2023	2022
<b>(a) Employee costs</b>			
Salaries and wages		14,613	14,134
Employee leave expense		2,343	2,037
Superannuation - defined contribution plan contributions	12	1,715	1,538
Workers' compensation insurance		420	393
Less: capitalised and distributed costs		(1,351)	(847)
<b>Total operating employee costs</b>		<b>17,740</b>	<b>17,255</b>
Total number of employees (full time equivalent at end of reporting period)		169	164
<b>(b) Materials, contracts and other expenses</b>			
<b>(i) Prescribed expenses</b>			
Auditor's remuneration			
- Current Year Audit Fees		28	23
Elected members' expenses		302	297
<b>Subtotal - prescribed expenses</b>		<b>330</b>	<b>320</b>
<b>(ii) Other materials, contracts and expenses</b>			
Contracts		4,793	4,380
Maintenance Contracts		2,733	2,310
Legal expenses		1,676	1,670
Levies paid to Government - NRM levy		1,463	1,428
Parts, accessories and consumables		3,718	3,018
Insurance (Workers Compensation, Public Liability, Assets)		644	800
Brownhill Keswick Creek Contributions		134	97
Levies & Taxes		204	170
Other Contributions & Donations		108	93
Printing		37	27
Sitting Fees		35	35
Trader Associations Contributions		333	335
Valuation Fees (Property for Rating Purposes)		198	193
Electricity		849	649
Advertising		127	113
Bank Fees & Charges		116	101
Community Program Expenses		526	372
Economic Development Program Expenses		24	32
Community Grants & Sponsorship		315	273
Sundry Materials, Contract & Expenses		327	237
Waste Contract		4,807	4,299
<b>Subtotal - Other material, contracts and expenses</b>		<b>23,167</b>	<b>20,632</b>
<b>Total materials, contracts and other expenses</b>		<b>23,497</b>	<b>20,952</b>

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## City of Unley

Financial Statements 2023

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 3. Expenses (continued)

\$ '000	WAPC	2023	2022
---------	------	------	------

#### (c) Depreciation, amortisation and impairment

##### (i) Depreciation and amortisation

Infrastructure			
Stormwater Drainage / Recycled Water	7	1,193	1,183
Roads, Lanes, Kerb & Watertable	7	3,169	2,276
Pathways	7	1,438	1,449
Traffic & Lighting	7	356	359
Bridges	7	214	212
Equipment, Furniture & Fittings	7	1,607	1,573
Buildings - Level 2	7	1,498	1,416
Other assets	7	1,294	1,558
<b>Subtotal</b>		<b>10,769</b>	<b>10,026</b>
<b>Total depreciation, amortisation and impairment</b>		<b>10,769</b>	<b>10,026</b>

#### (d) Finance costs

Interest on loans		222	187
<b>Total finance costs</b>		<b>222</b>	<b>187</b>

#### Note 4. Asset disposal and fair value adjustments

\$ '000	WAPC	2023	2022
---------	------	------	------

#### Infrastructure, property, plant and equipment

##### (i) Assets renewed or directly replaced

Proceeds from disposal		1,228	190
Less: carrying amount of assets sold	7	(1,107)	(623)
<b>Gain (loss) on disposal</b>		<b>121</b>	<b>(433)</b>
<b>Net gain (loss) on disposal or revaluation of assets</b>		<b>121</b>	<b>(433)</b>

## City of Unley

Financial Statements 2023

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 5. Current assets

\$ '000		2023	2022
---------	--	------	------

##### (a) Cash and cash equivalent assets

Cash on hand and at bank	13	(7)	7
Deposits at call	13	1,662	1,478
<b>Total cash and cash equivalent assets</b>		<b>1,655</b>	<b>1,485</b>

##### (b) Trade and other receivables

Rates - general and other	13	760	500
Accrued revenues		134	—
Debtors - general	13	1,892	820
Prepayments		861	377
<b>Subtotal</b>		<b>3,647</b>	<b>1,697</b>
<b>Total trade and other receivables</b>		<b>3,647</b>	<b>1,697</b>

##### (c) Other financial assets

Loans to Community Organisations		—	2
<b>Total Other Financial Assets</b>		<b>—</b>	<b>2</b>

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



## City of Unley

Financial Statements 2023

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 6. Non-current assets

\$ '000		2023	2022
<b>Equity accounted investments in council businesses</b>			
Centennial Park Cemetery Authority	19	24,288	23,752
Brown Hill Keswick Creek Board	19a	7,786	7,385
Eastern Waste Management Authority Inc	19a	148	—
<b>Total equity accounted investments in Council businesses</b>		<b>32,222</b>	<b>31,137</b>

#### Centennial Park Cemetery Authority

Within the terminology of Section 43 of the Local Government Act 1999, the Centennial Park Cemetery Trust Incorporated is a jointly controlled authority of the Cities of Unley and Mitcham each having a 50% interest in the assets, liabilities and operations of the Authority. The Authority was established in the cemetery industry and no financial contributions have been made to the Authority in the financial year.

##### FY 2022/23:

1. The Council's share (50%) of operating surplus is \$419,652.
2. The Council's share (50%) of Asset Disposal and Fair Value Adjustments is \$39,607.

#### Brown Hill Keswick Creek Stormwater Project

The Brown Hill and Keswick Creek Stormwater Project (the Project) is a Local Government Regional Subsidiary established under Section 43 of and Schedule 2 to the *Local Government Act 1999*. The Regional Subsidiary is under the control of Cities of Adelaide, Burnside, Mitcham, West Torrens and Unley.

The Project was established by Gazettal dated 27 February 2018. The Board has been established to implement the construction and maintenance of infrastructure and other measures for the purposes of a stormwater management plan prepared by the constituent councils and approved by the Stormwater Management Authority.

##### FY 2022/23:

1. The Council's share (21%) of other comprehensive income (Capital Funding and revaluation) is (\$174,551)
2. The Council's share (21%) of operating Surplus is \$26,435
3. The Council's share (21%) of asset revaluation reserve \$33,965

#### Eastern Waste Management Authority

The City of Unley became a Constituent Member of the Eastern Waste Management Authority (East Waste), a regional subsidiary established under s43 of the *Local Government Act 1999*, on 25 July 2022. The City of Unley has an equal, 1/8<sup>th</sup> share (12.5%) of East Waste with the Cities of Campbelltown, Burnside, Prospect, Mitcham, Norwood Payneham & St Peters, the Corporation of the Town of Walkerville, and Adelaide Hills Council. East Waste commenced providing waste collection services for Council on 1 August 2022.

##### FY 2022/23:

1. The Council's share (12.5%) of operating surplus is \$23,750
2. The Council's share (12.5%) of Asset Disposal and Fair Value Adjustments is \$17,875

The City of Unley's investment in the three Authorities has been accounted for under the equity method (Note 19).

## City of Unley

Financial Statements 2023

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 7. Infrastructure, property, plant &amp; equipment and investment property

## Infrastructure, property, plant and equipment

		as at 30/06/22				Asset movements during the reporting period							as at 30/06/23				
		Fair Value Level	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions (New / Upgrade)	Asset Additions (Renewals)	WSP/ or Asset Disposals	Depreciation Expense (Note 3c)	WIP Transfers	Adjustments & Transfers	Revaluation increments to Equity (A/III) / (A/IV) / (A/V)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
													£				
\$'000																	
Capital work in progress		—	7,471	—	7,471	—	—	—	—	(6,894)	—	—	—	—	577	—	577
Stormwater Drainage / Recycled Water	3	101,086	1,949	(43,362)	59,673	—	1,141	(48)	(1,193)	64	—	—	100,965	3,154	(44,482)	59,637	
Roads, Lanes, Kerb & Watertable	3	184,576	10,999	(45,649)	149,926	226	3,792	(59)	(3,169)	222	252	38,438	303,761	4,229	(118,362)	189,628	
Pathways	3	55,984	714	(15,094)	41,604	88	287	—	(1,438)	(27)	(200)	—	56,240	546	(16,473)	40,313	
Traffic & Lighting	3	5,487	5,290	(2,575)	8,202	113	148	(3)	(356)	163	(558)	—	5,483	5,113	(2,887)	7,709	
Bridges	3	11,899	—	(6,074)	5,825	—	239	—	(214)	33	—	—	11,899	272	(6,288)	5,883	
Other assets	3	9,609	13,547	(11,376)	11,780	31	1,182	(84)	(1,294)	24	830	5,898	31,387	1,237	(14,257)	18,367	
Equipment, Furniture & Fittings		—	18,937	(13,220)	5,717	130	1,768	(265)	(1,607)	(7)	18	—	—	19,784	(14,010)	5,774	
Land	2	48,140	1,415	—	49,555	—	—	(538)	—	—	315	32,001	81,333	—	—	81,333	
Land	3	169,091	777	—	169,868	—	—	—	—	—	(315)	79,504	249,057	—	—	249,057	
Buildings	2	27,121	850	(20,251)	7,720	—	—	(15)	(139)	—	(5,676)	121	41,971	—	(39,960)	2,011	
Buildings	3	45,164	6,074	(28,409)	22,829	5,726	526	(95)	(1,359)	6,422	5,334	12,877	52,260	—	—	52,260	
Recycled Water	3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total infrastructure, property, plant and equipment		658,157	68,023	(186,010)	540,170	6,314	9,103	(1,107)	(10,769)	—	—	168,839	934,356	34,912	(256,719)	712,549	
Comparatives		658,955	59,370	(176,976)	541,349	3,897	5,574	(625)	(10,026)	—	—	—	658,157	68,023	(186,010)	540,170	

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## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 7. Infrastructure, property, plant &amp; equipment and investment property (continued)

## Valuation of infrastructure, property, plant &amp; equipment and investment property

## Valuation of assets

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

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

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

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

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

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

## Information on valuations

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

Fair value hierarchy level 3 valuations of land - 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.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets - There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

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

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques. Accordingly, formal sensitivity analysis does not provide useful information.

*Transfers between fair value hierarchy levels*

In the course of revaluing roads, lanes, kerb & waterable, other assets, and land and buildings, the nature of the inputs applied was reviewed in detail for each asset and where necessary, the asset reassigned to the appropriate fair value hierarchy level. Such transfers take effect as at the date of the revaluation. The significant reclassifications were of buildings from level 2 to level 3, where the fair value hierarchy level reassignments occurred for buildings at the Council's Depot, Civic Centre, and Edmund Avenue Business Hub.

## Other information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement: accumulated



## City of Unley

Financial Statements 2023

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 7. Infrastructure, property, plant & equipment and investment property (continued)

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

##### Other Information - Fair Value Level Classification

An adjustment column named "Fair Value Level Reclassification" has been included for the purpose of aligning the asset classes fair value level balances.

##### Other Information - City of Unley's Tree Strategy

The Council recognises the important contribution trees and vegetation make to the City and our community. These assets provide multiple benefits like supporting flora and fauna and reducing the impacts of climate change, while creating a liveable city that adds character to neighbourhoods and economic value to properties.

The Tree Strategy sets out a vision of keeping Unley leafy for future generations. It provides a foundation for how the Council will continue to enrich our City through continual management of this valuable asset, now and for future generations.

Ongoing implementation and improvement of Council's Tree Strategy and any associated maintenance is managed in accordance with, and subject to, adoption of Council's Annual Business Plan and Budget. An increase in planting and projects relating to trees will require additional and ongoing maintenance funding, including administrative support.

##### Highest and best use

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

##### Transition to AASB 13 - Fair Value Measurement

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

##### Land & Land Improvements

- Date of valuation: 30 June 2023
- Valuer: Public Private Property
- Basis of Valuation: current market value less adjustments for any restrictions on use or disposal where they apply
- Next date of valuation: 2027 financial year

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

##### Buildings & Other Structures

- Date of valuation: 30 June 2023
- Valuer: Public Private Property
- Basis of valuation: Market Value - for buildings where a market value can be reliably determined / Written Down Replacement Cost - for buildings where there is no active market due to specialised nature of the assets and the service they provide
- Next date of valuation: 2027 financial year

##### Infrastructure

###### Roads, Kerb and Gutter

- Date of valuation: 1 July 2022
- Valuer: City of Unley, with advice from external engineering consultant, and condition assessment performed by Asset Engineering
- Basis of Valuation: Written down replacement cost - comprised by gross replacement cost (estimated unit costs, based on recent renewal works and comparison to other councils, for which a substitute asset with similar service potential, physical characteristics, dimensions, depth and environmental parameters could be constructed) and accumulated depreciation (estimated total and remaining useful lives informed by the current condition of the asset, and the planned asset management strategy applicable to asset).
- Next date of valuation: 2026 financial year

###### Pathways (Footpaths, Car Parks, Bike Paths)

- Date of valuation: 1 July 2019

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## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 7. Infrastructure, property, plant &amp; equipment and investment property (continued)

- Valuer: Public Private Property
- Basis of valuation: written down replacement cost - comprised by gross replacement cost (based on estimated unit costs of constructing a substitute asset with similar physical characteristics, dimensions, depth, construction materials, and service potential), less accumulated depreciation (based on estimated total and remaining useful lives informed by the current condition of the asset, and the planned asset management strategy applicable to the asset)
- Next date of valuation: 2024 financial year

*Drainage / Recycled Water (Stormwater Drains, Creeks, Managed Aquifer Recharge Scheme)*

- Date of valuation: 30 June 2021
- Valuer: Public Private Property
- Basis of valuation: written down replacement cost - comprised by gross replacement cost (based on estimated unit costs of constructing a substitute asset with similar physical characteristics, dimensions, depth, construction materials, and service potential), less accumulated depreciation (based on estimated total and remaining useful lives informed by the current condition of the asset, and the planned asset management strategy applicable to the asset)
- Next date of valuation: 2025 financial year

*Traffic and Lighting (Traffic Control, Street Lighting, Bus Stops)*

- Date of valuation: 1 Jul 2019
- Valuer: Public Private Property
- Basis of valuation: written down replacement cost - comprised by gross replacement cost (based on estimated unit costs of constructing a substitute asset with similar physical characteristics, dimensions, depth, construction materials, and service potential), less accumulated depreciation (based on estimated total and remaining useful lives informed by the current condition of the asset, and the planned asset management strategy applicable to the asset)
- Next date of valuation: 2024 financial year

*Bridges*

- Date of valuation: 30 June 2021
- Valuer: Wallbridge Gilbert Aztec
- Basis of valuation: written down replacement cost - comprised by gross replacement cost (based on estimated unit costs of constructing a substitute asset with similar physical characteristics, dimensions, depth, construction materials, and service potential), less accumulated depreciation (based on estimated total and remaining useful lives informed by the current condition of the asset, and the planned asset management strategy applicable to the asset)
- Next date of valuation: 2025 financial year

## City of Unley

Financial Statements 2023

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 7. Infrastructure, property, plant & equipment and investment property (continued)

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##### Other Assets (Open Space and Reserve Equipment)

- Date of valuation: 1 July 2022
- Valuer: City of Unley, with advice from external valuation consultant, and condition assessment performed by Asset Engineering
- Basis of valuation: Written down replacement cost - comprised by gross replacement cost to substitute an asset with similar service potential less accumulated depreciation (based on estimated total and remaining useful lives informed by the current condition of the asset, and the planned asset management strategy applicable to the asset).
- Next date of valuation: 2026 financial year

## City of Unley

Financial Statements 2023

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 8. Liabilities

\$ '000	2023		2022	
	Current	Non Current	Current	Non Current
<b>(a) Trade and other payables</b>				
Goods and services	1,301	—	3,405	—
Payments received in advance	1,047	—	1,668	—
Accrued expenses - employee entitlements	761	—	746	—
Accrued expenses - finance costs	62	—	33	—
Accrued expenses - other	535	—	326	—
Deposits, retentions and bonds	3	—	3	—
<b>Total trade and other payables</b>	<b>3,709</b>	<b>—</b>	<b>6,181</b>	<b>—</b>

#### (b) Borrowings

Loans	277	4,581	266	2,944
<b>Total Borrowings</b>	<b>277</b>	<b>4,581</b>	<b>266</b>	<b>2,944</b>

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

#### (c) Provisions

Employee entitlements (including oncosts)	4,058	234	3,996	308
<b>Total provisions</b>	<b>4,058</b>	<b>234</b>	<b>3,996</b>	<b>308</b>

## City of Unley

Financial Statements 2023

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 9. Reserves

	as at 30/06/22				as at 30/06/23
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
<b>(a) Asset revaluation reserve</b>					
Infrastructure					
Stormwater Drainage	30,900	—	—	—	30,900
Roads, Lanes, Kerb & Watertable	76,957	38,438	—	—	115,395
Pathways	26,270	—	—	—	26,270
Traffic & Lighting	598	—	—	—	598
Bridges	5,356	—	—	—	5,356
Land	205,475	111,505	—	—	316,980
Buildings	25,616	12,998	—	—	38,614
Other assets	583	5,898	—	—	6,481
JV's / associates - other comprehensive income	19,377	—	—	—	19,377
<b>Total asset revaluation reserve</b>	<b>391,132</b>	<b>168,839</b>	<b>—</b>	<b>—</b>	<b>559,971</b>
Comparatives	383,427	—	7,705	—	391,132

	as at 30/06/22				as at 30/06/23
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
<b>(b) Other reserves</b>					
Carpark Contribution Fund	121	—	—	20	141
Urban Tree Fund	41	—	—	—	41
Street Tree Amenity Fund	35	—	—	—	35
<b>Total other reserves</b>	<b>197</b>	<b>—</b>	<b>—</b>	<b>20</b>	<b>217</b>
Comparatives	177	27	(7)	—	197

#### Purposes of reserves

##### Asset revaluation reserves

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

#### Note 10. Assets subject to restrictions

The nature of some of the City of Unley's assets, and in particular Centennial Park, is such that they have restricted use either because of legal restrictions, heritage or community expectation so that these assets would continue to be held for the benefit of the community.



## City of Unley

Financial Statements 2023

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 11. Reconciliation to Statement of Cash Flows

\$ '000	2023	2022
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##### (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 Statement of Financial Position as follows:

Total cash and equivalent assets	\$	1,655	1,485
<b>Balances per Statement of Cash Flows</b>		<b>1,655</b>	<b>1,485</b>

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

<b>Net surplus/(deficit)</b>	7,480	5,886
<b>Non-cash items in income statements</b>		
Depreciation, amortisation and impairment	10,769	10,026
Equity movements in equity accounted investments (increase)/decrease	(470)	2
Grants for capital acquisitions treated as investing activity	(3,425)	(1,634)
Net (gain)/loss on disposals	(121)	433
Other	—	20
	<b>14,233</b>	<b>14,733</b>
<b>Add (less): changes in net current assets</b>		
Net (increase)/decrease in receivables	(1,950)	2
Net increase/(decrease) in trade and other payables	(2,472)	2,615
Net increase/(decrease) in unpaid employee benefits	(12)	(286)
<b>Net cash provided by (or used in) operations</b>	<b>9,799</b>	<b>17,064</b>

##### (c) Financing arrangements

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

Bank overdrafts	500	500
Corporate credit cards	250	250
LGFA cash advance debenture facility	20,000	20,000

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

## City of Unley

Financial Statements 2023

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).										
\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Functions/Activities</b>										
Office of the CEO	720	717	3,592	3,737	(2,872)	(3,020)	—	—	32,116	31,137
City Development	2,550	2,830	26,692	25,029	(24,142)	(22,199)	1,125	1,602	379,202	317,707
Business Support & Improvement	47,785	45,114	10,526	8,635	37,259	36,479	1,217	1,134	7,234	5,535
City Services	5,107	4,513	11,417	11,088	(6,310)	(6,575)	1,439	1,398	331,417	220,112
<b>Total Functions/Activities</b>	<b>56,162</b>	<b>53,174</b>	<b>52,227</b>	<b>48,489</b>	<b>3,935</b>	<b>4,685</b>	<b>3,781</b>	<b>4,134</b>	<b>750,073</b>	<b>574,491</b>

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 12(b). Components of functions

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The activities relating to Council functions are as follows:

#### **OFFICE OF THE CEO**

Office of the CEO, Governance, Strategic Projects and Economic Development.

#### **CITY DEVELOPMENT**

City Development Management, Environmental Initiatives, Operational Services, Property Services, Recreation & Sport Planning, Strategic Asset Management, Transportation & Traffic, Urban Design, Urban Policy & Planning and Waste Management.

#### **BUSINESS SUPPORT & IMPROVEMENT**

Business Support & Improvement Management, Business Systems & Solutions, Corporate Activities, Finance & Procurement, Risk, People & Culture, Human Resources, WHS and Marketing & Communications.

#### **CITY SERVICES**

Active Aging Program, Animal Management, Arts & Cultural Development, City Services Management, Community Bus Program, Community Centres, Community Development & Wellbeing Management, Community Events, Community Grants, Customer Experience, Development Services, Library Services, Parking Enforcement, Public & Environmental Health, Unley Museum, Unley Swimming Centre, Volunteer Development, Youth Development



## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 13. 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:**

Deposits are returning fixed interest rates of 4.10% (2022: 0.20%). Short term deposits have an average maturity of 30 days and an average interest rate of 3.40% (2022: 0.70%).

**Carrying Amount:**

Approximates fair value due to the short term to maturity.

**Receivables - rates and associated 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:**

Secured over the subject land, arrears attract interest of 9.05% (2022: 5.2%). 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 and 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 and conditions:**

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

**Carrying amount:**

Approximates fair value (after deduction of any allowance).

**Receivables - other levels of government****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 and conditions:**

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

**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

# City of Unley

Financial Statements 2023

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 13. Financial instruments (continued)

#### Terms & Conditions:

Secured over future revenues, Credit Foncier loans are repaid on a 6-monthly basis, whilst Cash Advance Debentures (CAD) are repaid as surplus funds become available. Interest is charged at fixed and variable rates between 2.05% and 5.30% (2022: 1.05% and 4.0%).

#### Carrying Amount:

Approximates fair value.

#### Liabilities - leases

#### Accounting policy:

Accounted for in accordance with AASB 16 as stated in Note 17.

\$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial assets and liabilities</b>					
<b>2023</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,655	—	—	1,655	1,655
Receivables	2,786	—	—	2,786	2,786
Other financial assets	—	—	—	—	—
<b>Total financial assets</b>	<b>4,441</b>	<b>—</b>	<b>—</b>	<b>4,441</b>	<b>4,441</b>
<b>Financial liabilities</b>					
Payables	2,661	—	—	2,661	2,662
Current borrowings	297	—	—	297	277
Non-current borrowings	—	4,589	—	4,589	4,581
<b>Total financial liabilities</b>	<b>2,958</b>	<b>4,589</b>	<b>—</b>	<b>7,547</b>	<b>7,520</b>
<b>Total financial assets and liabilities</b>	<b>7,399</b>	<b>4,589</b>	<b>—</b>	<b>11,988</b>	<b>11,961</b>
<b>2022</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,485	—	—	1,485	1,485
Receivables	1,320	—	—	1,320	1,320
Other financial assets	2	—	—	2	2
<b>Total financial assets</b>	<b>2,807</b>	<b>—</b>	<b>—</b>	<b>2,807</b>	<b>2,807</b>
<b>Financial liabilities</b>					
Payables	4,513	—	—	4,513	4,513
Current borrowings	297	—	—	297	266
Non-current borrowings	—	2,297	676	2,973	2,944
<b>Total financial liabilities</b>	<b>4,810</b>	<b>2,297</b>	<b>676</b>	<b>7,783</b>	<b>7,723</b>
<b>Total financial assets and liabilities</b>	<b>7,617</b>	<b>2,297</b>	<b>676</b>	<b>10,590</b>	<b>10,530</b>

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## Notes to and forming part of the Financial Statements for the year ended 30 June 2023

### Note 13. Financial instruments (continued)

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

\$ '000	2023		2022	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other variable rates	5.30%	4,293	2.40%	2,380
Fixed interest rates	4.00%	565	4.00%	830
		<u>4,858</u>		<u>3,210</u>

#### Net fair value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the 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 impairment. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 and 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

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

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

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

#### Expected credit losses (ECL)

Council uses an allowance matrix to measure expected credit losses for receivables from individual customers, which comprise a large number of small balances. As rates and annual charges are secured over subject land no allowance for such receivables is made. The following table provides information about Council's ECLs from receivables (excluding secured rates and charges, GST and other amounts held in trust). Impairment analysis is performed each reporting date. ECLS are based on credit history adjusted for forward looking estimates and economic conditions.

Set out below is the movement in the allowance for expected credit losses:

## City of Unley

Financial Statements 2023

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 14. Capital expenditure and investment property commitments

\$ '000	2023	2022
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##### (a) Capital commitments

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

Infrastructure	6,698	6,754
	<u>6,698</u>	<u>6,754</u>

These expenditures are payable:

Not later than one year	5,456	6,693
Later than one year and not later than 5 years	1,242	61
	<u>6,698</u>	<u>6,754</u>

##### (b) Other expenditure commitments

Other non-capital expenditure commitments in relation to investment properties at the reporting date but not recognised in the financial statements as liabilities:

Maintenance Contracts on Properties and Leases	1,403	2,764
Maintenance Contracts (Service & Consulting)	209	363
Waste Maintenance	582	3,031
	<u>2,194</u>	<u>6,158</u>

These expenditures are payable:

Not later than one year	606	6,158
Later than one year and not later than 5 years	1,588	—
	<u>2,194</u>	<u>6,158</u>



## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 15. Financial indicators

	Indicator 2023	Indicators 2022	Indicators 2021
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## Financial Indicators overview

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

**1. Operating Surplus Ratio**

Operating surplus			
Total operating income	7.0%	8.2%	6.9%

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. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.

The prior year adjusted ratios have been adjusted to reflect an adjustment to the allocation of the grants.

**Adjusted Operating Surplus Ratio**

Operating surplus			
Total operating income	6.3%	7.4%	6.6%

**2. Net Financial Liabilities Ratio**

Net financial liabilities			
Total operating income	13%	20%	33%

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.

**Adjustments to Ratios**

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. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.

**Adjusted Net Financial Liabilities Ratio**

Net financial liabilities			
Total operating income	14%	20%	33%

**3. Asset Renewal Funding Ratio**

Asset renewals			
Infrastructure and Asset Management Plan required expenditure	104%	63%	83%

Asset renewal expenditure, as expressed in Council's Asset Management Plan, is used as the denominator in this indicator.

Asset renewal expenditure is defined as gross capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

## City of Unley

Financial Statements 2023

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 16. Uniform presentation of finances

\$ '000	2023	2022
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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

Rates	46,175	44,084
Statutory charges	1,904	1,598
User charges	2,104	1,937
Grants, subsidies and contributions - operating	3,781	4,134
Investment income	154	45
Reimbursements	680	421
Other income	894	888
Net gain - equity accounted council businesses	470	67
<b>Total Income</b>	<b>56,162</b>	<b>53,174</b>

##### Expenses

Employee costs	17,740	17,255
Materials, contracts and other expenses	23,497	20,952
Depreciation, amortisation and impairment	10,769	10,026
Finance costs	222	187
Net loss - equity accounted council businesses	-	69
<b>Total Expenses</b>	<b>52,228</b>	<b>48,489</b>

##### Operating surplus / (deficit)

	3,934	4,685
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##### Adjusted Operating surplus / (deficit)

	3,934	4,685
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##### Net outlays on existing assets

Capital expenditure on renewal and replacement of existing assets	(9,103)	(5,574)
Add back depreciation, amortisation and impairment	10,769	10,026
Add back proceeds from sale of replaced assets	1,228	190
	<b>2,894</b>	<b>4,642</b>

##### Net outlays on new and upgraded assets

Capital Expenditure on New and Upgraded Assets (including Investment Property)	(6,314)	(3,896)
Add back amounts received specifically for new and upgraded assets	3,425	1,634
	<b>(2,889)</b>	<b>(2,262)</b>

<b>Annual net impact to financing activities (surplus/(deficit))</b>	<b>3,939</b>	<b>7,065</b>
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#### Note 17. Leases

Council does not have any Leases.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 18. Superannuation

The Council makes employer superannuation contributions in respect of its employees to Hostplus Super (formerly Statewide 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 (10.50% in 2022/23; 10.00% in 2021/22). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

**Salarylink (Defined Benefit Fund) members**

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2021/22) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), 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 Willis Towers Watson as at 30 June 2021. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

**Contributions to other superannuation schemes**

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



## City of Unley

Financial Statements 2023

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

#### Note 19. Interests in other entities

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

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2023	2022	2023	2022
Joint ventures - in profit	—	—	32,222	31,137
<b>Council's share of net income</b>				
Associates	470	(2)	32,222	31,137
<b>Total Council's share of net income</b>	<b>470</b>	<b>(2)</b>	<b>32,222</b>	<b>31,137</b>

#### ((a)i) Joint ventures, associates and joint operations

##### (a) Carrying amounts

\$ '000		Principal Activity	2023	2022
Centennial Park Cemetery Authority	6	Stormwater Management	7,786	7,385
Brown Hill Keswick Creek Stormwater Board	6	Cemetery industry	24,288	23,752
Eastern Waste Management Authority Inc	6	Waste and Recycling Industry	148	—
<b>Total carrying amounts - joint ventures and associates</b>			<b>32,222</b>	<b>31,137</b>

##### **Brown Hill Keswick Creek Board**

The Brown Hill Keswick Creeks Stormwater Board was established on the 27 February 2018 under section 43 of the *Local Government Act 1999* and it has been recognised as a jointly controlled subsidiary of the City of Unley, City of Burnside, City of Mitcham, City of Adelaide and City of West Torrens each having a 20% interest in the assets, liabilities and operations of the Subsidiary. The City of Unley's investment in the subsidiary has been accounted for under the Equity method.

##### **Centennial Park Cemetery Authority**

Within the terminology of Section 43 of the *Local Government Act 1999*, the Centennial Park Cemetery Trust Incorporated is a joint controlling authority of the City of Unley and the City of Mitcham each having a 50% interest in the assets, liabilities and operations of the Authority. The Authority was established in the cemetery industry and no financial contributions have been made to the Authority in the financial year. The City of Unley's investment in the Authority has been accounted for under the equity method.

##### **Eastern Waste Management Authority Inc**

The City of Unley became a Constituent Member of East Waste, a regional subsidiary established under s43 of the *Local Government Act 1999*, on 25 July 2022. The City of Unley has an equal, 1/8<sup>th</sup> share (12.5%) of East Waste with the Cities of Campbelltown, Burnside, Prospect, Mitcham, Norwood Payneham & St Peters, the Corporation of the Town of Walkerville, and Adelaide Hills Council. East Waste commenced providing waste collection services for Council on 1 August 2022.

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

##### (b) Relevant interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2023	2022	2023	2022	2023	2022
Brown Hill Keswick Creek Board	20.00%	20.00%	21.00%	21.00%	20.00%	20.00%
Centennial Park Cemetery Authority	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Eastern Waste Management Authority Inc	12.50%	0.00%	12.50%	0.00%	12.50%	0.00%

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## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 19. Interests in other entities (continued)

## (c) Movement in investment in joint venture or associate

\$ '000	Brown Hill Keswick Creek Board		Centennial Park Cemetery Authority		Eastern Waste Management Authority Inc	
	2023	2022	2023	2022	2023	2022
Opening Balance	7,385	5,440	23,752	15,995	—	—
Share in operating result	26	(69)	420	67	24	—
Share in Other Comprehensive Income	(140)	1,174	116	(15)	18	—
New capital contributions	515	840	—	—	—	—
Adjustments to Equity	—	—	—	7,705	106	—
<b>Council's equity share in the joint venture or associate</b>	<b>7,786</b>	<b>7,385</b>	<b>24,288</b>	<b>23,752</b>	<b>148</b>	<b>—</b>

## (d) Summarised financial information of the equity accounted business

## Statement of Financial Position

Cash and Cash Equivalents	10,151	9,502	10,861	8,588	3,953	—
Trade and other receivables	296	422	1,473	1,600	746	—
Other Assets	—	20	—	—	43	—
Non-Current Assets	30,669	25,786	55,554	55,428	9,510	—
<b>Total assets</b>	<b>41,116</b>	<b>35,730</b>	<b>67,888</b>	<b>65,616</b>	<b>14,252</b>	<b>—</b>
Current Trade and Other Payables	4,001	537	3,290	3,173	1,266	—
Current Provisions	31	25	696	614	871	—
Current Financial Liabilities	—	—	96	53	2,306	—
Non-current financial liabilities	—	—	—	—	8,490	—
Non-Current Provisions	10	—	15,229	14,272	136	—
<b>Total liabilities</b>	<b>4,042</b>	<b>562</b>	<b>19,311</b>	<b>18,112</b>	<b>13,069</b>	<b>—</b>
<b>Net Assets</b>	<b>37,074</b>	<b>35,168</b>	<b>48,577</b>	<b>47,504</b>	<b>1,183</b>	<b>—</b>

## Statement of Comprehensive Income

Other Income	668	486	12,882	11,185	22,266	—
Interest Income	349	59	336	65	46	—
<b>Total income</b>	<b>1,017</b>	<b>545</b>	<b>13,218</b>	<b>11,250</b>	<b>22,312</b>	<b>—</b>
Employee Costs	370	317	5,622	5,204	7,476	—
Materials, Contracts & Other Expenses	327	472	4,806	3,999	12,184	—
Depreciation, Amortisation and Impairment	194	86	1,950	1,912	2,108	—
Finance Costs	—	—	—	—	354	—
<b>Total expenses</b>	<b>891</b>	<b>875</b>	<b>12,378</b>	<b>11,115</b>	<b>22,122</b>	<b>—</b>
<b>Operating result</b>	<b>126</b>	<b>(330)</b>	<b>840</b>	<b>135</b>	<b>190</b>	<b>—</b>

## Contingent Liabilities of the Associate:

Each Member is Jointly and Severally Liable for the Debts of the Operation

- arising from Council's Share of Associate
- arising from Joint and Several Liability of all Members

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## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 19. Interests in other entities (continued)

The Centennial Park Cemetery Authority has contingent liabilities with respect to the redemption of unused licences in the event that the Authority ceases to take any business. The Burial and Cremation Act 2013 mandates the refund of unexercised licences at current prices less a provision for administration, maintenance and establishment costs.

The calculation is determined in the regulations. The contingent liability as at 30 June 2023 is \$10,828,433 (2022: \$8,617,202). An actual liability will only arise if a claim is made by existing licence holders in the future. Based on the Board's understanding of the experience of Cemetery operators interstate when similar legislation was introduced, it is considered that the likelihood of future claims arising which could have a significant impact on Centennial Park is unlikely.

Total unused interment rights account for approximately 7.46% (2022: 7.29%) of 43,867 (2022: 44,144) burial interment rights currently issued.

Total unused interment rights account for approximately 10.60% (2022: 9.31%) of 32,953 (2022: 33,985) memorial interment rights currently issued. Once an interment or placement of a monument has occurred a licence cannot be redeemed.

### Note 20. Non-current assets held for sale and discontinued operations

Council does not have any Non-Current Assets Held for Sale or any Discontinued Operations.

### Note 21. Contingencies and assets/liabilities not recognised in the balance sheet

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

#### 1. Land under roads

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

At reporting date, Council controlled 167.2 km of road reserves of average width 12 metres.

#### 2. Potential insurance losses

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

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

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

#### 3. Bank guarantees

Council does not expect to incur any loss arising from these guarantees.

### Note 22. Events after the balance sheet date

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 22. Events after the balance sheet date (continued)

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Events that occur after the reporting date of 30 June 2023, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

#### COVID 19

COVID-19 has been classified as global pandemic by the World Health Organisation and developed rapidly during 2020. Measures taken by the Federal and State government have affected South Australia's economic activity and Council's operations.

The financial impacts on Council's operations for the 2022-23 financial year were not significant, and at present, Council does not expect the pandemic to have a significant impact in 2023-24.

Accordingly, the "authorised for issue" date is 27/11/2023.

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 23. Related party transactions

## Key management personnel

## Transactions with key management personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the *Local Government Act 1999*. In all, 20 persons (2022: 20 persons) were paid the following total compensation:

\$ '000	2023	2022
<b>The compensation paid to key management personnel comprises:</b>		
Short-term employee benefits	3,118	3,007
Long-term benefits	582	653
<b>Total</b>	<b>3,700</b>	<b>3,660</b>

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

There are two types of conflict and under one, a member may choose to leave the meeting:

**Elected Members are members of the management committees of the following organisations:**

St Augustines Anglican Church, Diocesan Council of Adelaide Anglicans, Athletics SA, Inasmuch Inc, Mt Barker Summit Sport & Recreation Park, Triathlon SA, Transport Action Network, Castellorizian Association, Kastellorizian Council of Australia, Community Corporation 22863 Inc. and Strata Corporation 10363 Inc.

In accordance with the *Local Government Act SA 1999*, these persons declare a conflict of interest and leave the meeting environs when any matter affecting their Club/Association/Organisation is discussed or voted upon.

Many of the above-mentioned organisations use facilities maintained by Council for which there is no available arms length market pricing: these facilities are also used by other not-for-profit organisations and the general public.

Council made payments to a total value of \$0 to the above organisations for the period ending 30 June 2023.

**Employees are members of the following organisation's Boards/Management Committees:**

Local Government IT SA Incorporated, LGP Business Improvement Network, Kadaltilla Adelaide Park Lands Authority, Australian Institute of Landscape Architects, City of Mount Gambier Audit Committee, South Australian Local Government Financial Management Group Inc., University of Adelaide MBA Alumni Network, Liberal Party of Australia (SA Division) Colton State Electoral Committee, Australia Day Council SA, Glenlea Tennis Club, Army Museum of South Australia, St Basils Homes, KESAB, Mylor Tennis Club, Libraries Board of SA, Yellow Footed Rock Wallaby Preservation Association, City of Playford Corporate Governance Committee, Northern Adelaide Waste Management Authority Audit Committee (NAWMA), and Scouts Australia (SA Branch) Fullam Sea Scout Group.

In accordance with the *Local Government Act SA 1999*, these persons declare a conflict of interest and leave the meeting environs when any matter affecting their Club/Association/Organisation is discussed or voted upon.

**City of Unley**

Financial Statements 2023

**General Purpose Financial Statements**  
for the year ended 30 June 2023

**Independent Auditor's Report - Financial Statements**

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**City of Unley**

Financial Statements 2023

## General Purpose Financial Statements

for the year ended 30 June 2023

### Independent Auditor's Report - Internal Controls

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## General Purpose Financial Statements

for the year ended 30 June 2023

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### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The City of Unley for the year ended 30 June 2023, the Council's Auditor, Galpins has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

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Peter Tsokas  
Chief Executive Officer

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Mark Davies  
Presiding Member, Audit Committee

Date: 17 October 2023



## General Purpose Financial Statements

for the year ended 30 June 2023

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### Statement by Auditor

I confirm that, for the audit of the financial statements of City of Unley 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*.

---

Tim Muhihausler CA, Registered Company Auditor

Partner

**GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**

Date: 22 October 2023



Accountants, Auditors & Business Consultants

## 2022/23 Audit Completion Report

The City of Unley



### Mount Gambier

233 Commercial Street West  
PO Box 246, Mount Gambier SA 5290  
DX 29044  
P: (08) 8725 3068  
F: (08) 8724 9553  
E: [admin@galpins.com.au](mailto:admin@galpins.com.au)

### Stirling

Unit 4, 3-5 Mount Barker Road  
PO Box 727, Stirling SA 5152  
P: (08) 8339 1255  
F: (08) 8339 1266  
E: [stirling@galpins.com.au](mailto:stirling@galpins.com.au)

### Norwood

3 Kensington Road, Norwood SA 5067  
PO Box 4067, Norwood South SA 5067  
P: (08) 8332 3433  
F: (08) 8332 3466  
E: [norwood@galpins.com.au](mailto:norwood@galpins.com.au)

[www.galpins.com.au](http://www.galpins.com.au)



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## EXECUTIVE SUMMARY

### To the members of the audit committee of The City of Unley

We are pleased to present our Audit Completion Report for the financial year ended 30 June 2023. The purpose of this document is to summarise the key accounting and audit matters that have arisen during the engagement and our audit conclusions.

We intend to issue the following opinions (subject to the satisfactory completion of the items described in section 1 – *Status of our Audit Work* of this document):

Intended opinions	Type of opinion	Proposed Auditor's Report
Opinion on the Financial Statements	Unmodified	Refer to Appendix 1 of this report.
Controls Opinion	Unmodified	Refer to Appendix 2 of this report.

We have included in this report the following information to ensure that councillors, management and audit committee members are aware of all significant matters relating to the audit.

Matters	Sections
Status of our audit work	Section 1
Summary of Audit Risks and Overall Responses	Section 2
Key Audit Matters	Section 3
Internal Controls Opinion and Recommendations	Section 4
Final Management Letter	Section 5
Immaterial Uncorrected Misstatements	Section 6
Proposed Independent Auditor's Report on the Financial Report	Appendix 1
Proposed Independent Auditor's Report on the Internal Controls	Appendix 2
Draft Statement by Auditor	Appendix 3
Better Practice Model (BPM) Risks	Appendix 4
Risk Ratings	Appendix 5

We also confirm our intention to sign the statement by auditor regarding our independence, and confirm that for the audit of the year ended 30 June 2023 we have maintained our independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, 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.

Yours faithfully

**Tim Muhlhausler** CA Registered Company Auditor

Date: 29 September 2023



## 1. Status of Our Audit Work

Below is a summary of the status of audit activities and key documents related to the completion of our final audit.

Activities/Documents	Responsibility	Status
Final draft of the financial report	Management	Completed
Final audit visit	Audit	Completed
Final substantive procedures	Audit	Completed
Audit verification of the final draft of the financial report	Audit	Completed
Final draft of the financial report after audit verification	Management	Completed
Audit Completion Report	Audit	Completed
Final audited financial statements from the Council's subsidiaries	Management	Completed
Signed certification of auditor independence	Management	Completed
Final financial report after considerations from the audit committee	Management	Note 1
Signed certification of financial statements	Management	Note 1
Signed management representation letter	Management	Note 1
Signed statement by auditor	Audit	Note 1
Final Independent Auditor's Report on the Internal Controls	Audit	Note 2
Final Independent Auditor's Report on the Financial Report	Audit	Note 2

Note 1 To be provided after the audit committee meeting.

Note 2 To be provided by audit on receipt of both the:

- final financial report containing the signed certification of financial statements and the signed certification of auditor independence, and
- signed management representation letter.



## 2. Summary of Audit Risks and Overall Responses

Below, a summary of our initial audit risks identified in our audit plan presented to the audit committee, the audit approach and responses to address these risks and the final audit risks (residual risks) after the execution of our audit procedures.

### Statement of Comprehensive Income – Income

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Rates and charges	High	\$46,175	RA1/RA2/RA3/RA4/RE1/RE2	Controls and substantive tests	Low	Fairly presented
Statutory charges	Moderate	\$1,904	US1/US2/US3/RE1/RE2	Substantive tests	Low	Fairly presented
User charges	Moderate	\$2,104	US1/US2/US3/RE1/RE2	Substantive tests	Low	Fairly presented
Grants	Moderate	\$3,781	GR1/GR2/GR3/RE1/RE2	Substantive tests	Low	Fairly presented
Investment Income	Low	\$154	II1	Substantive tests	Low	Fairly presented
Reimbursements	Low	\$680	OR1	Substantive tests	Low	Fairly presented
Other Income	Low	\$894	OR1	Substantive tests	Low	Fairly presented
Equity Accounted Businesses	Low	\$470	OR1/OE1	Substantive tests	Low	Fairly presented

### Statement of Comprehensive Income - Expenses

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Employee costs	High	\$17,740	PA1/PA2/PA3/PA4/PA5/PA6	Controls and substantive tests	Low	Fairly presented
Materials / Contracts / Other Expenses	High	\$23,497	PP1/PP2/PP3/PP4/PP5/PP6 CO1/CO2/CO3 CC1/CC2/CC3	Controls and substantive tests	Low	Fairly presented
Depreciation and amortisation	High	\$10,769	FI4	Controls and substantive tests	Low	Fairly presented
Finance Costs	Low	\$222	BO1	Substantive tests	Low	Fairly presented
Equity Accounted Businesses	Low	\$-	OR1/OE1	Substantive tests	Low	Fairly presented

### Statement of Comprehensive Income – Expenses

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Asset Disposals & FV Adjust	High	\$121	FI1/FI3	Controls and substantive tests	Low	Fairly presented
Amounts Received Specifically for New or Upgraded Assets	Moderate	\$3,425	GR1/GR2/GR3/RE1/RE2	Substantive tests	Low	Fairly presented
Physical Resources Received Free of Charge	Low	-	FI1	Substantive tests	Low	Fairly presented



## Statement of Financial Position – Assets

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Cash and cash equivalents	High	\$1,655	BA1/BA2/IN1/IN2/IN3	Controls and substantive tests	Low	Fairly presented
Trade and other receivables	Moderate	\$3,647	DE1/DE2/DE3/DE4/DE5/PR1	Controls and substantive tests	Low	Fairly presented
Inventories	Low	-	INV1	Substantive tests	Low	Fairly presented
Financial Assets – NC	Low	\$-	LO1	Substantive tests	Low	Fairly presented
Equity Accounted Businesses	Low	\$32,222	OR1/OE1	Substantive tests	Low	Fairly presented
IPPE and WIP	High	\$712,549	FI1/FI2/FI3/FI4/FI5	Controls and substantive tests	Low	Fairly presented

## Statement of Financial Position – Liabilities

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Trade and other payables	High	\$3,709	AP1/AP2/AP3/AP4/AP5/TA1/AE1	Controls and substantive tests	Low	Fairly presented
Borrowings	Low	\$277	BO1/BO2/BO3/BO4	Substantive tests	Low	Fairly presented
Provisions	Moderate	\$4,058	EP1	Substantive tests	Low	Fairly presented
Borrowings - NC	Low	\$4,581	BO1/BO2/BO3/BO4	Substantive tests	Low	Fairly presented
Other Non-current liabilities	Low	-	AE1	Substantive tests	Low	Fairly presented
Provisions - NC	Moderate	\$234	EP1	Substantive tests	Low	Fairly presented

## Statement of Financial Position – Equity

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Accumulated Surplus	Low	\$177,026	N/A	Substantive tests	Low	Fairly presented
Asset Revaluation Reserves	High	\$559,971	FI3	Controls and substantive tests	Low	Fairly presented
Other Reserves	Low	\$2177	N/A	Substantive tests	Low	Fairly presented

## Intended Audit Opinion

In our opinion, subject to the satisfactory completion of the items described in section 1 of this report, ***the financial report prepared by the Council presents fairly***, in all material respects, the Council's financial position as at the end of the current financial year and its financial performance for the year ended on that date.

\* A list of the main risks as per the Better Practice Model (BPM) addressed during our audit and related risk references is provided in Appendix 4.



### 3. Key Audit Matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial report. We address these matters in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 3.1 Valuation of Infrastructure assets

Why the matter is significant	How the matter was addressed
<p>Infrastructure assets are valued at fair value. The fair values of these assets were based on depreciated current replacement costs which is comprised by the gross replacement cost less accumulated depreciation.</p> <p>Council values the gross replacement cost using the estimated average cost (unit cost) at which it could construct a substitute asset of comparable quality in the normal course of business. There was inherent subjectivity involved in making judgments in relation to assumptions used to estimate unit rates which also involved determining the:</p> <ul style="list-style-type: none"> <li>components of assets that are replaced at different times in the asset lifecycle</li> <li>costs required to replace these components using current prices for materials, labour, and plant costs</li> <li>indices for measuring subsequent changes in unit rates.</li> </ul> <p>The useful lives of assets and the measurement of accumulated depreciation are determined by external valuers. Significant judgement is used to determine the different useful lives for different components of assets and to calculate the depreciation that would have accumulated since original construction using these estimated useful lives.</p> <p>The significant professional judgments used to estimate the gross replacement cost and the accumulated depreciation are also relevant to the calculation of the annual depreciation expense of these assets.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> <li>reconciled closing balances to the asset registers</li> <li>reconciled the movements in note 7 to the asset register</li> <li>reviewed the basis for valuation used by external valuers</li> <li>assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards</li> <li>reviewed the fair value hierarchy provided in note 7 for each category of asset</li> <li>reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports</li> <li>reviewed the useful lives mentioned above for different components and compared them to other local government entities</li> <li>performed a recalculation of depreciation</li> <li>reviewed the methodology used by Council to perform componentisation of infrastructure assets and compared the methodology used to Council's actual asset management practices and to other local government entities</li> <li>reconciled the unit rates used for different components of infrastructure assets to the unit rates provided in the valuer's report</li> <li>reviewed the unit rates mentioned above and compared them to different local government entities</li> <li>assessed the adequacy of disclosures in the financial report.</li> </ul>



### 3.2 Valuation of Land and Buildings

Why the matter is significant	How the matter was addressed
<p>Land and buildings are valued at fair value. The basis of valuation to be used for these assets depends on a number of factors such as the nature of the asset, purpose of their use, the highest and best use of the asset, potential restrictions to the disposal of these assets among other factors.</p> <p>Valuation of land depends on whether the land is classified as Crown land or community land. Community land and Crown land are valued using unobservable (level 3) inputs as the allowance for the restriction on sale (requiring Ministerial consent) is usually an unobservable input, and is likely to have a significant effect on valuation.</p> <p>Land, where Council has an unfettered right to sell them, is usually valued at current market value based on their highest and best use. Level 2 inputs are primarily used for land during the valuation process.</p> <p>Valuation of buildings depends on the nature of these assets. Some Council buildings have no active market due to the specialised nature of the assets and the services they provide. For such buildings fair value is usually determined on the basis of replacement with a new building having similar service potential. Valuation techniques used to measure fair value of these buildings include significant unobservable inputs (level 3).</p> <p>For buildings that have an active market, buildings are assessed on market value principles which is deemed to be their fair value based on level 2 inputs. The most significant input into this valuation approach is sales transactions of comparable properties within the City, adjusted for any pertinent differences.</p> <p>The significant professional judgments used to estimate the value of buildings are also relevant to the calculation of the annual depreciation expense of these assets.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> <li>▪ reconciled closing balances to the asset registers</li> <li>▪ reconciled the movements in note 7 to the asset registers</li> <li>▪ reviewed the basis for valuation used by external valuers</li> <li>▪ assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards</li> <li>▪ analysed the nature of the land building assets and concluded whether the fair value hierarchy provided in note 7 for each category of asset was reasonable</li> <li>▪ reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports</li> <li>▪ reviewed the useful lives mentioned above for different components and compared them to other local government entities</li> <li>▪ performed a recalculation of depreciation; and</li> <li>▪ assessed the adequacy of disclosures in the financial report.</li> </ul>



### 3.3 Accounting treatment of capitalisation of assets

Why the matter is significant	How the matter was addressed
<p>Councils are asset intensive and highly dependent on multiple assets to deliver services to customers. Hence, there is a high volume of transactions and significant amounts involved in relation to capitalisation of assets.</p> <p>Due to the unique characteristics of Council's assets a number of considerations are taken into account when an expenditure is capitalised which include:</p> <ul style="list-style-type: none"> <li>whether Council is incurring capital expenditure on physical resources that are controlled by Council. Control is the most difficult of the characteristics of an asset to be defined as the concept goes beyond the legal ownership;</li> <li>Inclusions and exclusions of costs at initial recognition of an asset in accordance with AASB 116;</li> <li>Cost involved in dismantling and removing the asset and/or restoring the site under AASB 137;</li> <li>Borrowing costs to be capitalised into the cost of IPPE where the asset is a "qualifying asset" as per AASB 123; and</li> <li>accounting for subsequent costs and defining the nature of these costs as being capital or maintenance expenditure.</li> </ul>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> <li>performed analytical procedures to define whether the amounts capitalised for the FY was in accordance with our expectation and our understanding of the entity;</li> <li>reviewed internal controls in place for capitalisation of assets;</li> <li>selected a sample of additions and performed an assessment of the nature of the addition and concluded whether the addition was recognised in accordance with Australian Accounting Standards;</li> <li>reviewed the WIP schedule and selected a sample of transfers out to ensure that the asset was appropriately valued and capitalised in the right account; and</li> <li>reviewed the WIP schedule in order to identify projects that should have been capitalised but were not.</li> </ul>

### 3.4 Management Override of Controls

Why the matter is significant	How the matter was addressed
<p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare a fraudulent report by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, the risk of material misstatement due to fraud is a significant risk.</p>	<p>Our audit included but was not limited to the following activities:</p> <ul style="list-style-type: none"> <li>tested the appropriateness of journal entries recorded in the general ledger</li> <li>reviewed accounting estimates for biases</li> <li>performed final analytical procedures to conclude as to whether the financial report is consistent with our understanding of the entity</li> <li>requested written representation from Management</li> <li>reviewed IT access controls rights processes in place</li> <li>reviewed processes in place to ensure independent reviews of exception reports generated by Council</li> <li>reviewed processes in place to ensure independent reviews of audit trails of changes to master files.</li> </ul>



### 3.5 Other High Risk Areas

The other high risk areas described in this section are account balances and/or audit areas that are not subject to a high degree of professional judgement, however we assessed their inherent risks as being high due to the materiality of the account balances, the high volume of transactions involved and other reasons outlined below:

Account balance	Why the risk is High	Overall audit response
Rates and charges	<ul style="list-style-type: none"> <li>- largest revenue item</li> <li>- often used as a reference point for analysing expenditure decisions</li> <li>- politically sensitive – reputational risk involved if rates are raised incorrectly.</li> </ul>	<ul style="list-style-type: none"> <li>- walkthroughs and tests of effectiveness of controls from the Better Practice Model</li> <li>- analytical procedures</li> <li>- comparison of total capital values from the VG report to the total capital value recorded in the rates system</li> <li>- reconciliation of the rates modelling to the rates system and to the general ledger</li> <li>- recalculation of rates for a sample of rate payers.</li> </ul>
Employee costs	<ul style="list-style-type: none"> <li>- one of the largest expense items</li> <li>- high volume of transactions / data – subject to error</li> <li>- errors impact individuals financially.</li> </ul>	<ul style="list-style-type: none"> <li>- walkthroughs and tests of effectiveness of controls from the Better Practice Model</li> <li>- analytical procedures</li> <li>- inspection of employee files (contracts, awards, EBs)</li> <li>- inspection of timesheets</li> <li>- recalculation of a sample of individual payments.</li> </ul>
Materials, Contracts & Other expenses	<ul style="list-style-type: none"> <li>- one of the largest expense items</li> <li>- high volume of transactions, inherently higher risk of error</li> <li>- fraud risk area (procurement, payments and credit cards)</li> <li>- procurement and contracting are key focus areas for ICAC and the Auditor-General's Department.</li> </ul>	<ul style="list-style-type: none"> <li>- walkthroughs and tests of effectiveness of controls from the Better Practice Model</li> <li>- analytical procedures</li> <li>- inspection of supporting documents (contracts, invoices, purchase orders, subsequent payments, etc) for a sample of expenses.</li> </ul>
Cash and cash equivalents	<ul style="list-style-type: none"> <li>- material balance</li> <li>- fraud risk</li> <li>- if there is any instance of errors and/or fraud it will be indicative of broader errors</li> <li>- poor attitude to cash controls may be indicative of overall culture related to the entity's controls environment</li> <li>- public money</li> </ul>	<ul style="list-style-type: none"> <li>- walkthroughs and tests of effectiveness of controls from the Better Practice Model</li> <li>- analytical procedures</li> <li>- bank confirmation</li> <li>- inspection of bank statements</li> <li>- verification of outstanding reconciling items</li> <li>- reperformance of bank reconciliations.</li> </ul>
Trade and other payables	<ul style="list-style-type: none"> <li>- one of the largest liabilities</li> <li>- material balance</li> <li>- opportunity for understatement</li> <li>- if there is a poor use of accrual basis of accounting it may be indicative of poor culture</li> <li>- payments represent an opportunity for fraud.</li> </ul>	<ul style="list-style-type: none"> <li>- walkthroughs and tests of effectiveness of controls from the Better Practice Model</li> <li>- analytical procedures</li> <li>- reconciliation between subsidiary ledgers and the general ledger</li> <li>- inspection of subsequent payments for a sample of creditors</li> <li>- inspection of a sample of subsequent payments for completeness test.</li> </ul>

## 4. Internal Controls Opinion and Recommendations

We have performed an extensive review of the Council's financial controls for the purpose of forming our control opinion as required by section 129 of the *Local Government Act 1999* based on council's obligations under s125 of that Act.

Our controls opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the Council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively					2023 Findings			
		2023	2022	2021	2020	2019	H	M	L	BP
Purch/Proc/Contracting	10	9	9	8	6	3	-	1	-	-
Fixed Assets	16	14	15	15	14	13	1	1	-	-
General Ledger	11	10	10	9	9	9	-	1	-	-
Accounts Payable	13	13	13	12	10	10	-	-	-	-
Credit Cards	5	5	4	3	5	5	-	-	-	-
Rates / Rates Rebates	10	10	10	10	8	8	-	-	-	-
Payroll	19	19	19	19	16	15	-	-	-	-
Receipting	5	5	5	5	4	4	-	-	-	-
Banking	5	5	5	5	5	5	-	-	-	-
Debtors	6	6	6	6	6	6	-	-	-	-
<b>Total</b>	<b>100</b>	<b>96</b>	<b>96</b>	<b>92</b>	<b>83</b>	<b>78</b>	<b>1</b>	<b>3</b>	<b>-</b>	<b>-</b>

Overall the Council demonstrated a **high level of compliance** with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

During our interim audit visit we found that the majority of key internal controls reviewed were in place and were operating effectively (96 out of 100 core controls reviewed). Risks were rated based on an assessment of the risk of non-compliance with s125 of the *Local Government Act 1999* as described in Appendix 5 – Risk Ratings.

An interim audit management letter was issued and presented to the audit committee containing our overall assessment of the council's internal controls and all the controls weaknesses identified during our review of the Council's financial controls.

In our opinion, subject to the satisfactory completion of the items described in section 1 of this report, **the Council has complied, in all material respects, with Section 125 of the Local Government Act 1999** in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities.

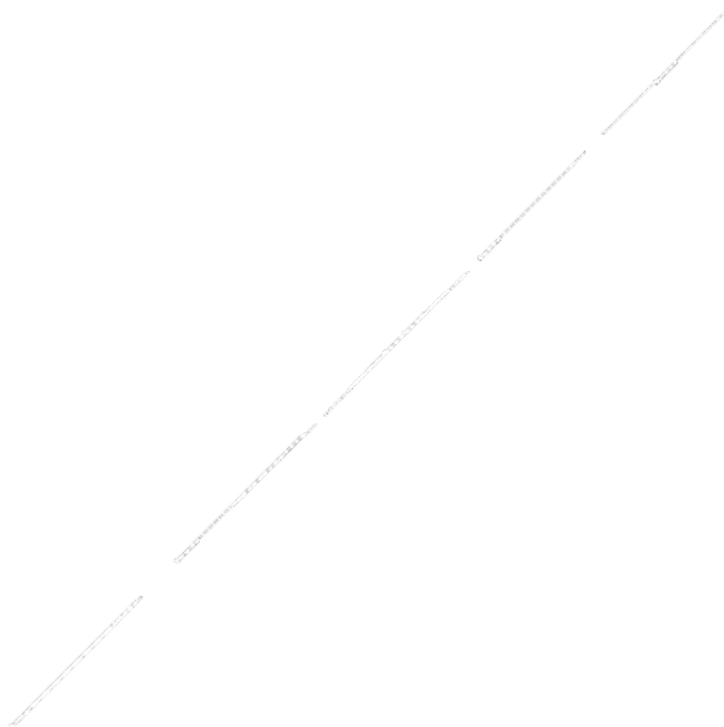




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## 5. Final Management Letter

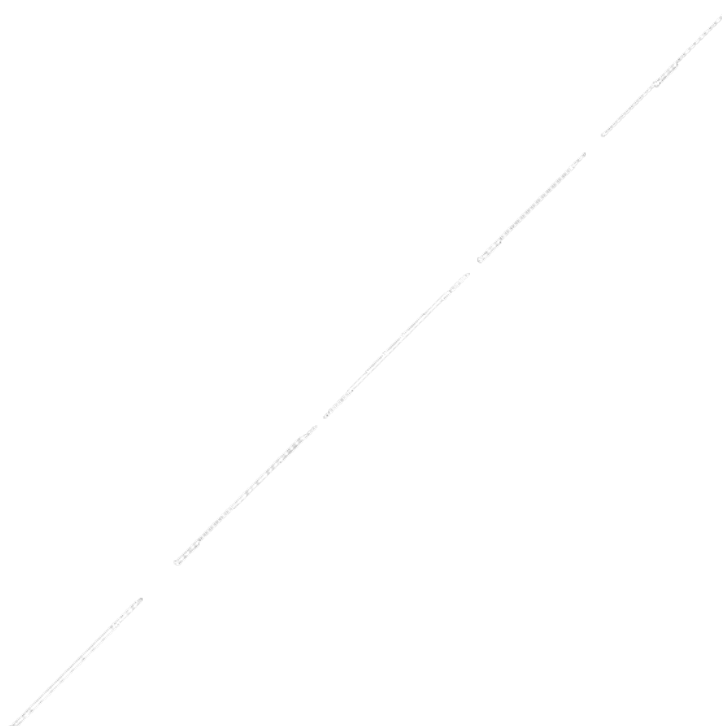
No other findings to be reported apart from the ones already reported in our interim management letter.





## 6. Immaterial Uncorrected Misstatements

There are no Immaterial Uncorrected Misstatements to be reported.





7. Contact Details



**Tim Muhlhausler** CA, B Comm, Grad Dip. (ICAA),  
Registered Company Auditor, MIIA (Aust), Registered SMSF Auditor  
**Partner**

(08) 8332 3433  
(08) 8332 3466  
[www.galpins.com.au](http://www.galpins.com.au)

3 Kensington Road Norwood SA 5067  
PO Box 4067 Norwood South SA 5067



**Juliano Freitas** CA, B Acc, Registered Company Auditor  
**Audit Manager**

(08) 8332 3433  
(08) 8332 3466  
[www.galpins.com.au](http://www.galpins.com.au)

3 Kensington Road Norwood SA 5067  
PO Box 4067 Norwood South SA 5067





## Appendix 1 – Proposed Independent Auditor’s Report on the Financial Report

To the members of The City of Unley

### Opinion

We have audited the accompanying financial report of The City of Unley (the Council), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of The City of Unley.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Council as at 30 June 2023, and its financial performance and its cash flow for the year then ended in accordance with the Australia Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Council’s Responsibility for the Financial Report

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

In preparing the financial report, Council is responsible for assessing the Council’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council’s financial reporting process.

### Auditor’s Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and



are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of this financial report.

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk 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, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Council'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 Council's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**

**Tim Muhlhausler** CA Registered Company Auditor  
Partner

Date:





## Appendix 2 – Proposed Independent Auditor’s Report on the Internal Controls

To the members of The City of Unley

### Independent Assurance Report on the Internal Controls of The City of Unley

#### Opinion

We have audited the compliance of The City of Unley (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2022 to 30 June 2023 have been conducted properly and in accordance with the law.

In our opinion, The City of Unley has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to internal controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2022 to 30 June 2023.

#### Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagement on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2022 to 30 June 2023. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

#### The Council’s Responsibility for Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the *Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law.

#### Our Independence and Quality Control

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





### Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Council to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with the law, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2022 to 30 June 2023. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

### Limitations of Controls

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

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

### Limitation of Use

This report has been prepared for the members of the Council in accordance with section 129 of the *Local Government Act 1999* in relation to the internal controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

### GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

**Tim Muhlhausler** CA Registered Company Auditor  
Partner

Date:



## Appendix 3 – Statement by Auditor

I confirm that, for the audit of the financial statements of The City of Unley for the year ended 30 June 2023, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, 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*.

### **GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**

**Tim Muhlhausler** CA Registered Company Auditor  
Partner

Date:

## Appendix 4 – Better Practice Model (BPM) Risks

The risks outlined below are the main BPM risks addressed when determining our audit approach / response as described in section 2 of this report.

Business Cycles	Risk REF	Risks
Rates	RA1	Council does not raise the correct level of rate income
	RA2	Rates and rate rebates are either inaccurately recorded or not recorded at all
	RA3	The property master file data does not remain pertinent
	RA4	Rates are not collected on a timely basis
User Pay Income / Fee for services	US1	The fee charged does not reasonably reflect the value of the services provided
	US2	Council does not apply User Pay principles consistently
	US3	User pay income is either inaccurately recorded or not recorded at all
Investment / Interest Income	II1	Investment income is either inaccurately recorded or not recorded at all
Other Revenue	OR1	Other revenue is either inaccurately recorded or not recorded at all
Grants	GR1	Council loses recurrent grant funding to provide existing services
	GR2	Grant funding is not claimed by Council on a timely basis or not claimed at all
	GR3	Grants are either inaccurately recorded or not recorded at all
Receipting	RE1	Receipts are either inaccurately recorded or not recorded at all
	RE2	Receipts are not deposited at the bank on a timely basis
Purchasing & Procurement	PP1	Council does not obtain value for money in its purchasing and procurement
	PP2	Purchase of goods and services are made from non-preferred suppliers
	PP3	Purchase orders are either recorded inaccurately or not recorded at all
	PP4	Purchase orders are made for unapproved goods and services
	PP5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file
Payroll	PA1	Payroll expense is inaccurately calculated
	PA2	Payroll disbursements are made to incorrect or fictitious employees
	PA3	Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all
	PA4	Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file.
	PA5	Voluntary and statutory payroll deductions are inaccurately processed or without authorisation
	PA6	Employees termination payments are not in accordance with statutory and enterprise agreements
Credit cards	CC1	Credit cards are issued to unauthorised employees
	CC2	Credit cards are used for purchases of a personal nature
	CC3	Credit card limits are set at inappropriate levels



Business Cycles	Risk REF	Risks
Other Expenses	OE1	Other expenses are invalid, inaccurately recorded or not recorded at all
Contracting	CO1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process
	CO2	Council does not obtain value for money in relation to its Contracting
	CO3	Commitments are made for unapproved goods and services
Banking	BA1	Banking transactions are either inaccurately recorded or not recorded at all
	BA2	Fraud (i.e. misappropriation of funds)
Investments	IN1	Council makes poor investment decisions
	IN2	Investment transactions are either not recorded or are recorded inaccurately
	IN3	Investment income is inaccurately calculated or not recorded in the appropriate period
Debtors	DE1	Debtors are either inaccurately recorded or not recorded at all
	DE2	Rebates and credit notes to debtors are either inaccurately recorded or not recorded at all
	DE3	An appropriate provision for doubtful debts is not recorded
	DE4	Debtors are either not collected on a timely basis or not collected at all
	DE5	The Debtors master file data does not remain pertinent.
Inventories	INV1	Inventories are either inaccurately recorded or not recorded at all
Fixed Assets	FI1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent
	FI2	Fixed assets are inadequately safeguarded
	FI3	Fixed assets are not valued correctly initially or on subsequent revaluation
	FI4	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes inappropriate useful lives and residuals
	FI5	Fixed asset maintenance and/or renewals are inadequately planned
Prepayments	PR1	Prepayments are either inaccurately recorded or not recorded at all
Loans to Community groups	LO1	Loans to community groups are inaccurately recorded or not recorded at all
Accounts Payable	AP1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all
	AP2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all
	AP3	Disbursements are not authorised properly
	AP4	Accounts are not paid on a timely basis
	AP5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file
Accrued Expenses	AE1	Accrued Expenses are either inaccurately recorded or not recorded at all



Business Cycles	Risk REF	Risks
Borrowings	BO1	Borrowings are either not recorded or are recorded inaccurately
	BO2	Loans are taken out without appropriate approval
	BO3	Loans are not repaid in accordance with agreed terms
	BO4	Loan repayments are not recorded at all or are recorded inaccurately
Employee Provisions	EP1	Employee provisions are either inaccurately recorded or not recorded at all
Taxation	TA1	Tax liabilities are either inaccurately recorded or not recorded at all

## Appendix 5 – Risk Ratings

The audit findings identified during our interim audit documented in our interim management letter and in section 4 of this report were rated as follows:

Category	Description
<b>Potential Material Weaknesses</b>	The issue described could lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
<b>Moderate Weaknesses</b>	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
<b>Low Risk Weaknesses</b>	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on the council's financial risk. However, multiple low-level risk weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
<b>Better Practice Weaknesses</b>	The issue described has been included in this report as an opportunity for better practice.





**Galpins**

Accountants, Auditors  
Business Consultants



CHARTERED ACCOUNTANTS™  
AUTHORISED & REGULATED

## THE CITY OF UNLEY

### GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2023

#### Statement by Auditor

I confirm that, for the audit of the financial statements of The City of Unley for the year ended 30 June 2023, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, 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*.

#### GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

A handwritten signature in blue ink, appearing to read 'Tim Muhlhausler'.

**Tim Muhlhausler** CA, Registered Company Auditor  
Partner

Date: 4 October 2023

#### Mount Gambier

Commercial Street West  
Box 246, Mount Gambier SA 5290  
Tel: 08725 3048  
08725 4553  
admin@galpins.com.au

#### Stirling

Unit 4, 3-5 Mount Barker Road  
Box 727, Stirling SA 5152  
Tel: 08339 1258  
08339 1266  
stirling@galpins.com.au

#### Norwood

Pennington Road, Norwood SA 5067  
Box 4647, Norwood South SA 5067  
Tel: 08122 3433  
norwood@galpins.com.au

www.galpins.com.au

Galpins Trading Pty Ltd

ABN 69 636 792 816

Entity limited by a scheme approved  
under Professional Standards Legislation



## General Purpose Financial Statements

for the year ended 30 June 2023

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### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The City of Unley for the year ended 30 June 2023, the Council's Auditor, Galpins has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

---

Peter Tsokas  
Chief Executive Officer

---

Mark Davies  
Presiding Member, Audit Committee

Date: 17 October 2023





## 2022-2023 Annual Report







## At a glance

**500,000+**

PARK VISITORS 2022/23



**750**

BURIALS



**3,182**

CREMATIONS



**947**

FUNERAL  
SERVICES



**576**

CELEBRATION OF LIFE  
GATHERINGS

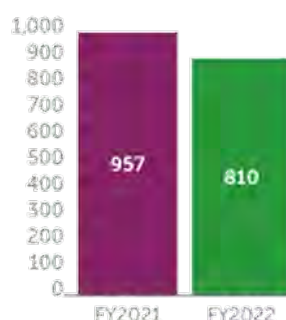


**400**

NATIVE TREES  
AND SHRUBS  
PLANTED

**15,000**

COFFEES  
SERVED



**15.32%**  
REDUCTION

IN CARBON EMISSIONS  
FROM FY2021 TO FY2022



**11 EVENTS  
AND**

**18 TOURS**

WITH OVER

**2,300**

ATTENDEES

Cover: Endless Dance by Claude Portelli



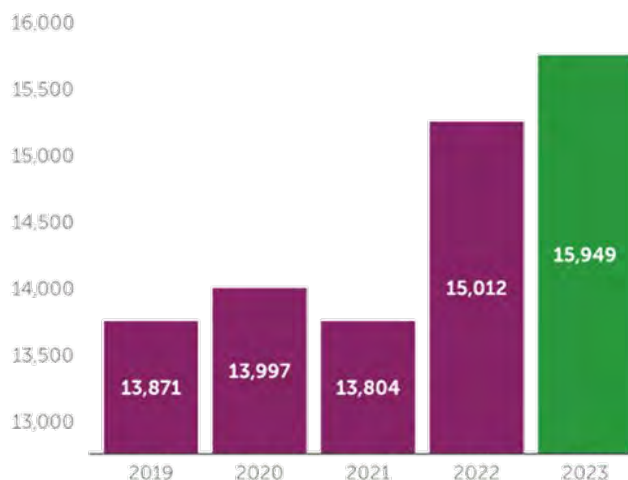
## Operating Environment

At Centennial Park, our utmost dedication lies in delivering services marked by dignity, respect, care, and transparency. Throughout the year, we supported families of nearly a quarter of those who passed away in South Australia. Additionally, we proudly facilitated celebration of life gatherings and are the resting place for many cherished individuals.

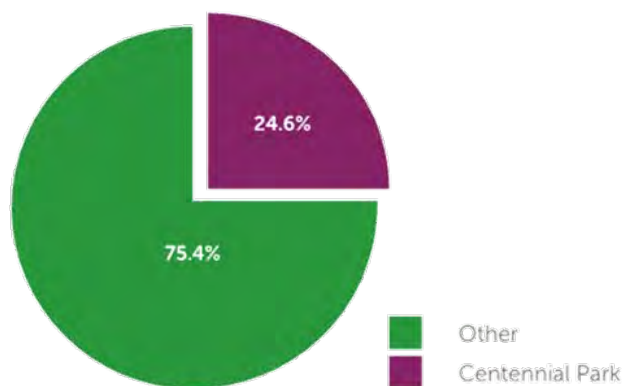
### State Deaths

Centennial Park provided burial or cremation services for 24.6% of all recorded deaths in South Australia.

#### Total State Deaths



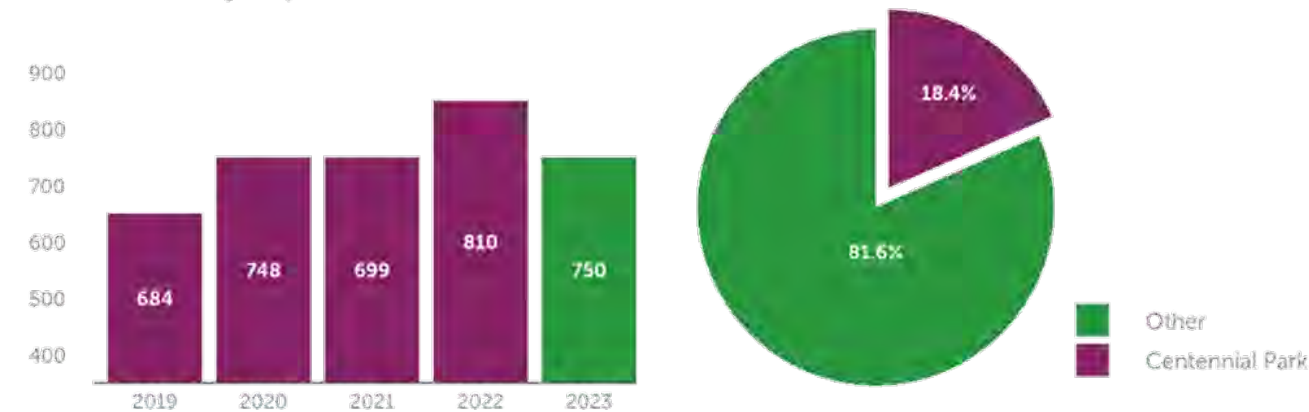
#### Total Burial and Cremation Services





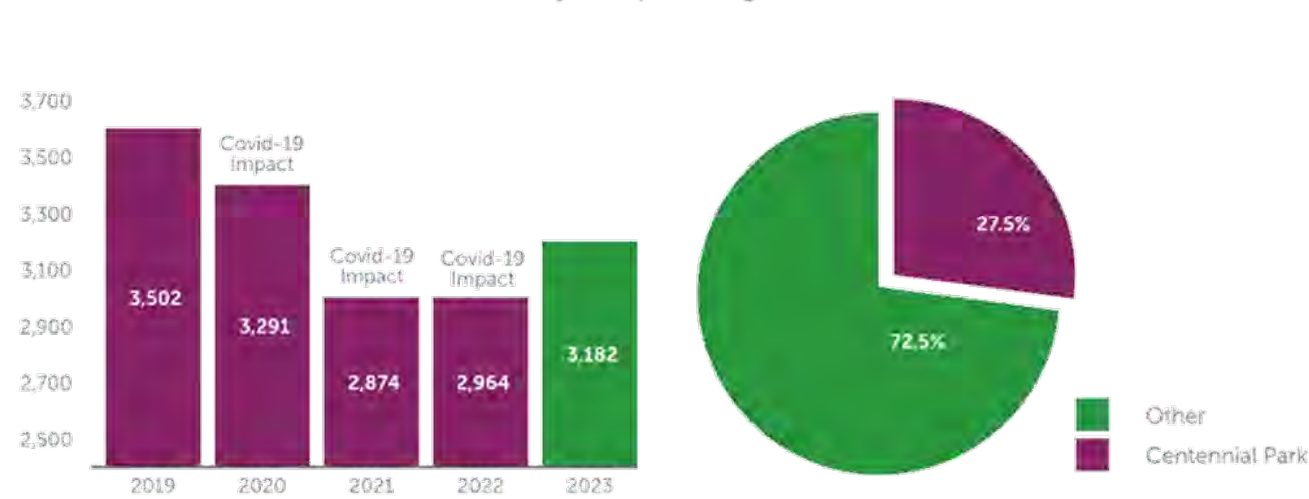
### Burials

Centennial Park performed 750 burials this year. This represents 18.4% of all the burials in South Australia and 38.1% of all Adelaide metropolitan burials. These figures are consistent with recent years, indicating that we continue to meet the community’s expectations with our services and facilities.



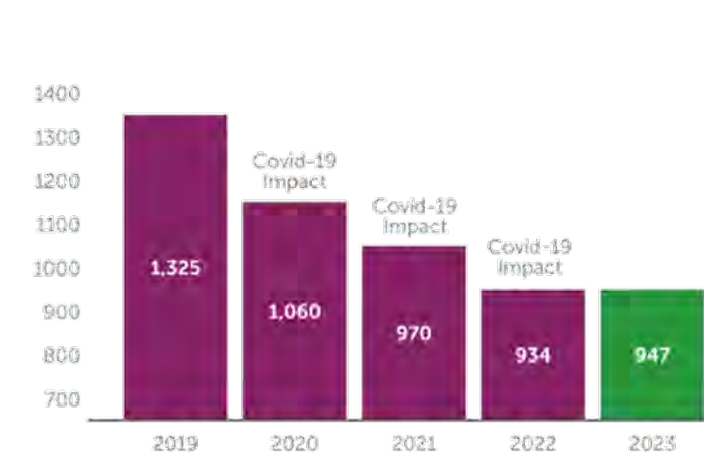
### Cremations

Centennial Park conducted 3,182 cremations this year, representing 27.5% of all cremations in South Australia.



### Funeral and Memorial Services

Centennial Park hosted 947 funeral and memorial services across our Jubilee Complex and Gardens.









## Our Natural Environment

As part of implementing our 2022-2026 Strategic Plan and focus on our natural environment, we have developed an Environment Sustainability Plan (ESP). The ESP outlines our commitment to continual enhancement of our natural habitat environment and to providing a healthy and resilient place for all. We are aiming for long-term benefits for the Park and the community.

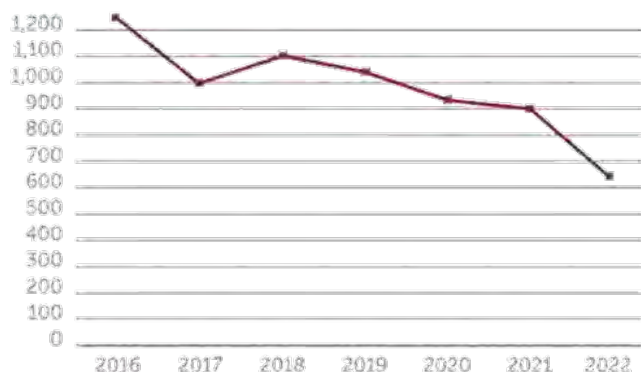
As trailblazers in this area, the ESP is built on a strong foundation of past actions and achievements.

### Carbon Emissions

For more than 15 years we have completed an annual audit of our greenhouse gas emissions and purchased carbon credits to offset any emissions.

Since the base year emissions of FY2008, we have successfully reduced our overall emissions by 638.6 tonnes of CO<sub>2</sub>-e. This is a decrease of 47.7% based on an annual like-for-like net comparison.

#### Tonnes of CO<sub>2</sub>-e



### Tree Planting

We have been an active member of Trees For Life since the mid 1990's.

Each year, including the 2023 financial year, we plant an average of 400 trees and shrubs around our boundary to provide a natural screen and important habitat for our wildlife.

### Water Bottles

As part of our commitment to environmental management, we have made a significant change by replacing our branded plastic water bottles with aluminium bottles. Not only are these bottles produced locally in Australia, they also contribute to a reduction in carbon emissions associated with transportation. Furthermore, we have taken an additional step by including a 10c refund collection, encouraging our community to recycle these bottles.

## Our Assets

As part of refurbishing, upgrading and replacing assets, during the 2023 financial year we:

- Replaced two petrol cars with electric vehicles. One for the Burial Team to lead hearses and funeral processions to burials. The other for the Memorial Sales team to show families around the Park when choosing memorial positions.
- Replaced two Gator vehicles, part of our garden maintenance equipment.

### Cemetery Beam Replacement Program

We continued to implement an annual program of replacing the old concrete foundations (beams), on which headstones are placed, to strengthen them and better secure the headstones. We replaced 129 beams, totalling 608 lineal meters in the General AC area of the cemetery. We will continue to replace a similar number of beams in FY2024.

### Landscaping and Beautifying Our Gardens

We are continually working to keep our grounds looking beautiful all year round. This year we have completed several projects, including:

- Redevelopment of Contemplation Court, our temporary memorial area for ashes after a Centennial Park cremation. New walls have been constructed on the western side and new paving, seating and beautiful landscaped surroundings are in place.
- New paved footpath and landscaping in Lutheran Lawn.
- Installed our new sculpture, Endless Dance, in Weeping Rose Garden.
- New pencil pine trees and underplanting in Childrens 2.

### Upgrade of Security System

This year we upgraded the security system across all buildings within the Park. In FY24 we will automate a number of our Park gates.

### Community Partnerships

We proudly partnered with not-for-profit organisations to help us maintain and improve our facilities while improving the lives of others.

Bedford, local disability and support services provider, continued to help us to maintain our grounds. Bedford employees learned new skills and gained hands-on experience while working in our gardens.

Each year TAFE students gain practical experience pruning our roses under the supervision of their lecturers. Rose pruning is one of the biggest tasks in the garden each year and we are pleased to be part of this mutually beneficial arrangement.

## Our Community Engagement

In FY23, we were delighted to bring back our comprehensive lineup of events, catering to various interests within the community.

Our calendar included a diverse range of occasions, such as the Father's Day Breakfast, All Soul's Service, Remembrance Day Service, Jubilee Complex Blessing, Anzac Tribute, Mother's Day High Tea and Behind the Scenes Tours.

We aimed to provide engaging experiences that celebrated special moments and fostered meaningful connections with our visitors. Highlights for the year included:

### SALA in the Park

This year marked the 25th anniversary of the SALA Festival, making it an extra special occasion.

We invited the community to walk-through our self-guided sculpture trail, where visitors could immerse themselves in the captivating blend of nature and art. In addition to our existing collection of 13 sculptures, we introduced five temporary sculptures, strategically placed to create a harmonious and contemplative atmosphere.

We were pleased to now include Endless Dance as part of our permanent collection.

### Planning Seminars

Our end-of-life planning seminars returned, held in October, March and June. Attendees heard from specialist estate lawyers about key legal aspects of end-of-life planning, as well as the benefits of planning and communicating final farewell wishes.

### Pregnancy and Infant Loss Tribute

Centennial Park has been observing International Pregnancy and Infant Loss Remembrance Day on October 15 for several years. As a heartfelt gesture, we adorned each resting place within our Infant and Children's areas with vibrant butterflies.

We also offered the families of the little ones in our care a copy of the children's book on grief titled "Yesterday You Were Here" by South Australian author Melissa Little. In the Jubilee Complex foyer, we created a mesh tribute wall, allowing individuals to express their remembrance by writing heartfelt notes.

### History Festival

We took part in the SA History Festival in May, conducting history tours through the Park. A great response resulted in an additional tour being scheduled.

A brochure highlighted some key figures memorialised in the Park together with key dates over the past 80 years.

*"The tour content was excellent. I enjoyed the gardens and being amongst nature and the colourful Autumn leaves. Enjoyable stories including the multicultural backgrounds and life changing work of notable individuals. Great to reflect on the work and achievements of some important political and medical professionals as well as significant war heroes. Enjoyed the story of Mahomet Allum, Walter Shiers and to know that Mr Penfold is laid to rest at Centennial Park. Would highly recommend this tour."*





## Our People

We have maintained a steadfast commitment to the health and wellbeing of our team and it remains a top priority for us.

Based on the invaluable feedback we received from our Health and Wellbeing Survey last year, we have taken concrete steps to address the needs and concerns of our team members. This year, we have introduced various sessions and programs, including mental health awareness training, stress management and resilience building, and self-care initiatives.

We are acutely aware of the sensitive nature of our workplace environment and we consistently strive to create opportunities for self-care, reflection and overall wellbeing. Work-life balance is a core value for us, and to align with this principle, we have expanded our parental leave benefits to assist eligible team members in managing their family responsibilities.

We have also increased opportunities for our teams to come together collectively, fostering informal team gatherings that encourage camaraderie, celebrate achievements, acknowledge milestones, and reflect on the invaluable services we offer.

Professional development remains a key focus, and we have undertaken significant projects to assess our organisational capacity and determine the ongoing professional development needs of our workforce.

In our Operations team, we are dedicated to workforce succession planning, offering learning and development opportunities in horticulture. We have also welcomed a Landscape Construction Trainee to our team, further bolstering our expertise in this area.

Additionally, we are proud to support career advancement and cross-skilling opportunities for our team members across the organisation. Through an internal appointment, we have designated a dedicated Interment Services Consultant within our Operations team, enhancing our customer experience and serving as a vital link between families and funeral directors.

### Work, Health & Safety

Centennial Park takes its responsibility to provide a safe and healthy working environment seriously. Our primary objective is to minimise, whenever feasible, the occurrence of accidents, incidents, customer complaints and work-related injuries.

To achieve this, we have implemented our annual Work Health Safety and Injury Management Action Plan, developed in consultation with the LGAWCS (Local Government Association of Workers' Compensation Scheme). This plan serves as a strategic framework to enhance our WHS (Work Health Safety) management system, ensuring continuous improvement and proactive risk mitigation.

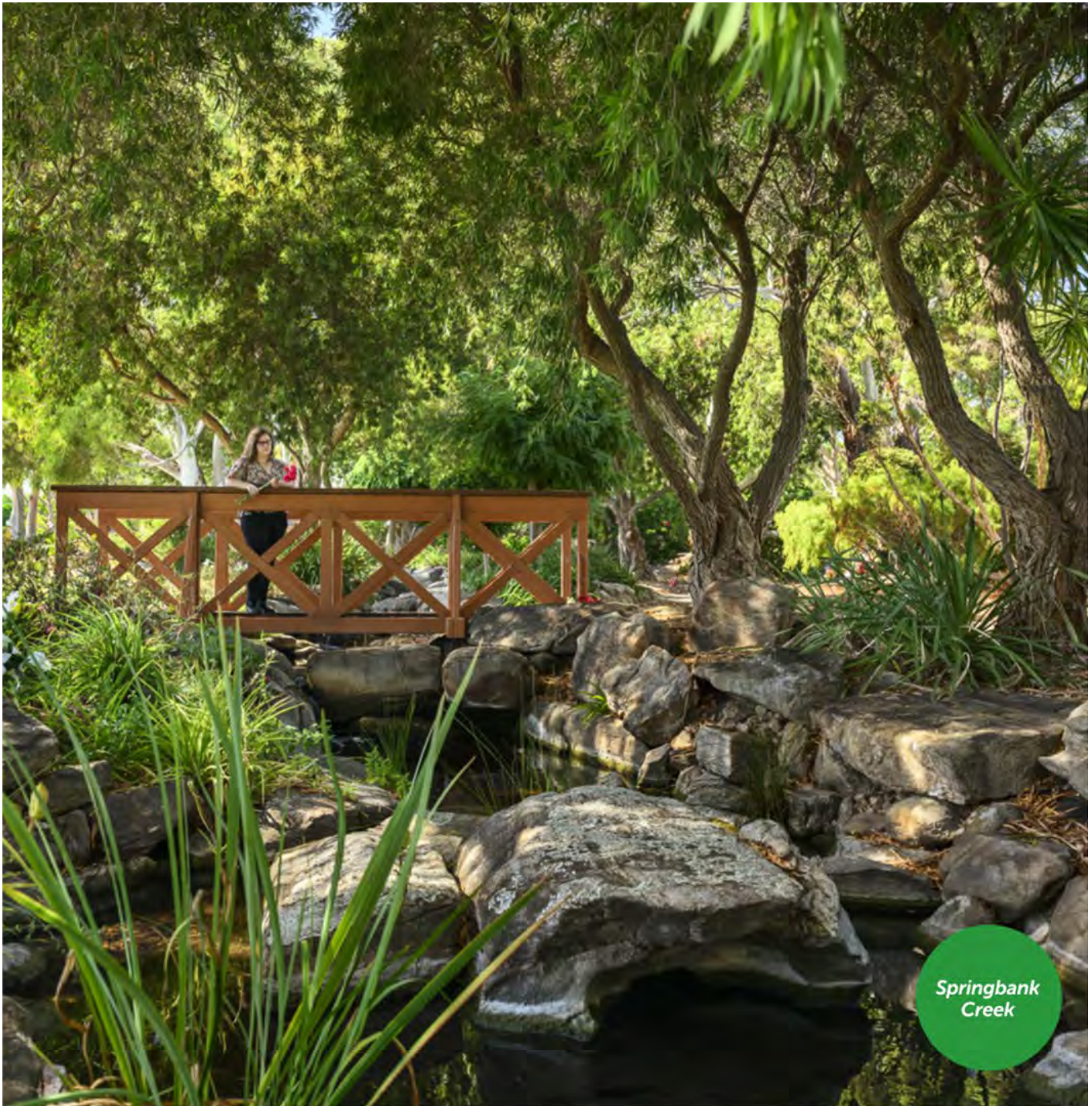
In addition to physical safety, we also value the overall well-being of our team members. To support their general health, we maintain the provision of our Employee Assistance Program, offering valuable resources for personal and professional challenges. Moreover, we encourage a healthy lifestyle through our Healthy Lifestyle Program, empowering team members to make positive choices for their own well-being.

By prioritising safety, fostering a supportive work environment, and promoting employee health, we strive to create a workplace that is not only productive but also conducive to the well-being and satisfaction of our team members.

### Summary of Centennial Park's WHS data from the previous 6 years

Indicator	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018
Number of injuries resulting in lost time at work	1	1	0	0	1	0
Lost days due to injury	5	50	0	0	2	0
Number of accidents/incidents reported	19	21	35	35	34	36
Number of hazards reported	5	1	1	8	4	7





Springbank  
Creek

## Information & Communication Technology

We continued our focus on cyber security and resilience, as well as improving the online experience for our team, our customers and industry partners.

During FY2023 the following initiatives were undertaken:

- Business continuity planning, cyber training and an Essential Eight audit to build on our cyber strategy.
- Enhanced our livestreaming capabilities to provide greater accessibility to funeral services online and reliability.
- Improved our internal communications with an upgrade to our Intranet.
- Upgraded our computer fleet providing team members with greater mobility for collaboration and customer service.

We continued to digitise our records, with another 135 folders/25 boxes of paper records completed.



## Financial Performance

The Authority produced an operating surplus of \$839K which was \$705K better than the previous period.

The Liability Guarantee Fee paid to Owner Councils was \$690K in total. Before payment of the Liability Guarantee Fee, the result for the year was \$1.5m, resulting in an operating surplus of 11% of revenue.

A complete set of audited financial statements follows in this Annual Report.



# Annual Accounts

**For the year ended 30 June 2023**

A place for the living; a vibrant community hub. A place where life is cherished,  
commemorated, contemplated, and celebrated.

**Centennial Park Cemetery Authority**

760 Goodwood Road, Pasadena, South Australia 5042

08 8276 6011

[enquiry@centpark.org.au](mailto:enquiry@centpark.org.au)

[www.centennialpark.org](http://www.centennialpark.org)

# Centennial Park Cemetery Authority

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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*To be a place for the living, a vibrant community hub. A  
place where life is cherished, commemorated, contemplated  
and celebrated.*





**Centennial Park Cemetery Authority**  
**General Purpose Financial Statements**  
for the year ended 30 June 2023

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Financial Statements 2023

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**Centennial Park Cemetery Authority**  
**General Purpose Financial Statements**  
for the year ended 30 June 2023

Financial Statements 2023

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**Certification of Financial Statements**

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

**In our opinion:**

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2023 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.



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Janet Miller  
**Chief Executive Officer**

01 September 2023



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Amanda Heyworth  
**Chair**

01 September 2023

## Centennial Park Cemetery Authority

Financial Statements 2023

## Statement of Comprehensive Income

for the year ended 30 June 2023

\$	Notes	2023	2022
<b>Income</b>			
User charges	2a	12,882,720	11,184,792
Investment income	2b	336,484	65,300
<b>Total income</b>		<b>13,219,204</b>	<b>11,250,092</b>
<b>Expenses</b>			
Employee costs	3a	5,622,894	5,204,045
Materials, contracts and other expenses	3b	4,806,566	3,999,638
Depreciation, amortisation and impairment	3c	1,950,441	1,912,263
<b>Total expenses</b>		<b>12,379,901</b>	<b>11,115,946</b>
<b>Operating surplus / (deficit)</b>		<b>839,303</b>	<b>134,146</b>
Asset disposal and fair value adjustments	4	79,214	(30,186)
<b>Net surplus / (deficit)</b>		<b>918,517</b>	<b>103,960</b>
<b>Other comprehensive income</b>			
Changes in revaluation surplus - I, PP&E	9a	—	15,463,235
Impairment (expense) / recoupments offset to asset revaluation reserve		—	51,797
Other movements		153,091	(103,822)
<b>Total other comprehensive income</b>		<b>153,091</b>	<b>15,411,210</b>
<b>Total comprehensive income</b>		<b>1,071,608</b>	<b>15,515,170</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Centennial Park Cemetery Authority

Financial Statements 2023

## Statement of Financial Position

as at 30 June 2023

\$	Notes	2023	2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent assets	5a	10,861,993	8,588,784
Trade and other receivables	5b	1,186,561	1,103,748
Inventories	5c	287,615	497,486
<u>Subtotal</u>		<u>12,336,169</u>	<u>10,190,018</u>
<b>Total current assets</b>		<u>12,336,169</u>	<u>10,190,018</u>
<b>Non-current assets</b>			
Other non-current assets	6	537,467	497,350
Infrastructure, property, plant and equipment	7a(i)	55,016,766	54,931,316
<b>Total non-current assets</b>		<u>55,554,233</u>	<u>55,428,666</u>
<b>TOTAL ASSETS</b>		<u>67,890,402</u>	<u>65,618,684</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8a	3,290,851	3,173,082
Borrowings	8b	32,067	30,398
Provisions	8c	696,902	614,830
<u>Subtotal</u>		<u>4,019,820</u>	<u>3,818,310</u>
<b>Total current liabilities</b>		<u>4,019,820</u>	<u>3,818,310</u>
<b>Non-current liabilities</b>			
Borrowings	8b	64,406	22,798
Provisions	8c	15,229,590	14,272,598
<b>Total non-current liabilities</b>		<u>15,293,996</u>	<u>14,295,396</u>
<b>TOTAL LIABILITIES</b>		<u>19,313,816</u>	<u>18,113,706</u>
<u>Net assets</u>		<u>48,576,586</u>	<u>47,504,978</u>
<b>EQUITY</b>			
Accumulated surplus		10,645,020	9,726,503
Asset revaluation reserves	9a	37,459,464	37,459,464
Other reserves	9b	423,400	270,309
Contributed Equity	9	48,702	48,702
<u>Total equity</u>		<u>48,576,586</u>	<u>47,504,978</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Centennial Park Cemetery Authority

Financial Statements 2023

## Statement of Changes in Equity

for the year ended 30 June 2023

\$	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Contributed Equity	Total equity
<b>2023</b>						
Balance at the end of previous reporting period		9,726,503	37,459,464	270,309	48,702	47,504,978
Net surplus / (deficit) for year		918,517	—	—	—	918,517
<b>Other comprehensive income</b>						
Gain (loss) on revaluation of IPP&E	7a	—	—	—	—	—
IPP&E impairment (expense) / recoupments offset to ARR	7a	—	—	—	—	—
- Recycled Metals Charitable Reserve	9b	—	—	153,318	—	153,318
- E M M Kay	9b	—	—	(227)	—	(227)
<b>Other comprehensive income</b>		—	—	153,091	—	153,091
<b>Total comprehensive income</b>		918,517	—	153,091	—	1,071,608
<b>Balance at the end of period</b>		<b>10,645,020</b>	<b>37,459,464</b>	<b>423,400</b>	<b>48,702</b>	<b>48,576,586</b>
<b>2022</b>						
Balance at the end of previous reporting period		9,622,543	22,048,026	270,537	48,702	31,989,808
Net surplus / (deficit) for year		103,960	—	—	—	103,960
<b>Other comprehensive income</b>						
Gain (loss) on revaluation of IPP&E	7a	—	15,463,235	—	—	15,463,235
IPP&E impairment (expense) / recoupments offset to ARR	7a	—	(51,797)	—	—	(51,797)
- E M M Kay	9b	—	—	(228)	—	(228)
<b>Other comprehensive income</b>		—	15,411,438	(228)	—	15,411,210
<b>Total comprehensive income</b>		103,960	15,411,438	(228)	—	15,515,170
<b>Balance at the end of period</b>		<b>9,726,503</b>	<b>37,459,464</b>	<b>270,309</b>	<b>48,702</b>	<b>47,504,978</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



## Centennial Park Cemetery Authority

Financial Statements 2023

## Statement of Cash Flows

for the year ended 30 June 2023

\$	Notes	2023	2022
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Operating Receipts		13,876,850	11,506,463
Investment Receipts		281,402	65,300
<u>Payments</u>			
Payments to Employees		(5,529,281)	(5,238,644)
Payments for Materials, Contracts & Other Expenses		(4,397,892)	(3,233,280)
<b>Net cash provided by (or used in) operating activities</b>	11b	<u>4,231,079</u>	<u>3,099,839</u>
<b>Cash flows from investing activities</b>			
<u>Receipts</u>			
Sale of Replaced Assets		79,214	34,775
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(1,411,578)	(1,419,851)
Expenditure on New/Upgraded Assets		(585,839)	(395,836)
<b>Net cash provided (or used in) investing activities</b>		<u>(1,918,203)</u>	<u>(1,780,912)</u>
<b>Cash flows from financing activities</b>			
<u>Payments</u>			
Repayment of Lease Liabilities		(39,667)	(58,195)
<b>Net cash provided by (or used in) financing activities</b>		<u>(39,667)</u>	<u>(58,195)</u>
<b>Net increase (decrease) in cash held</b>		2,273,209	1,260,732
plus: Cash & Cash Equivalents at beginning of period		8,588,784	7,328,052
<b>Cash and cash equivalents held at end of period</b>	11a	<u>10,861,993</u>	<u>8,588,784</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Centennial Park Cemetery Authority

Financial Statements 2023

### Notes to and forming part of the Financial Statements for the year ended 30 June 2023

#### Contents of the Notes accompanying the General Purpose Financial Statements

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## Centennial Park Cemetery Authority

Financial Statements 2023

### Notes to and forming part of the Financial Statements for the year ended 30 June 2023

#### Note 1. Summary of Significant Accounting Policies

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

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

##### (1) Basis of preparation

###### 1.1 Compliance with Australian Accounting Standards

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

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

###### 1.2 Critical accounting estimates

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

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

###### 1.3 Rounding

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

##### (2) The local government reporting entity

Centennial Park Cemetery Authority is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 760 Goodwood Road, Pasadena.

The principal activities relating to the Authority's functions are:

Provision of cremation, cemetery and chapel services and memorial garden facilities.

##### (3) Income recognition

Revenue is recognised under *AASB 15 Revenue from Contracts with Customers* (AASB 15), *AASB 16 Leases* (AASB 16) or *AASB 1058 Income of Not-for-Profit Entities* (AASB 1058) when appropriate.

The Authority predominately generates revenue through the following streams:

- i. Burial, Cremation and Chapel services
- ii. Burial and Memorial Interment rights

Each of the above goods and services delivered or to be delivered to the customers are considered separate performance obligations even though for some situations they may be governed by a single legal contract with the customer.

###### 1. Burial, Cremation and Chapel Services

- **At-need** – Revenue is recognised when the service is performed, or the goods are supplied.
- **Prepaid funeral services** – The Authority enters into prepaid contracts to provide burial and cremation services in the future. Funds received are treated as unearned revenue as the payment has been received but the service has not yet been provided.

###### 2. Burial and Memorial Interment rights

- **Interment Rights (Limited Tenure)** – Revenue from interment rights is apportioned between a right to inter, a right to erect a monument, and a right to ongoing maintenance of the site. The right to inter provides an immediate benefit and this portion of revenue is recognised at contract inception. The right to erect a monument and the right to garden maintenance provide an ongoing benefit and this portion of revenue is accounted for on a straight-line basis over the term of the right.

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## Centennial Park Cemetery Authority

Financial Statements 2023

### Notes to and forming part of the Financial Statements for the year ended 30 June 2023

#### Note 1. Summary of Significant Accounting Policies (continued)

- **Interment Right Renewals (Limited Tenure)** – Revenue from interment right renewals is for the ongoing maintenance of the site and is recognised as income on a straight-line basis over the average term of renewals that year.
- **Interment Rights (Perpetual)** – As a perpetual Interment Right has no end date revenue is recognised when control of the interment right passes to the customer. The customer gains control of the interment right at contract inception.

#### (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 four 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, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 12.

#### (5) Inventories

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

#### (6) Infrastructure, property, plant and equipment

##### 6.1 Initial recognition

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

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

##### 6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority for each type of asset. The current policy is to expense all capital items less than \$5,000.

##### 6.3 Subsequent recognition

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

##### 6.4 Depreciation of non-current assets

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

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

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

Plant & Equipment	2.5 to 10 years
Buildings	65 to 70 years
Other Structures	35 to 65 years
Infrastructure	12 to 100 years
Motor Vehicles	4 to 10 years

continued on next page ...

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## Centennial Park Cemetery Authority

Financial Statements 2023

### Notes to and forming part of the Financial Statements for the year ended 30 June 2023

#### Note 1. Summary of Significant Accounting Policies (continued)

##### 6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if the 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).

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.

##### (7) Payables

###### 7.1 Goods & Services

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

###### 7.2 Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery are recognised as liabilities until the service is delivered or the amount is refunded as the case may be.

##### (8) Employee benefits

###### 8.1 Salaries, Wages & Compensated Absences

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

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

Weighted avg. discount rate	0.87% (2022, 0.88%)
Weighted avg. settlement period	7 years (2022, 7 years)

No accrual is made for sick leave as the Authority does not make payment for untaken sick leave.

###### 8.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to the Hostplus Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and the Authority's involvement with the schemes are reported in Note 17.

##### (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.

###### 9.1 The 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.

continued on next page ...

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## Centennial Park Cemetery Authority

Financial Statements 2023

### Notes to and forming part of the Financial Statements for the year ended 30 June 2023

#### Note 1. Summary of Significant Accounting Policies (continued)

##### 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, as follows:

Computers	3 to 5 years
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The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

##### 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 assets

The Authority applies the short-term lease recognition exemption to any 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.

#### (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) Payments to Constituent Councils

A Liability Guarantee Fee of \$690,242 was paid to the Constituent Councils (2022 Liability Guarantee Fee of \$659,257 was paid).

#### (12) New accounting standards and UIG interpretations

The Authority has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

##### Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2023, these standards have not been adopted by the Authority and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for the Authority then further information has been provided in this note.

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

##### Effective for NFP annual reporting periods beginning on or after 1 January 2023

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and associated standards (amended by AASB 2020-6)

continued on next page ...

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## Centennial Park Cemetery Authority

Financial Statements 2023

### Notes to and forming part of the Financial Statements for the year ended 30 June 2023

#### Note 1. Summary of Significant Accounting Policies (continued)

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- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates* (amended by AASB2021-6)

#### Effective for NFP annual reporting periods beginning on or after 1 January 2024

- *AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback*. (This Standard makes amendments to AASB 16 Leases, February 2016. These amendments arise from the issuance of International Financial Reporting Standard Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) by the International Accounting Standards Board (IASB) in September 2022)
- *AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* (This Standard makes amendments to AASB 13 Fair Value Measurement, August 2015 for application by not-for profit public sector)

#### (13) 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.

#### (14) Disclaimer

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

## Centennial Park Cemetery Authority

Financial Statements 2023

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

## Note 2. Income

\$	2023	2022
<b>(a) User charges</b>		
Cremation	1,454,898	1,377,496
Memorial	3,756,688	3,315,305
Burial	7,423,165	6,012,155
Chapel Fees	900,532	978,224
Deferred Interment Right Revenue	(945,451)	(593,370)
Cafe and Catering Revenue	39,201	7,590
Retail Store	66,557	60,551
Sundry Income	187,130	26,841
<b>Total user charges</b>	<b>12,882,720</b>	<b>11,184,792</b>

**(b) Investment income**

Interest on investments		
- Local Government Finance Authority	312,443	57,436
- Banks and other	24,041	7,864
<b>Total investment income</b>	<b>336,484</b>	<b>65,300</b>

## Note 3. Expenses

\$	Notes	2023	2022
<b>(a) Employee costs</b>			
Salaries and wages		4,650,517	4,370,030
Employee leave expense		403,772	330,690
Superannuation - defined contribution plan contributions	17	450,581	411,297
Workers' compensation insurance		122,497	92,028
Less: capitalised and distributed costs		(4,473)	-
<b>Total operating employee costs</b>		<b>5,622,894</b>	<b>5,204,045</b>
Total number of employees (full time equivalent at end of reporting period)		54	52

continued on next page ...

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## Centennial Park Cemetery Authority

Financial Statements 2023

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

## Note 3. Expenses (continued)

\$	Notes	2023	2022
<b>(b) Materials, contracts and other expenses</b>			
<b>(i) Prescribed expenses</b>			
Auditor's remuneration			
- Auditing the financial reports		14,600	15,000
Operating lease rentals - non-cancellable leases	16		
- Minimum lease payments		2,565	-
<b>Subtotal - prescribed expenses</b>		<b>17,165</b>	<b>15,000</b>
<b>(ii) Other materials, contracts and expenses</b>			
Contractors		620,608	468,283
Energy		236,208	231,848
Individually significant items		690,242	659,257
Maintenance		820,957	643,766
Legal expenses		18,245	27,637
Parts, accessories and consumables		939,092	729,374
Professional services		150,765	115,198
Insurance		138,425	145,500
Licences		229,991	203,175
Water		215,176	152,267
Sundry		729,692	608,333
<b>Subtotal - Other material, contracts and expenses</b>		<b>4,789,401</b>	<b>3,984,638</b>
<b>Total materials, contracts and other expenses</b>		<b>4,806,566</b>	<b>3,999,638</b>
<b>(iii) Individually significant items</b>			
Liability Guarantee Fee		690,242	659,257
<b>(c) Depreciation, amortisation and impairment</b>			
<b>(i) Depreciation and amortisation</b>			
Buildings and other structures		459,951	456,003
Infrastructure		885,858	877,241
Right-of-use assets		45,021	56,675
Plant and equipment		401,044	361,821
Motor Vehicle		154,214	156,537
<b>Subtotal</b>		<b>1,946,088</b>	<b>1,908,277</b>
<b>(ii) Amortisation</b>			
Trademarks		4,353	3,986
<b>Subtotal</b>		<b>4,353</b>	<b>3,986</b>
<b>Total depreciation, amortisation and impairment</b>		<b>1,950,441</b>	<b>1,912,263</b>

## Centennial Park Cemetery Authority

Financial Statements 2023

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

## Note 4. Asset disposal and fair value adjustments

\$	2023	2022
Infrastructure, property, plant and equipment		
<b>(i) Assets renewed or directly replaced</b>		
Proceeds from disposal	86,639	34,775
Less: carrying amount of assets sold	(7,425)	(64,961)
<b>Gain (loss) on disposal</b>	<b>79,214</b>	<b>(30,186)</b>
<b>Net Gain (Loss) on Disposal</b>	<b>79,214</b>	<b>(30,186)</b>

## Note 5. Current assets

\$	2023	2022
<b>(a) Cash and cash equivalent assets</b>		
Cash on hand and at bank	302,720	235,696
Deposits at call	1,559,273	1,353,088
Short term deposits and bills, etc.	9,000,000	7,000,000
<b>Total cash and cash equivalent assets</b>	<b>10,861,993</b>	<b>8,588,784</b>

**(b) Trade and other receivables**

Debtors - general	1,061,856	898,009
Prepayments & Other Receivables	124,705	205,739
<b>Total trade and other receivables</b>	<b>1,186,561</b>	<b>1,103,748</b>

**(c) Inventories**

Stores and materials	6,038	14,747
Trading stock	281,577	482,739
<b>Total inventories</b>	<b>287,615</b>	<b>497,486</b>

## Note 6. Non-current assets

\$	2023	2022
Other non-current assets		
<b>Other</b>		
Capital work in progress	506,548	462,078
Trademarks	30,919	35,272
<b>Total other non-current assets</b>	<b>537,467</b>	<b>497,350</b>

Centennial Park Cemetery Authority

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

Note 7. Infrastructure, property, plant & equipment and investment property

(a)(i) Infrastructure, property, plant and equipment

	Fair Value Total	as at 30/06/22				Asset movements during the reporting period							as at 30/06/23			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions Net / (Disposals)	Asset Additions Reversals	WOW of Asset Disposals	Depreciation Expense Note 30	Impairment Losses Recognised in Equity (Note 3)	Revaluation Decrements in Equity (Note 3)	Revaluation Increments in Equity (Note 3)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
2	Land	2,090,000	-	-	2,090,000	-	-	-	-	-	-	-	2,090,000	-	-	2,090,000
3	and	7,670,000	-	-	7,670,000	-	-	-	-	-	-	-	7,670,000	-	-	7,670,000
2	Buildings and other structures	200,000	-	(195,210)	4,790	-	-	-	(4,210)	-	-	-	200,000	-	(199,420)	580
3	Buildings and other structures	22,556,798	31,379	(7,541,083)	15,096,442	213,894	11,904	(3,785)	(455,741)	-	-	-	23,552,152	306,167	(7,998,654)	14,861,515
5	Infrastructure	46,364,740	1,213,714	(19,716,005)	27,862,449	262,268	513,456	(2,600)	(845,666)	-	-	-	46,362,130	1,091,446	(20,861,863)	27,771,707
	Right-of-use assets	-	227,769	(160,299)	62,469	-	82,943	-	(40,021)	-	-	-	-	370,723	(210,320)	160,403
	Plant and equipment	-	5,550,863	(3,707,852)	1,842,990	23,996	827,257	(14,797)	(407,044)	-	-	-	-	6,017,309	(4,318,609)	1,698,699
	Motor Vehicle	-	1,542,257	(867,054)	482,253	-	370,054	(23,879)	(154,214)	-	-	-	-	1,629,466	(1,018,217)	618,249
	<b>Total Infrastructure, property, plant and equipment</b>	<b>78,900,876</b>	<b>8,215,974</b>	<b>(32,125,534)</b>	<b>54,931,316</b>	<b>499,158</b>	<b>1,577,650</b>	<b>(45,271)</b>	<b>(1,046,986)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,804,782</b>	<b>10,254,105</b>	<b>(30,131,621)</b>	<b>58,016,768</b>
	Comparatives	78,639,168	16,941,281	(53,060,136)	39,511,313	367,184	1,202,244	(40,533)	(1,908,277)	(51,707)	(1,542)	15,465,377	78,869,876	8,215,974	(32,186,034)	54,931,316

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## Centennial Park Cemetery Authority

Financial Statements 2023

### Notes to and forming part of the Financial Statements for the year ended 30 June 2023

#### Note 7. Infrastructure, property, plant & equipment and investment property (continued)

##### (b) Valuation of infrastructure, property, plant & equipment and investment property

###### Valuation of assets

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

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

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

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

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

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

###### Information on valuations

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

Fair value hierarchy level 3 valuations of land - 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.

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets - There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

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

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. Accordingly, formal sensitivity analysis does not provide useful information.

###### Other information

Land, Building & Other Structures and Infrastructure shown in fair value hierarchy level 2 and 3 were revalued as at 1 July 2021 by AssetVal. Subsequent additions at cost have been disclosed on the basis that cost is a material representation of fair value.

Land for cemetery purposes is zoned institutional and is considered a restricted asset. The valuation of the Land was based on sales of similarly zoned land which prohibit development.

Increases in the carrying amount arising on revaluation of land, buildings, improvements, plant, machinery and contents are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset class are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

###### Land & Land Improvements

Land available for burials and memorials is a restricted asset as the Authority has issued interment rights to third parties for perpetuity and the site must be maintained for the term of the interment right.

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## Centennial Park Cemetery Authority

Financial Statements 2023

### Notes to and forming part of the Financial Statements for the year ended 30 June 2023

#### Note 7. Infrastructure, property, plant & equipment and investment property (continued)

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##### **Buildings & Other Structures**

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The cost of assets constructed within the Authority includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

##### **Infrastructure**

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The cost of assets constructed within the Authority includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

##### **Plant, Furniture & Equipment**

Plant and equipment is carried at cost, less any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

##### **Motor Vehicles**

Motor vehicles are measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount of motor vehicles is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

## Centennial Park Cemetery Authority

Financial Statements 2023

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

## Note 8. Liabilities

	2023	2023	2022	2022
\$	Current	Non Current	Current	Non Current
<b>(a) Trade and other payables</b>				
Goods and services	546,849	—	1,010,718	—
Payments received in advance	2,230,876	—	1,841,619	—
Accrued expenses - employee entitlements	139,820	—	108,365	—
Accrued expenses - other	373,306	—	212,380	—
<b>Total trade and other payables</b>	<b>3,290,851</b>	<b>—</b>	<b>3,173,082</b>	<b>—</b>

**(b) Borrowings**

Lease liabilities	18b	32,067	64,406	30,398	22,798
<b>Total Borrowings</b>		<b>32,067</b>	<b>64,406</b>	<b>30,398</b>	<b>22,798</b>

**(c) Provisions**

Employee entitlements (including oncosts)	696,902	80,614	614,830	69,073
Heritage Monuments Restoration	—	36,000	—	36,000
Deferred Interment Right Revenue	—	15,112,976	—	14,167,525
<b>Total provisions</b>	<b>696,902</b>	<b>15,229,590</b>	<b>614,830</b>	<b>14,272,598</b>

## Centennial Park Cemetery Authority

Financial Statements 2023

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

## Note 9. Reserves

	as at 30/06/22				as at 30/06/23
\$	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
<b>(a) Asset revaluation reserve</b>					
Land	7,443,237	—	—	—	7,443,237
Buildings and other structures	7,552,690	—	—	—	7,552,690
Infrastructure	22,463,537	—	—	—	22,463,537
<b>Total asset revaluation reserve</b>	<b>37,459,464</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>37,459,464</b>
Comparatives	22,048,026	15,463,235	—	(51,797)	37,459,464

	as at 30/06/22				as at 30/06/23
\$	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
<b>(b) Other reserves</b>					
E M M Kay	29,472	—	(227)	—	29,245
Recycled Metals Charitable Reserve	240,837	153,318	—	—	394,155
<b>Total other reserves</b>	<b>270,309</b>	<b>153,318</b>	<b>(227)</b>	<b>—</b>	<b>423,400</b>
Comparatives	270,537	—	(228)	—	270,309

## Purposes of reserves

## Asset revaluation reserves

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

## E M M Kay Reserve

A reserve has been recognised for a bequest received from the estate of a deceased interred at the Park to maintain the site. The Board has resolved that the expenses incurred on an annual basis maintaining the site will be charged against the reserve. Interest accrued from the reserve will be absorbed in general operating revenue to offset the administration of the same. During Financial Year 2015/16 the interment right for E M M Kay was converted to perpetuity and costs offset against the reserve.

## Recycled Metals Charitable Reserve

Funds received from the recycling of metal plaques have been directed to a reserve to be used for philanthropic and charitable purposes.

## Contributed Equity Reserve

Equity contributed from City of Mitcham and City of Unley.

## Note 10. Assets subject to restrictions

The land on which the Authority operates is subject to restrictions as detailed in Note 7. No further restrictions to assets apply.

## Centennial Park Cemetery Authority

Financial Statements 2023

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

## Note 11. Reconciliation to Statement of Cash Flows

\$	Notes	2023	2022
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## (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 Statement of Financial Position as follows:

Total cash and equivalent assets	5	10,861,993	8,588,784
<b>Balances per Statement of Cash Flows</b>		<b>10,861,993</b>	<b>8,588,784</b>

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

<b>Net surplus/(deficit)</b>		<b>918,517</b>	<b>103,960</b>
<b>Non-cash items in income statements</b>			
Depreciation, amortisation and impairment		1,950,441	1,912,263
Net (gain)/loss on disposals		(79,214)	30,186
Other Reserves		153,091	(228)
Deferred Interment Right Revenue		945,451	593,370
		<b>3,888,286</b>	<b>2,639,551</b>
<b>Add (less): changes in net current assets</b>			
Net (increase)/decrease in receivables		(82,813)	(231,640)
Net (increase)/decrease in inventories		209,871	133,155
Net (increase)/decrease in other assets		4,353	(10,730)
Net increase/(decrease) in trade and other payables		117,769	623,136
Net increase/(decrease) in unpaid employee benefits		93,613	(53,633)
<b>Net cash provided by (or used in) operations</b>		<b>4,231,079</b>	<b>3,099,839</b>

## (c) Financing arrangements

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

Bank overdrafts	50,000	50,000
Corporate credit cards	30,000	30,000

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



## Centennial Park Cemetery Authority

Financial Statements 2023

### Notes to and forming part of the Financial Statements for the year ended 30 June 2023

#### Note 12. Financial instruments

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##### 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 returned fixed interest rates between 0.30% and 4.58% (2022: 1.88% and 0.30%). Short term deposits are held either in LGFA or NAB at call and term deposit accounts.

###### Carrying Amount:

Approximates fair value due to the short term to maturity.

##### Receivables - fees and 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. The Authority 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 - leases

###### Accounting policy:

Accounted for in accordance with AASB 16 as stated in Note 17.

## Centennial Park Cemetery Authority

Financial Statements 2023

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

## Note 12. Financial instruments (continued)

\$	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial assets and liabilities</b>					
<b>2023</b>					
<b>Financial assets</b>					
Cash and cash equivalents	10,861,993	—	—	10,861,993	10,861,993
Receivables	1,061,856	—	—	1,061,856	1,061,856
<b>Total financial assets</b>	<b>11,923,849</b>	<b>—</b>	<b>—</b>	<b>11,923,849</b>	<b>11,923,849</b>
<b>Financial liabilities</b>					
Payables	2,777,725	—	—	2,777,725	2,777,725
Lease liabilities	32,067	64,406	—	96,473	96,473
<b>Total financial liabilities</b>	<b>2,809,792</b>	<b>64,406</b>	<b>—</b>	<b>2,874,198</b>	<b>2,874,198</b>
<b>Total financial assets and liabilities</b>	<b>14,733,641</b>	<b>64,406</b>	<b>—</b>	<b>14,798,047</b>	<b>14,798,047</b>
<b>2022</b>					
<b>Financial assets</b>					
Cash and cash equivalents	8,588,784	—	—	8,588,784	8,588,784
Receivables	898,009	—	—	898,009	898,009
<b>Total financial assets</b>	<b>9,486,793</b>	<b>—</b>	<b>—</b>	<b>9,486,793</b>	<b>9,486,793</b>
<b>Financial liabilities</b>					
Payables	2,852,337	—	—	2,852,337	2,852,337
Lease liabilities	30,398	22,798	—	53,196	53,196
<b>Total financial liabilities</b>	<b>2,882,735</b>	<b>22,798</b>	<b>—</b>	<b>2,905,533</b>	<b>2,905,533</b>
<b>Total financial assets and liabilities</b>	<b>12,369,528</b>	<b>22,798</b>	<b>—</b>	<b>12,392,326</b>	<b>12,392,326</b>

**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.

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## Centennial Park Cemetery Authority

Financial Statements 2023

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

## Note 12. Financial instruments (continued)

## Risk exposures

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

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

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

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

## Note 13. Capital expenditure and investment property commitments

\$	2023	2022
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## Capital commitments

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

Buildings & Other Structures	—	220,047
Infrastructure	644,456	500,895
Plant and equipment	163,482	527,798
	<u>807,938</u>	<u>1,248,740</u>
<b>These expenditures are payable:</b>		
Not later than one year	<u>807,938</u>	<u>1,248,740</u>
	<u>807,938</u>	<u>1,248,740</u>

## Centennial Park Cemetery Authority

Financial Statements 2023

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

## Note 14. Financial indicators

	Indicator 2023	Indicators 2022	Indicators 2021
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## Financial Indicators overview

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

**1. Operating Surplus Ratio**

Operating surplus			
Total operating income	<b>6.3%</b>	1.2%	(4.3)%

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

**2. Net Financial Liabilities Ratio**

Net financial liabilities			
Total operating income	<b>55%</b>	75%	92%

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

**3. Asset Renewal Funding Ratio**

Asset renewals			
Infrastructure and Asset Management Plan required expenditure	<b>84%</b>	78%	136%

*Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.*

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## Centennial Park Cemetery Authority

Financial Statements 2023

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

## Note 14. Financial indicators (continued)

## Financial indicators - graphs

## 1. Operating Surplus Ratio



## Purpose of operating surplus ratio

This indicator is to determine the percentage the operating revenue varies from operating expenditure

## Commentary on 2022/23 result

2022/23 ratio 6.3%

The improvement in the operating surplus is a result of growth in revenue.

Strong performance in the sale and renewal of burial and memorial interment rights has contributed to revenue growth.

Increased investment revenue as a result of an increase in the cash rate has also contributed to revenue growth.

## 2. Net Financial Liabilities Ratio



## Purpose of net financial liabilities ratio

This indicator shows the significance of the net amount owed to others, compared to operating revenue

## Commentary on 2022/23 result

2022/23 ratio 55%

This ratio demonstrates that the Authority's liabilities are within acceptable levels.

The Authority does not borrow funds and the reduction in the ratio is a result of increased cash balances.

## 3. Asset Renewal Funding Ratio



## Purpose of asset renewal funding ratio

This indicator aims to determine if assets are being renewed and replaced in an optimal way

## Commentary on 2022/23 result

2022/23 ratio 84%

This ratio demonstrates the Authority's capital outlay on renewed assets.

Actual results for the year are lower than anticipated due to a number of renewal projects being carried forward into the next financial year, however the three year average remains above the Authority's target ratio.

## Centennial Park Cemetery Authority

Financial Statements 2023

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

## Note 15. Uniform presentation of finances

\$	2023	2022
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 Authorities 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 of the Authority's finances.		
<u>Income</u>		
User charges	12,882,720	11,184,792
Investment income	336,484	65,300
<b>Total Income</b>	<b>13,219,204</b>	<b>11,250,092</b>
<u>Expenses</u>		
Employee costs	5,622,894	5,204,045
Materials, contracts and other expenses	4,806,566	3,999,638
Depreciation, amortisation and impairment	1,950,441	1,912,263
<b>Total Expenses</b>	<b>12,379,901</b>	<b>11,115,946</b>
<b>Operating surplus / (deficit)</b>	<b>839,303</b>	<b>134,146</b>
<b>Adjusted Operating surplus / (deficit)</b>	<b>839,303</b>	<b>134,146</b>
<b>Net outlays on existing assets</b>		
Capital expenditure on renewal and replacement of existing assets	(1,411,578)	(1,419,851)
Add back depreciation, amortisation and impairment	1,950,441	1,912,263
Add back proceeds from sale of replaced assets	79,214	34,775
	<b>618,077</b>	<b>527,187</b>
<b>Net outlays on new and upgraded assets</b>		
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	(585,839)	(395,836)
	<b>(585,839)</b>	<b>(395,836)</b>
<b>Annual net impact to financing activities (surplus/(deficit))</b>	<b>871,541</b>	<b>265,497</b>

## Centennial Park Cemetery Authority

Financial Statements 2023

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2023

## Note 16. Leases

## The Authority as a Lessee

## Computer Equipment

The Authority has entered into non-cancellable operating leases for various items of computer equipment.

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

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

No lease contains any escalation clause.

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

## (a) Right of use assets

\$	Computer Equipment	Total
<b>2023</b>		
Additions to right-of-use assets	82,943	82,943
Depreciation charge	(45,021)	(45,021)
<b>Balance at 30 June</b>	<b>37,922</b>	<b>37,922</b>
<b>2022</b>		
Additions to right-of-use assets	—	—
Depreciation charge	(56,675)	(56,675)
<b>Balance at 30 June</b>	<b>(56,675)</b>	<b>(56,675)</b>

## (b) Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

\$	2023	2022
Balance at 1 July	53,197	111,391
Additions	82,943	—
Accretion of interest	(2,564)	—
Payments	(37,103)	(58,194)
<b>Balance at 30 June</b>	<b>96,473</b>	<b>53,197</b>
<b>Classified as:</b>		
Current	32,067	30,398
Non-current	64,406	22,799

## Centennial Park Cemetery Authority

Financial Statements 2023

### Notes to and forming part of the Financial Statements for the year ended 30 June 2023

#### Note 17. Superannuation

The Authority makes employer superannuation contributions in respect of its employees to Hostplus Super (formerly Statewide 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 (10.5% in 2022/23; 10.0% in 2021/22). 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 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 2021/22) 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.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2021. 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 net assets of the scheme, and no further liability attaches to the Authority.



## Centennial Park Cemetery Authority

Financial Statements 2023

### Notes to and forming part of the Financial Statements for the year ended 30 June 2023

#### Note 18. Contingencies and assets/liabilities not recognised in the balance sheet

---

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

##### 1. Contingent liability

The Authority has contingent liabilities with respect to the redemption of unused interment rights. The Burial and Cremation Act 2013 mandates the refund of unexercised interment rights at current prices less a provision for administration, maintenance and establishment costs; the calculation is determined in the regulations.

The contingent liability as at the 30th June 2023 is \$10,828,433. An actual liability will only arise if a claim is made by existing interment right holders in the future. It is considered that the likelihood of future claims arising which could have a significant impact on the Authority is remote.

Total unused interment rights account for approximately 7.46% of 43,867 burial interment rights currently issued.

Total unused interment rights account for approximately 10.60% of 32,953 memorial interment rights currently issued.

Once an interment or placement of a monument has occurred an interment right cannot be redeemed.

#### Note 19. Events after the balance sheet date

---

Events that occur after the reporting date of 30 June 2023, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

The Authority 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 31/08/2023

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

## Centennial Park Cemetery Authority

Financial Statements 2023

### Notes to and forming part of the Financial Statements for the year ended 30 June 2023

#### Note 20. Related party transactions

##### Key management personnel

##### Transactions with key management personnel

The Key Management Personnel of the Authority includes the Board, CEO and senior managers. In all, 10 persons were paid the following total compensation.

\$	2023	2022
----	------	------

##### The compensation paid to key management personnel comprises:

Salaries, allowances and other short term benefits	869,076	833,122
<b>Total</b>	<b>869,076</b>	<b>833,122</b>

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

##### Receipts from Key Management Personnel comprise:

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.

##### Transactions with Council Entities

The Authority's Constituent Councils are:

The City of Mitcham  
The City of Unley

There are no amounts owed to or from Constituent Councils.

No one Member Council individually has control over these decisions.

During the year Liability Guarantee payments were made to the two Constituent Councils to the total value of \$690,242 (2021/22 \$659,257).

#### Note 21. Future Commitments

An arrangement is available to the public whereby any service currently offered by the Authority is capable of being prepaid.

Some funds were paid to Funeral Plan Management Pty Ltd with income to the Authority being recorded only when the service has been provided. Funds under management by Funeral Plan Management Pty Ltd at 30 June 2023 total \$538,396 (2022 \$572,268). From 1st December 2014 pre-paid products were no longer paid to Funeral Plan Management Pty Ltd.

#### Note 22. Segment reporting

The Authority operates in one business and geographical segment being burials, cremations and memorials within South Australia.



Chartered  
Accountants

HEAD OFFICE  
214 Melbourne Street  
North Adelaide SA 5006

PO Box 755  
North Adelaide SA 5006

T: (08) 6267 4777  
www.deannewbery.com.au

Dean Newbery  
ABN: 40 007 863 081

## INDEPENDENT AUDITOR'S REPORT

To the members of the Centennial Park Cemetery Authority

### Opinion

We have audited the accompanying financial report of the Centennial Park Cemetery Authority (the Authority), which comprises the Statement of Financial Position as at 30 June 2023, 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 Authority as at 30 June 2023, 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 Authority 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 Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the Authority'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 Management 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, Management 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 Authority 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.

North Adelaide | Balaklava

Using limited by a license approval under Professional Undertaking Legislation

#### **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 Authority'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 Authority'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 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**  
Director

**18/09/2023**



**Centennial Park Cemetery Authority**  
**General Purpose Financial Statements**  
for the year ended 30 June 2023

---

Financial Statements 2023

**Certification of Auditor Independence**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Centennial Park Cemetery Authority for the year ended 30 June 2023, the Authority's Auditor, Dean Newberry 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*.



Janet Miller  
Chief Executive Officer



Todd Davies  
Chair, Audit & Risk Committee

Date: 14 September 2023

## Centennial Park Cemetery Authority

Financial Statements 2023

### General Purpose Financial Statements for the year ended 30 June 2023

#### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Centennial Park Cemetery Authority for the year ended 30 June 2023, the Authority's Auditor, Dean Newberry 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*.



Kate O'Neill  
Acting Chief Executive Officer  
City of Mitcham

Date: 14 September 2023

**Centennial Park Cemetery Authority**  
**General Purpose Financial Statements**  
for the year ended 30 June 2023

---

Financial Statements 2023

**Certification of Auditor Independence**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Centennial Park Cemetery Authority for the year ended 30 June 2023, the Authority's Auditor, Dean Newberry 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*.



---

Claude Malak  
Acting Chief Executive Officer  
Corporation of the City of Unley

Date: 15/09/2023



Chartered  
Accountants

HEAD OFFICE  
214 Melbourne Street  
North Adelaide SA 5006

PO Box 755  
North Adelaide SA 5006

T: (08) 8267 4777  
[www.deannewbery.com.au](http://www.deannewbery.com.au)

Dean Newbery  
ABN: 48 007 865 081

**Auditor's Independence Declaration under Section 22 of the Local Government (Financial Management) Regulations 2011 to the Centennial Park Cemetery Authority**

I confirm that, for the audit of the financial statements of the Centennial Park Cemetery Authority for the year ended 30 June 2023, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

A handwritten signature in black ink, appearing to read 'S Creten'.

**SAMANTHA CRETEN  
DIRECTOR**

**18/09/2023**

North Adelaide | Balaklava

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760 Goodwood Road Pasadena SA 5042  
08 8276 6011 enquiry@centpark.org.au  
www.centennialpark.org [i/centennialparkcemetary](#)

**Brown Hill and Keswick Creeks Stormwater Board  
2022/23 Audit**

1. Independent Auditor's Report
2. Audited Financial Statements
3. Board's Certification of Financial Statements for the year ended 30 June 2022
4. Board's Certification of Auditor Independence
5. Auditor's Independence Declaration
6. Certificates of Auditor Independence
  - a. City of Adelaide
  - b. City of Burnside
  - c. City of Mitcham
  - d. City of Unley
  - e. City of West Torrens

# DeanNewbery

Chartered  
Accountants

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: 48 007 865 081

## Independent Auditor's Report

To the members of the Brown Hill Keswick Creeks Stormwater Board

### Opinion

We have audited the accompanying financial report of the Brown Hill Keswick Creeks Stormwater Board (the Authority), which comprises the statement of financial position as at 30 June 2023, statement of comprehensive income, statement 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 financial report presents fairly, in all material aspects, the financial position of the Authority as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 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 Authority 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 (Including Independence Standards)* (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.

### Authority's 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 (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as the Authority determines is necessary to enable the preparation of the financial report to be 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 the Authority either intends to liquidate the Authority 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.

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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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Authority.
- 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 Authority'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 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**  
Director

19/09/2023

## **Brown Hill & Keswick Creeks Storm Water Board**

### **Financial Statements for the year ended - 30 June 2023**

**Brown Hill & Keswick Creeks Storm Water Board**  
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**Brown Hill & Keswick Creeks Storm Water Board**  
**Certification of financial statements**  
**As at 30 June 2023**

We have been authorised by the Board 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 Brown Hill & Keswick Creeks Storm Water Board's financial position at 30 June 2023 and the results of its operations and cash flows for the financial year;
- internal controls implemented by the Board provide a reasonable assurance that the Board's financial records are complete, accurate and reliable and were effective throughout the financial year; and
- the financial statements accurately reflect the Board's accounting and other records.

On behalf of the Board

Judith Choate  
Judith Choate (Sup 38, 2023) LG-23 CONF-9.5

Board Member

14 September 2023

Geoff Voat  
Geoff Voat (Sup 14, 2023) LG-23 CONF-9.5

Board Member



**Brown Hill & Keswick Creeks Storm Water Board**  
**Statement of comprehensive income**  
**For the year ended 30 June 2023**

	<b>Note</b>	<b>2023 \$</b>	<b>2022 \$</b>
<b>Income</b>			
Operating contributions	3	667,970	485,885
Investment income	4	349,089	59,621
		<u>1,017,059</u>	<u>545,506</u>
<b>Total income</b>		<u>1,017,059</u>	<u>545,506</u>
<b>Expenses</b>			
Employee Costs	5	(370,390)	(316,967)
Materials, Contracts & Other Expenses	6	(327,030)	(471,641)
Depreciation	8	(193,552)	(86,279)
Finance costs	7	(204)	(220)
<b>Total expenses</b>		<u>(891,176)</u>	<u>(875,107)</u>
<b>Operating surplus/(deficit)</b>		125,883	(329,601)
Capital Funding / Grants for New / Upgraded assets	9	585,986	5,000,000
Asset disposal	10	(1,417,180)	-
Physical resources received free of charge		<u>-</u>	<u>463,605</u>
<b>Net surplus/(deficit) for the year</b>		(705,311)	5,134,004
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain/(Loss) on the revaluation of infrastructure and land improvements		<u>161,738</u>	<u>129,175</u>
<b>Other comprehensive income for the year</b>		<u>161,738</u>	<u>129,175</u>
<b>Total comprehensive income for the year</b>		<u>(543,573)</u>	<u>5,263,179</u>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes*

**Brown Hill & Keswick Creeks Storm Water Board**  
**Statement of financial position**  
**As at 30 June 2023**

	<b>Note</b>	<b>2023 \$</b>	<b>2022 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	10,151,401	9,502,569
Trade and other receivables	12	295,521	441,304
Total current assets		<u>10,446,922</u>	<u>9,943,873</u>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	13	<u>30,669,487</u>	<u>25,786,423</u>
Total non-current assets		<u>30,669,487</u>	<u>25,786,423</u>
<b>Total assets</b>		<u>41,116,409</u>	<u>35,730,296</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	4,001,388	537,080
Provisions	15	<u>30,719</u>	<u>25,407</u>
Total current liabilities		<u>4,032,107</u>	<u>562,487</u>
<b>Non-current liabilities</b>			
Provisions	15	<u>10,066</u>	<u>-</u>
Total non-current liabilities		<u>10,066</u>	<u>-</u>
<b>Total liabilities</b>		<u>4,042,173</u>	<u>562,487</u>
<b>Net assets</b>		<u>37,074,236</u>	<u>35,167,809</u>
<b>Equity</b>			
Capital contributions of constituent councils	16	20,319,907	17,869,907
Asset revaluation reserve	17	570,390	408,652
Capital funding and grants	18	17,224,448	16,638,521
Accumulated surplus/(deficit)		<u>(1,040,509)</u>	<u>250,729</u>
<b>Total equity</b>		<u>37,074,236</u>	<u>35,167,809</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Brown Hill & Keswick Creeks Storm Water Board**  
**Statement of changes in equity**  
**For the year ended 30 June 2023**

	<b>Capital Contributions of Council \$</b>	<b>Capital Funding and Grants \$</b>	<b>Asset Revaluation Reserve \$</b>	<b>Accumulated Surplus \$</b>	<b>Total equity \$</b>
Balance at 1 July 2021	13,869,907	11,638,521	279,477	116,725	25,904,630
Net surplus for the year	-	-	-	5,134,004	5,134,004
Other comprehensive income for the year	-	-	129,175	-	129,175
Total comprehensive income for the year	-	-	129,175	5,134,004	5,263,179
Capital contribution of Councils	4,000,000	-	-	-	4,000,000
Transfer to capital funding / grants	-	5,000,000	-	(5,000,000)	-
Balance at 30 June 2022	<u>17,869,907</u>	<u>16,638,521</u>	<u>408,652</u>	<u>250,729</u>	<u>35,167,809</u>
	<b>Capital Contributions of Council \$</b>	<b>Capital Funding and Grants \$</b>	<b>Asset Revaluation Reserve \$</b>	<b>Accumulated Surplus / (Deficit) \$</b>	<b>Total equity \$</b>
Balance at 1 July 2022	17,869,907	16,638,521	408,652	250,729	35,167,809
Net deficit for the year	-	-	-	(705,311)	(705,311)
Other comprehensive income for the year	-	-	161,738	-	161,738
Total comprehensive income for the year	-	-	161,738	(705,311)	(543,573)
Capital contribution of Councils	2,450,000	-	-	-	2,450,000
Transfer to capital funding / grants	-	585,927	-	(585,927)	-
Balance at 30 June 2023	<u>20,319,907</u>	<u>17,224,448</u>	<u>570,390</u>	<u>(1,040,509)</u>	<u>37,074,236</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Brown Hill & Keswick Creeks Storm Water Board**  
**Statement of cash flows**  
**For the year ended 30 June 2023**

	<b>Note</b>	<b>2023</b> <b>\$</b>	<b>2022</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Operating receipts from constituent councils		925,240	366,372
Payments to employees		(355,012)	(291,623)
Payments to suppliers		(482,260)	(503,546)
Interest received		323,021	59,621
Interest paid		(204)	(212)
Net cash from/(used in) operating activities	28	<u>410,785</u>	<u>(369,388)</u>
<b>Cash flows from investing activities</b>			
Payments for New / Upgraded assets		(6,332,058)	(11,263,316)
Proceeds from grant funding for new / upgraded assets	9	<u>4,120,105</u>	<u>5,000,000</u>
Net cash used in investing activities		<u>(2,211,953)</u>	<u>(6,263,316)</u>
<b>Cash flows from financing activities</b>			
Contributions from Constituent Councils	16	<u>2,450,000</u>	<u>4,000,000</u>
Net cash from financing activities		<u>2,450,000</u>	<u>4,000,000</u>
Net increase/(decrease) in cash and cash equivalents		648,832	(2,632,704)
Cash and cash equivalents at the beginning of the financial year		<u>9,502,569</u>	<u>12,135,273</u>
Cash and cash equivalents at the end of the financial year	11	<u><u>10,151,401</u></u>	<u><u>9,502,569</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*



**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 1. Significant accounting policies**

**New or amended Accounting Standards and Interpretations adopted**

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

**Basis of preparation**

The financial statements are general purpose financial statements that have been prepared 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) and relevant South Australian Legislation. These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Brown Hill and Keswick Creeks Stormwater Board (the Board) is a Local Government Regional Subsidiary established under Section 43 of and Schedule 2 to the Local Government Act 1999. The Regional Subsidiary is under the control of City of Adelaide, City of Burnside, City of Unley, City of Mitcham and City of West Torrens.

The Board was established by a Gazettal dated 27 February 2018. The Board has been established to implement the construction and maintenance of infrastructure and other measures for the purposes of a stormwater management plan prepared by the constituent councils and approved by the Stormwater Management Authority. The Board's responsibilities extend to the ongoing maintenance and operation of stormwater infrastructure delivered by the Board under the Stormwater Management Plan. The property owner (whether that be a Council of private land owner) is responsible for maintenance and upkeep of any existing assets, all new non-stormwater assets and all landscaping components. This may require the transfer of assets to the property owner subsequent to the initial construction defects period.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been applied consistently unless otherwise stated.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 13 September 2023 by the members of the Board.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Board'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 disclosed in Note 2.

**(a) Revenue recognition**

*Revenue from contracts with customers*

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Board expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

All revenue is stated net of the amount of goods and services tax (GST).

**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 1. Significant accounting policies (continued)**

**Specific revenue streams**

The revenue recognition policies for the principal revenue streams of the Board are:

*Operating revenue from constituent councils*

Operating revenue from constituent councils is recognised as income as and when the Board becomes entitled to receive the funds. This is outlined within the Boards Annual Budget which is agreed with all constituent councils.

*Grant revenue*

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

When grant revenue received meets the "enforceability" and "sufficiently specific" criteria in accordance with AASB 1058 and AASB 15, the grant revenue is recognised in the statement of financial position as a liability until the performance obligations have been met and delivered to the contributor.

Otherwise the grant is recognised as income in the statement of comprehensive income when the Board obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the Board and the amount of grant can be measured reliably.

*Interest revenue*

Interest revenue is recognised using the effective interest method, which for all floating rate financial assets is inherent in the instrument.

*Other income*

Other income is recognised on an accruals basis when the Board is entitled to it.

**(b) Equity**

**Capital contributions**

Capital contributions from constituent councils are recorded directly against equity as and when the Board becomes entitled to receive the funds. This is outlined within the Boards Annual Budget, which is agreed with all constituent councils.

**(c) Income tax**

The activities of the Board are exempt from taxation under the Income Tax Assessment Act.

**(d) Goods and Services Tax ('GST')**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

**(e) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(f) Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 1. Significant accounting policies (continued)**

The Board has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

**(g) Financial instruments**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Board has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial instruments are recognised initially on the date that the Board becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

*Classification*

On initial recognition, the Board classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Board changes its business model for managing financial assets.

*Financial assets at amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

The Board's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

*Impairment of financial assets*

Impairment of financial assets has been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Board has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 1. Significant accounting policies (continued)**

**Financial liabilities**

The Board measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Board comprise trade payables.

**(h) Property, plant and equipment**

*Initial Recognition*

All assets are initially recognised at cost. For assets acquired at no cost or 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, engineering design costs and all other costs incurred.

The cost of non-current assets constructed by the Board includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead. The Board considers that it controls the infrastructure assets in accordance with its Charter. The constructed infrastructure assets may be located on land owned by constituent councils or private property owners.

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds the materiality thresholds set by the Board within the capitalisation policy. In determining (and in annually reviewing)) such thresholds, regard is had to the nature of the asset and its estimated service life. Current thresholds applicable to Board assets are as follows:

Stormwater infrastructure - \$2,000

Computer equipment - \$1,000

Office equipment - \$1,000

*Subsequent Measurement*

Stormwater infrastructure is subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is determined using the current replacement cost method.

In line with the Board's capitalisation policy a valuation of infrastructure and land improvements has been undertaken as at 30 June 2023. The valuation was undertaken by Tina-James Freeman, Asset Consultant at Tonkin. Refer to Note 20 for additional information on fair value determination of stormwater infrastructure.

Computer equipment and office equipment are carried at cost less accumulated depreciation and impairment.

*Depreciation*

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Board, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Land improvements	0.67 - 4%
Office equipment	10%
Computer equipment	10-33%
Stormwater infrastructure	1-6.6%

**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 1. Significant accounting policies (continued)**

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed by the Project Director in consultation with the Board's Asset Consultant. In addition, the Board's Asset Capitalisation Policy is reviewed every 2 years, with the last review undertaken in June 2023. Any revisions are accounted for prospectively as a change in estimate.

**(i) Impairment of non-financial assets**

Non-financial assets 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**(j) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Board prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**(k) Employee benefits**

*Short-term employee benefits*

Provision is made for the Board's liability for employee benefits arising from services rendered by employees to the end of the reporting period.

Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in comprehensive income.

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

*Superannuation*

All superannuation schemes to which the Board makes contributions on behalf of employees are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Board.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**(l) Economic dependence**

Brown Hill and Keswick Creeks Stormwater Board is dependent on its constituent councils and other funding bodies for the majority of its revenue used to achieve its objectives. At the date of this report, the Board believe that the Member Councils and other bodies will continue to support the Board.



**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 1. Significant accounting policies (continued)**

**(m) New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Board for the annual reporting period ended 30 June 2023. The Board has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**Note 2. Critical accounting judgements, estimates and assumptions**

The Board makes estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. Level 3 inputs are unobservable inputs. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. For further information relating to fair value measurement, refer to Note 20.

*Impairment of property, plant and equipment*

The Board assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the Board and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

*Key estimates fair valuation of stormwater infrastructure and land improvements*

Stormwater infrastructure assets are carried at fair value. As there is no market for the Board to use to determine fair value, all assets have been valued as Level 3 inputs using a cost approach. Level 3 inputs are unobservable inputs. For further information relating to fair value measurement refer to Note 20.

**Note 3. Operating contributions**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
City of Mitcham	133,594	97,177
City of Burnside	133,594	97,177
City of West Torrens	133,594	97,177
The Corporation of the City of Adelaide	133,594	97,177
The Corporation of the City of Unley	133,594	97,177
	<u>667,970</u>	<u>485,885</u>

In accordance with the Charter of the Brown Hill and Keswick Creeks Stormwater Board Schedule 1, operating contributions are received equally from each of the constituent councils at an agreed rate. The total value of operating contributions to be received is agreed in the annual budget prepared by the Board.

**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 4. Investment income**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Bank Interest	349,089	59,621

**Note 5. Employee Costs**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Salaries and Wages - Board	80,500	82,000
Salaries and Wages - Employee	239,464	197,086
Superannuation contributions	33,596	27,909
Workers compensation	1,452	3,356
Employee entitlement costs	15,378	6,616
<b>Total Employee costs</b>	<b>370,390</b>	<b>316,967</b>

**Note 6. Materials, Contracts & Other Expenses**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Contractor & Consultant Services	23,056	13,602
Meeting Room Hire and Teleconference	1,256	1,142
Financial Services	33,164	40,391
Insurance - Mutual Liability Scheme	48,981	46,649
IT Services	4,718	2,398
Legal Services	10,422	13,878
Office expenses, Printing and Postage	2,966	1,516
PR, Website and Graphic Design	12,068	9,683
Professional Development	1,182	1,129
Asset Operating Costs & Maintenance	172,829	71,345
Asset Management Plan & Valuations	10,470	21,654
Business Case & Funding Campaign	-	203,497
Cyber security cost	-	38,995
Prescribed Expenses - Audit Remuneration	5,270	5,150
Sundry	648	612
<b>Total Materials, Contracts &amp; Other Expenses</b>	<b>327,030</b>	<b>471,641</b>

**Note 7. Finance costs**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Bank fees	204	213
Interest expenses	-	7
<b>Total finance costs</b>	<b>204</b>	<b>220</b>

**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 8. Depreciation**

	2023 \$	2022 \$
Infrastructure and land improvements	192,947	86,279
Office equipment	605	-
	<u>193,552</u>	<u>86,279</u>

**Note 9. Capital Funding / Grants for New / Upgraded assets**

	2023 \$	2022 \$
Stormwater Management Authority	-	5,000,000
Federal Funding (i)	585,986	-
	<u>585,986</u>	<u>5,000,000</u>

(i) Total Federal funding received during the year is \$4,120,105. Of the total amount received, only \$585,986 is recognised as revenue and the balance \$3,534,119 is recorded as payments received in advance at Note 14 'Trade and other payables'.

**Note 10. Asset disposal**

	2023 \$	2022 \$
Carrying amount of assets transferred to council	<u>1,417,180</u>	<u>-</u>

**Note 11. Cash and cash equivalents**

	2023 \$	2022 \$
<i>Current assets</i>		
Cash at bank and in hand	<u>10,151,401</u>	<u>9,502,569</u>

As at 30 June 2023, cash held includes an amount of \$8,803,000 (2022: \$1,920,000) which is restricted for the purpose of approved capital development projects (refer to Note 24 'Commitments').

**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 12. Trade and other receivables**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Trade receivables	-	230,802
GST receivable	248,626	190,981
Accrued revenue	33,344	7,276
Prepayments	13,551	12,245
	<u>295,521</u>	<u>441,304</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

**Note 13. Infrastructure, property, plant and equipment**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Infrastructure and Land Improvements - at independent valuation	26,728,566	21,226,430
Infrastructure and Land Improvements - accumulated depreciation	(318,047)	(148,436)
	<u>26,410,519</u>	<u>21,077,994</u>
Computer equipment - at cost	2,454	4,493
Less: Accumulated depreciation	(605)	(4,493)
	<u>1,849</u>	<u>-</u>
Capital works-in-progress	<u>4,257,119</u>	<u>4,708,429</u>
	<u><u>30,669,487</u></u>	<u><u>25,786,423</u></u>

**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 13. Infrastructure, property, plant and equipment (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Capital Works in Progress \$	Infrastructure and Land Improvement s \$	Office Equipment \$	Total \$
Balance at 1 July 2021	4,916,640	8,717,743	-	13,634,383
Additions	11,645,539	463,605	-	12,109,144
Transfers in/(out)	(11,853,750)	11,853,750	-	-
Revaluation increments	-	129,175	-	129,175
Depreciation expense	-	(86,279)	-	(86,279)
Balance at 30 June 2022	4,708,429	21,077,994	-	25,786,423
Additions	6,303,763	25,841	2,454	6,332,058
Transfers in/(out)	(6,755,073)	6,755,073	-	-
Revaluation increments	-	161,738	-	161,738
Disposals	-	(1,417,180)	-	(1,417,180)
Depreciation expense	-	(192,947)	(605)	(193,552)
Balance at 30 June 2023	<u>4,257,119</u>	<u>26,410,519</u>	<u>1,849</u>	<u>30,669,487</u>

*Valuations of land and buildings*

In line with the Board's capitalisation policy a valuation of completed infrastructure and land improvements was undertaken as at 30 June 2023. The valuation was undertaken by Tina-James Freeman, Asset Consultant at Tonkin. The valuation basis used for the infrastructure and land improvement assets is the depreciated replacement cost basis. Following agreement between the Board and the Owners Executive Group of the Constituent Councils regarding ongoing maintenance responsibilities, some assets delivered by the Board were handed over to the property owner during the year. These assets include non-stormwater infrastructure such as footbridges, boardwalks and pathways. Assets located at Upper Brown Hill Creek- Hawthorn Reserve and the South Park Lands wetland and creek works sites have been handed over to the Cities of Mitcham and Adelaide. The carrying value of those assets handed over to the property owner at 30 June 2023 is \$1,417,180. As further work packages are completed on public and privately owned land, there will continue to be assets delivered by the Board that are returned to the responsibility of the property owner.

	2023 \$	2022 \$
<b>Capital works-in-progress</b>		
South Parklands Stormwater	-	3,806,423
Reference Design	896,838	744,629
Lower Brown Hill Creek - Package 1	1,928,857	3,135
Upper Brown Hill Creek - Area 3A Millswood	1,382,371	107,369
Upper Brown Hill Creek - Area 1C Forestville	49,053	46,873
	<u>4,257,119</u>	<u>4,708,429</u>



**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 14. Trade and other payables**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Trade payables	223,822	180,862
Accrued expenses	229,703	341,129
Credit card	(524)	(837)
PAYG payable	5,882	8,899
Superannuation payable	8,386	7,027
Payments received in advance (capital grants)	3,534,119	-
	<u>4,001,388</u>	<u>537,080</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

**Note 15. Provisions**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Provision for annual leave	<u>30,719</u>	<u>25,407</u>
<i>Non-current liabilities</i>		
Provision for long service leave	<u>10,066</u>	<u>-</u>
	<u>40,785</u>	<u>25,407</u>

**Note 16. Capital contributions of constituent councils**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
City of Mitcham	2,031,991	1,786,991
City of Burnside	2,438,389	2,144,389
City of West Torrens	9,956,754	8,756,254
Corporation of the City of Adelaide	1,625,593	1,429,593
Corporation of the City of Unley	4,267,180	3,752,680
<b>Total Contributions by Owners</b>	<u>20,319,907</u>	<u>17,869,907</u>

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
City of Mitcham Movement Table		
Opening balance	1,786,991	1,386,991
Contributions	<u>245,000</u>	<u>400,000</u>
	<u>2,031,991</u>	<u>1,786,991</u>

**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 16. Capital contributions of constituent councils (continued)**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
City of Burnside Movement Table		
Opening balance	2,144,389	1,664,389
Contributions	294,000	480,000
	<u>2,438,389</u>	<u>2,144,389</u>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
City of West Torrens Movement Table		
Opening balance	8,756,254	6,796,254
Contributions	1,200,500	1,960,000
	<u>9,956,754</u>	<u>8,756,254</u>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Corporation of the City of Adelaide Movement Table		
Opening balance	1,429,593	1,109,593
Contributions	196,000	320,000
	<u>1,625,593</u>	<u>1,429,593</u>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Corporation of City of Unley Movement Table		
Opening balance	3,752,680	2,912,680
Contributions	514,500	840,000
	<u>4,267,180</u>	<u>3,752,680</u>

Capital contributions of constituent councils are payments received for investing in infrastructure. The rates of contributions are agreed in the Charter of the Board.

Summary of capital contributions of constituent councils received during the year:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
City of Mitcham	245,000	400,000
City of Burnside	294,000	480,000
City of West Torrens	1,200,500	1,960,000
City of Adelaide	196,000	320,000
City of Unley	514,500	840,000
	<u>2,450,000</u>	<u>4,000,000</u>

**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 17. Asset revaluation reserve**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Infrastructure and land improvement		
Opening balance 1 July	408,652	279,477
Net increment/(decrement)	<u>161,738</u>	<u>129,175</u>
Closing balance 30 June	<u><u>570,390</u></u>	<u><u>408,652</u></u>

**Note 18. Capital funding and grants**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Opening balance	16,638,521	11,638,521
Transfer from accumulated surplus	<u>585,927</u>	<u>5,000,000</u>
	<u><u>17,224,448</u></u>	<u><u>16,638,521</u></u>

Capital funding and grants reserve records the total revenue recognised from the funding providers for capital works to date.

**Note 19. Financial instruments**

***Financial risk management objectives***

The Board is exposed to a variety of financial risks through its use of financial instruments. The most significant financial risks to which the Board is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk

Financial instruments used

The principal categories of financial instrument used by the Board are:

- Trade receivables
- Cash at bank
- Trade and other payables

**Objectives, policies and processes**

The Board Members have overall responsibility for the establishment of the Board's financial risk management framework. This includes the development of policies covering financial governance and the identification and management of financial risk in accordance with the Board's risk management policy.

Details of significant accounting policies and methods adopted including the criteria for the recognition, the basis of measurement and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instruments are disclosed in note 1 Summary of Significant Accounting Policies.

Mitigation strategies for specific risks faced are described below:

**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 19. Financial instruments (continued)**

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Board.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Credit risk is managed through maintaining procedures to regularly monitor the financial stability of customers and counterparties. There is no collateral held by the Board securing trade and other receivables.

**Liquidity risk**

Liquidity risk arises from the management of working capital. It is the risk that the Board will encounter difficulty in meeting its financial obligations as they fall due.

The Board manages this risk by preparing and monitoring budgets, only investing surplus cash with major financial institutions and proactively monitoring the recovery of unpaid debts.

At the reporting date, the Board has sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The following table depicts the categorisation of financial instruments held by the Board, noting that due to the nature of the balances held, carrying value is equal to fair value:

	2023 \$	2022 \$
<b>Financial assets</b>		
Held at amortised cost		
Cash and cash equivalents (due less than 1 year)	10,151,401	9,502,569
Trade and other receivables (due less than 1 year)	295,521	441,304
<b>Total financial assets</b>	<b>10,446,922</b>	<b>9,943,873</b>
	<b>2023 \$</b>	<b>2022 \$</b>
<b>Financial liabilities</b>		
Held at amortised cost		
Trade and other payables	467,269	537,080

**Remaining contractual maturities**

The table below reflects the undiscounted contractual maturity analysis for financial liabilities:

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2023</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade and other payables (excluding estimated annual leave)	-	467,269	-	-	-	467,269
<b>Total non-derivatives</b>		<b>467,269</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>467,269</b>

**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 19. Financial instruments (continued)**

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2022</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade and other payables (excluding estimated annual leave)	-	537,080	-	-	-	537,080
Total non-derivatives		537,080	-	-	-	537,080

The timing of expected outflows is not expected to be materially different from contracted cashflows.

**Note 20. Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

*Fair value hierarchy*

Infrastructure and land improvements are carried at fair value. AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

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

Level 3: Unobservable inputs for the asset or liability



**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 20. Fair value measurement (continued)**

In determining fair values for infrastructure and land improvements there is no known market for these assets, and they are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience, 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 Board.

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. Accordingly, the fair value of all assets within the infrastructure and land improvements class are considered Level 3 in the fair value hierarchy.

**Note 21. Key management personnel disclosures**

*Compensation*

Key management personnel of the Board include the Project Director and members of the Board appointed under section 112 of the Local Government Act 1999. The aggregate compensation made to key management personnel of the Board is set out below:

	2023 \$	2022 \$
Short-term employee benefits	284,774	238,286
Post-employment benefits	29,901	23,829
	<u>314,675</u>	<u>262,115</u>

**Note 22. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by , the auditor of the Board:

	2023 \$	2022 \$
Audit remuneration	<u>5,270</u>	<u>5,150</u>

**Note 23. Contingent liabilities**

In the opinion of the Board Members, the Board is unaware of any liability, contingent or otherwise, which has not already been recorded elsewhere in this financial report at 30 June 2023 (30 June 2022 : None).

**Note 24. Commitments**

	2023 \$	2022 \$
<b>South Park Lands</b>		
Park 16 - Wetland	300,000	600,000
Park 20 - Creek works	-	1,000,000
Project management	<u>45,000</u>	<u>100,000</u>
	<u>345,000</u>	<u>1,700,000</u>

**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 24. Commitments (continued)**

	2023 \$	2022 \$
<b>Other capital commitments</b>		
UBHC Millswood	1,973,000	-
UBHC Forestville	655,000	-
LBHC Packages 1-3	5,427,000	-
	<u>8,055,000</u>	<u>-</u>
	2023 \$	2022 \$
<b>Reference design</b>		
Engineering Services	50,000	144,000
Consultant Services	200,000	24,000
Geotech	3,000	36,000
Legal	-	4,000
Project management	150,000	12,000
	<u>403,000</u>	<u>220,000</u>
	2023 \$	2022 \$
Total contracted commitments	<u>8,803,000</u>	<u>1,920,000</u>

All contracted commitments noted above are expected to be paid within the next twelve months.

The Authority was awarded a \$10 million grant from the Commonwealth Government in FY2022 and these funds are being provided over 3 financial years (FY2023, FY2024 and FY2025) to contribute toward the delivery of Packages 1, 2 and 3 of the Lower Brown Hill Creek upgrades.

**Note 25. Related parties**

*Key management personnel*

Disclosures relating to key management personnel are set out in note 21.

There were no transactions with related parties during the current and previous financial year.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members. There were no transactions with other related parties for the year ending 30 June 2023 (2022: Nil).

**Note 26. Statutory Information**

The registered office and principal place of business of the Board is:  
Brown Hill & Keswick Creeks Stormwater Board  
PO Box 124 Unley SA 5061

**Note 27. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Board's operations, the results of those operations, or the Board's state of affairs in future financial years.

**Brown Hill & Keswick Creeks Storm Water Board**  
**Notes to the financial statements**  
**As at 30 June 2023**

**Note 28. Reconciliation of net surplus/(deficit) to net cash from/(used in) operating activities**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Net surplus/(deficit) for the year	(705,311)	5,134,004
Adjustments for:		
Depreciation and amortisation	193,552	86,279
Capital funding / grants	(585,986)	(5,000,000)
Physical resources received free of charge	-	(463,605)
Net loss on disposal of non-current assets	1,417,180	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	173,156	(150,964)
Increase in accrued revenue	(26,068)	(7,276)
Increase in prepayments	(1,306)	(12,245)
Increase in employee benefits	15,378	6,616
Increase/(decrease) in trade and other payables (excluding income in advance relating to capital grants)	(69,810)	37,803
Net cash from/(used in) operating activities	<u>410,785</u>	<u>(369,388)</u>

**Brown Hill & Keswick Creeks Storm Water Board**  
**Certification of auditor independence**  
**As at 30 June 2023**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Brown Hill and Keswick Creeks Stormwater Board for the year ended 30 June 2023, the Board's Auditor, Dean Newbery & Partners has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

  
Judith Choate, Sep 14, 2023 13:03 GMT+05:00

Judith Choate  
Board Member  
14 September 2023

  
Geoff Vogt, Sep 14, 2023 20:51 GMT+10:00

Geoff Vogt  
Board Member  
14 September 2023









# 3 BHKCSB Financial Statements 30-06-2023 V8

Final Audit Report

2023-09-14

Created:	2023-09-14
By:	Paula Foy (paula.foy@bhkcstormwater.com.au)
Status:	Signed
Transaction ID:	CBJCHBCAABAA9ds!ThMyGRVBussCBIDV8j_VLHIYXx04

## "3 BHKCSB Financial Statements 30-06-2023 V8" History

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Signature Date: 2023-09-14 - 11:11:12 AM GMT - Time Source: server- IP address: 193.115.90.39
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2023-09-14 - 11:11:12 AM GMT





**DeanNewbery**

Chartered  
Accountants

**HEAD OFFICE**  
214 Melbourne Street  
North Adelaide SA 5006

PO Box 755  
North Adelaide SA 5006

T: (08) 8267 4777  
[www.deannewbery.com.au](http://www.deannewbery.com.au)

Dean Newbery  
ABN: 48 007 865 081

## Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the Brown Hill Keswick Creeks Stormwater Board for the year ended 30 June 2023, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Part 4A, 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**

**Director**

**DEAN NEWBERY**

19/09/2023

North Adelaide | Balaklava

Liability limited by a scheme approved under Professional Standards Legislation

**Brown Hill and Keswick Creeks Stormwater Board**

**Certification of Auditor Independence**

**for the year ended 30 June 2023**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Brown Hill and Keswick Creeks Stormwater Board for the year ended 30 June 2023, the Board's Auditor, Dean Newbery, has maintained its independence in accordance with requirements of 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.



Clare Mockler  
CEO, City of Adelaide

Date            11   /   09   /2023



8 September 2023

**Brown Hill and Keswick Creeks Stormwater Board**

**Certification of Auditor Independence**

**for the year ended 30 June 2023**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Brown Hill and Keswick Creeks Stormwater Board for the year ended 30 June 2023, the Board's Auditor, Dean Newbery, has maintained its independence in accordance with requirements of the Local Government (Financial Management) Regulations 2011 made under that Act.

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

A handwritten signature in black ink, appearing to read 'Chris Cowley'.

**Chris Cowley**  
Chief Executive Officer

**Brown Hill and Keswick Creeks Stormwater Board**

**Certification of Auditor Independence**

**for the year ended 30 June 2023**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Brown Hill and Keswick Creeks Stormwater Board for the year ended 30 June 2023, the Board's Auditor, Dean Newbery, has maintained its independence in accordance with requirements of 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.

Kate O'Neill  
Acting CEO, City of Mitcham



Date

11/10/2023

**Brown Hill and Keswick Creeks Stormwater Board**

**Certification of Auditor Independence**

**for the year ended 30 June 2023**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Brown Hill and Keswick Creeks Stormwater Board for the year ended 30 June 2023, the Board's Auditor, Dean Newbery, has maintained its independence in accordance with requirements of 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.

Claude Malak  
Acting CEO, City of Unley

  
.....

Date        08 / 09 / 2023



**Brown Hill and Keswick Creeks Stormwater Board**

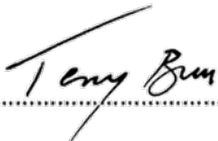
**Certification of Auditor Independence**

**for the year ended 30 June 2023**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Brown Hill and Keswick Creeks Stormwater Board for the year ended 30 June 2023, the Board's Auditor, Dean Newbery, has maintained its independence in accordance with requirements of 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.

Terry Buss PSM  
CEO, City of West Torrens

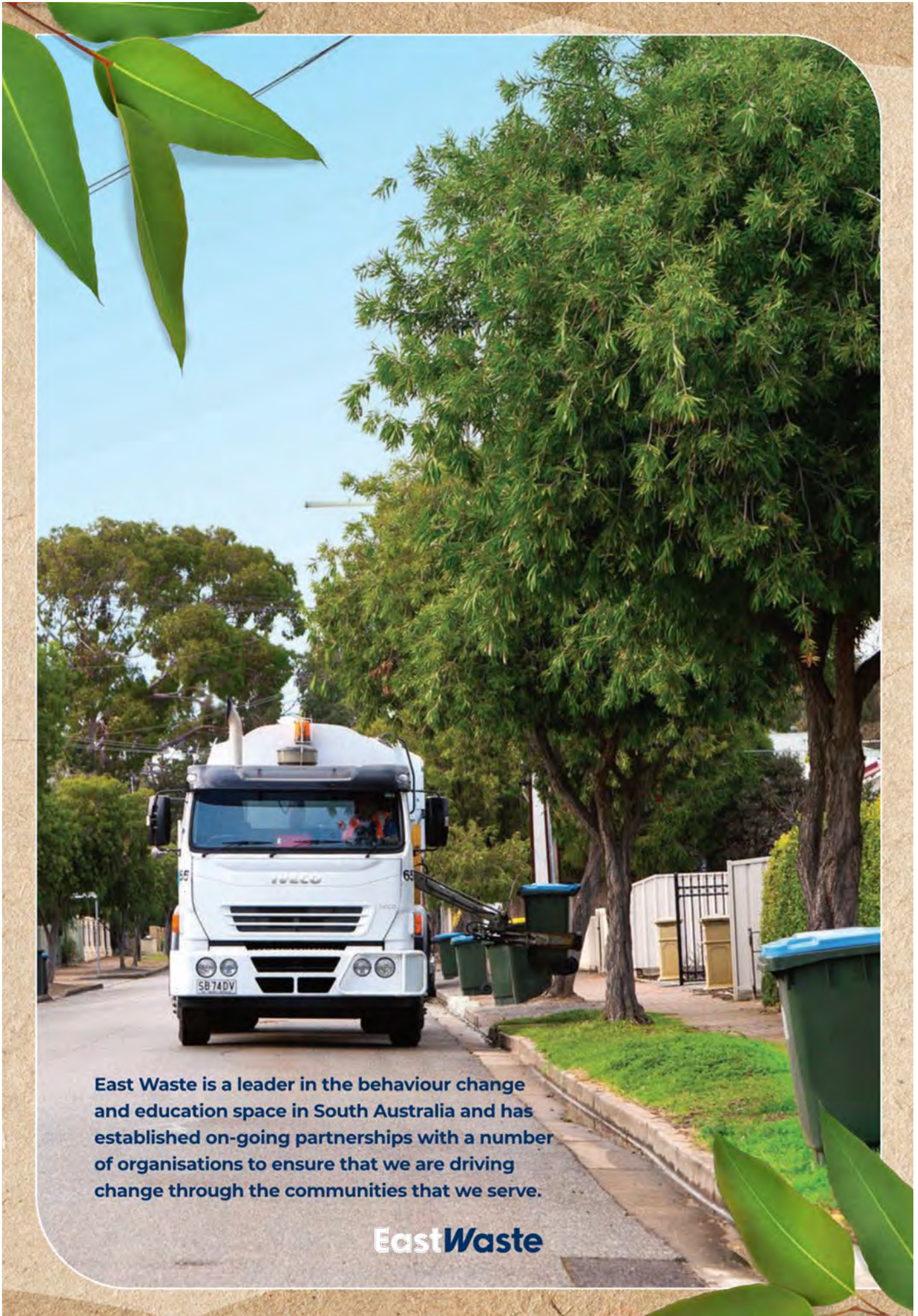
  
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Date

08 / 09 / 2023







**East Waste is a leader in the behaviour change and education space in South Australia and has established on-going partnerships with a number of organisations to ensure that we are driving change through the communities that we serve.**

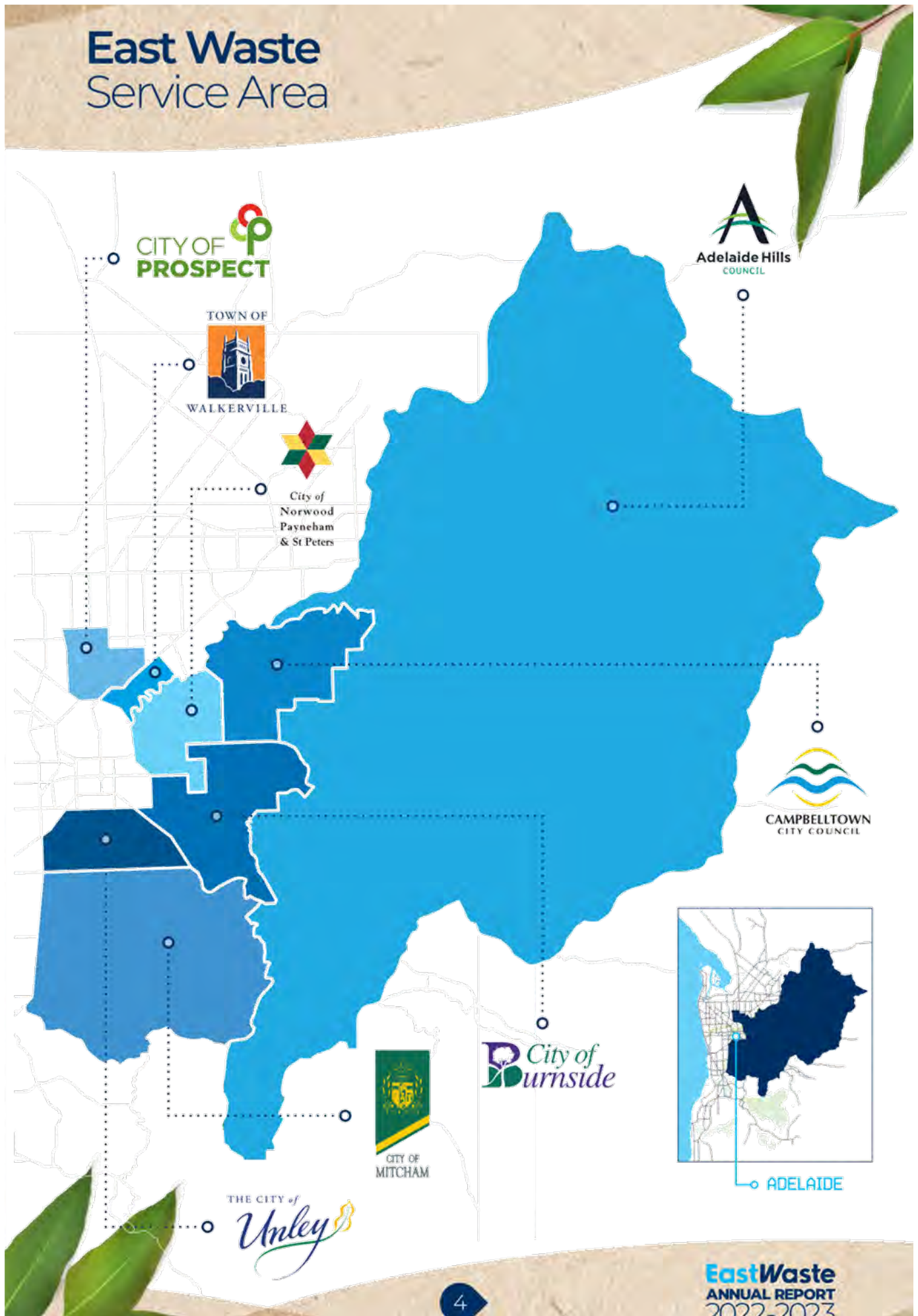
**EastWaste**



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GOVERNANCE	13
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# Chairperson's Report

**I am pleased to present my fourth Annual Report as the Chairperson of East Waste, covering the 2022/2023 financial year. This year has been marked by a number of key milestones as we continued to focus on our strategic vision “to be the leading waste logistics company in Australia through the delivery of innovative collection and resource management services to our Member Councils and their communities”.**

Welcoming the City of Unley as a new member Council in August 2022 was a significant achievement for East Waste and helps to highlight the value that East Waste brings to our member Councils and their Communities. The addition of our eighth (8) member council underlines our commitment to fostering collaboration and ensuring sustainable waste management solutions for our growing community of Member Councils. The ability for the collective East Waste team to effectively plan and remain adaptable resulted in the onboarding of the City of Unley being a seamless transition.

Our Audit and Risk Management Committee has continued to provide invaluable advice on risk management, financial stewardship, and

governance which have been pivotal to our sustained success. I would like to extend my appreciation to all Committee members for their ongoing support and advice.

East Waste's dedication to driving behavioural change and education in South Australia remains a cornerstone of our mission. We have established enduring partnerships with key organisations such as Green Industries and KESAB to champion change within the communities we serve. These partnerships enable us to provide accurate and timely information to our communities, facilitating a transition toward sustainable waste management practices outlined in our 2030 Strategic Plan.





# Chairperson's Report

In line with the local government elections we saw a notable transformation in our Board's composition.

This shift brought about fresh perspectives and diverse expertise during the 2022/2023 financial year. The new additions are poised to reinforce the Board's capacity to drive favourable outcomes for East Waste and our Member Councils.

I would like to take this opportunity to extend my appreciation to both our current and departing Board members for their valuable contributions. Your dedication and insights have been instrumental in steering East Waste, and your continued support is pivotal as we continue to innovate and lead change in the industry.

Drawing upon my extensive experience in the waste industry, I am excited about the ever-changing landscape that lies ahead.

East Waste will continue to lead, evolve, and grow as we collectively address the challenges and opportunities that shape the future of waste management. I look forward to another year of progress and innovation as we work together to create a financially and environmentally sustainable future.



**Fraser Bell**  
Independent Chairperson









## In 2022-2023 East Waste...



**116,820** TOTAL TONNAGES  
COLLECTED



**9,800,000+** ANNUAL BIN  
COLLECTIONS



**21,904** HARD WASTE COLLECTIONS  
COMPLETED



**2,950** HARD WASTE TONNES  
CONVERTED TO FUEL



**58%** OF MATERIAL DIVERTED  
FROM LANDFILL



**50** COLLECTION  
VEHICLES



**8,421** BIN REPAIRS UNDERTAKEN  
BY THE MOBILE TEAM



**4,091** BIN DELIVERIES  
COMPLETED



**93,750** ENQUIRIES RECEIVED  
& RESOLVED



**12,189** MATTRESS'S COLLECTED  
AND RECYCLED



**6,185** ADDITIONAL BIN PERMITS  
APPROVED

# General Manager's Report

**This year has been a significant one for us, marked by a number of milestones and achievements. Our commitment to sustainability, innovation, and operational efficiency has ensured our success in delivering exceptional waste management services to our member Councils and their communities.**

In August 2022, we were thrilled to welcome the City of Unley as a new Member Council. This is one of the most significant changes for East Waste in recent years, the new addition not only provided our existing Member Councils with reduced costs, it has also strengthened our regional network and opportunities for collective collaboration in waste management initiatives.

We look forward to working closely with the City of Unley who share our commitment to drive positive sustainability change.

During FY23, East Waste established crucial partnerships with two (2) leading recycling facilities being Central Adelaide Waste and Recycling Authority (CAWRA) and the Southern Region Waste Resource Authority (SRWRA). These strategic alliances have provided additional

recycling and circular economy flexibility whilst also enhancing our recycling capabilities and promoting sustainable waste practices. Our joint efforts continue to reduce the environmental impact of waste disposal and improve the circular economy within our region.

We continued our commitment to optimising waste segregation and recycling practices through comprehensive kerbside bin audits. These audits provided valuable insights into the composition of waste generated within our communities, enabling us to tailor educational campaigns and encourage responsible waste disposal habits. By promoting awareness and addressing contamination issues, we aim to continue to increase recycling rates, minimise costs and reduce waste/resources going to landfill.





# General Manager's Report

In our pursuit of our strategic goal associated with reducing organic waste being sent to landfills, we have started working with a number of our Member Councils to investigate weekly Food/Organics bin collections (FOGO trials). FOGO trials will commence in FY24 and will see some of our member Councils introducing fortnightly waste collections services and weekly food/organics collections. These trials will provide valuable information and we anticipate seeing an improvement in waste/ landfill diversion as a direct result.

None of our accomplishments would have been possible without the dedication and hard work of our exceptional team. Their unwavering commitment to excellence, innovation, and customer service has been the driving force behind our continued success. I extend my deepest gratitude to all East Waste staff, Board and Audit & Risk Committee members for their efforts and passion in making a positive impact

on the environment and the communities we serve. As we conclude the 2023 fiscal year, I am proud of the progress we have made towards our vision of being the leading waste logistics company in Australia.

We remain steadfast in our commitment to sustainability, continuous improvement, and fostering strong relationships with our member Councils and stakeholders.



**Rob Gregory**  
General Manager










# Kerbside Tonnages Collected



Member Council	Recyclables	Organics	Waste
Adelaide Hills Council	3,347	5,043	7,465
City of Burnside	3,816	7,704	7,021
Campbelltown City Council	4,024	8,000	9,932
City of Mitcham *	5,426	11,792	11,480
City of Norwood Payneham & St Peters	3,204	5,620	6,799
City of Prospect	1,695	3,393	3,878
City of Unley **	3,088	5,872	5,727
Town of Walkerville	658	1,214	1,436

\*City of Mitcham undertakes the collection of Landfill for its residents

\*\* City of Unley's collections commenced on 1 August, 2022 (11 months of collections).



# East Waste Governance

**East Waste is administered by a Board in accordance with the requirements of the Local Government Act, the East Waste Charter, and various other policies and codes.**

The membership of the Board comprises of eight directors – one director appointed by each of the Member Councils, and one independent person who acts as Chair. The Board appoints a General Manager who is responsible for implementing

the decisions made by the Board and running the day-to-day operations of East Waste. The Board held seven formal meetings over the 2022-2023 financial year. The table below details Board Member attendance.

BOARD MEMBER	MEETINGS
Mr Fraser Bell (Chair)	7/7
Cr Linda Green (Adelaide Hills Council) *ceased November 2022	3/4
Mr Paul Di Iulio (Campbelltown City Council)	2/7
Mayor Heather Holmes-Ross (City of Mitcham)	7/7
Cr Mike Stock (City of Norwood, Payneham & St Peters) *ceased November 2022	4/4
Cr Rob Ashby (Corporation of the Town of Walkerville) *ceased November 2022	2/4
Cr Jenny Turnbull (City of Burnside) *ceased November 2022	2/4
Mr Sam Dilena (City of Prospect) *commenced September 2022	6/6
Mr Claude Malak (City of Unley) *commenced September 2022	5/6
Cr Claire Clutterham (City of Norwood Payneham & St Peters) *commenced January 2023	3/3
Cr Lucy Huxter (Adelaide Hills Council) *commenced January 2023	2/3
Mayor Melissa Jones (Corporation of the Town of Walkerville) *commenced January 2023	2/3
Cr Ted Jennings (City of Burnside) *commenced January 2023	2/3

# East Waste Governance

DEPUTY DIRECTOR ATTENDANCE	MEETINGS
Mr Peter Tsokas (City of Unley)	1
Mr Peter Brice (Adelaide Hills Council)	1
Cr Victoria McFarlane (City of Norwood Payneham & St Peters)	2
Cr Jay Allanson (Corporation of the Town of Walkerville)	1
Mr Andrian Wiguna (Campbelltown City Council)	1

## Audit and Risk Management Committee

In accordance with the requirements of the Local Government Act 1999, East Waste has an established Audit and Risk Management Committee (the Audit Committee).

The principal objective of the Audit Committee is to ensure that the East Waste Board meets its

legislative and probity requirements as required by the Local Government Act 1999 and other relevant legislation, standards and codes.

The Audit Committee held six formal meetings over the 2022-2023 financial year. The table below details Audit Committee Member attendance.

AUDIT & RISK MANAGEMENT COMMITTEE MEMBER	MEETINGS
Mr Fraser Bell (Independent Board Chair)	6/6
Cr Linda Green (Independent Member) *ceased as Board Member and was appointed Independent Member in February 2023	5/6
Ms Emma Hinchey (Independent Member and Chair)	6/6
Ms Sandra Di Blasio (Independent Member)	6/6
Mr Paul Di Iulio (Board Member) *appointed to the Board in April 2023	0/2

The Audited Financial Statements for the year ending 30 June 2023 are provided on the following pages.





# Financial Statements

## 2022-2023

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# Financial Statements 2022-2023

## CERTIFICATION OF FINANCIAL STATEMENTS

### EASTERN WASTE MANAGEMENT AUTHORITY INC

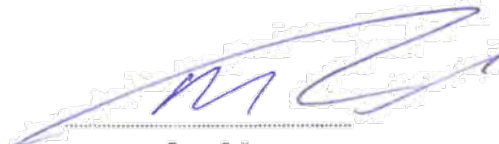
Annual Financial Statements  
for the financial year ended 30 June 2023

#### 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 2023 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: 21 SEPTEMBER 2023

# Financial Statements

## 2022-2023

### STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
<b>INCOME</b>			
User charges	2	21,188	16,579
Investment income	2	46	10
Grants, subsidies and contributions		-	81
Other	2	1,078	932
<b>Total Income</b>		<b>22,312</b>	<b>17,602</b>
<b>EXPENSES</b>			
Employee costs	3	7,476	6,386
Materials, contracts & other expenses	3	12,184	9,303
Finance costs	3	354	246
Depreciation & amortisation	3	2,108	2,043
<b>Total Expenses</b>		<b>22,122</b>	<b>17,978</b>
<b>OPERATING SURPLUS</b>		<b>190</b>	<b>(376)</b>
Asset disposal & fair value adjustments	4	143	7
<b>NET SURPLUS</b>		<b>333</b>	<b>(369)</b>
Other Comprehensive Income		-	-
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>333</b>	<b>(369)</b>

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

# Financial Statements

## 2022-2023

### STATEMENT OF FINANCIAL POSITION for the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	3,953	2,001
Trade & other receivables	5	746	935
Inventory		43	50
<b>Total Current Assets</b>		<b>4,742</b>	<b>2,986</b>
<b>Non-current Assets</b>			
Property, Plant & Equipment	6	9,510	8,542
<b>Total Non-current Assets</b>		<b>9,510</b>	<b>8,542</b>
<b>Total Assets</b>		<b>14,252</b>	<b>11,528</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	7	1,266	1,436
Provisions	7	871	778
Borrowings	7	2,306	1,940
<b>Total Current Liabilities</b>		<b>4,443</b>	<b>4,154</b>
<b>Non-current Liabilities</b>			
Borrowings	7	8,490	6,410
Provisions	7	136	114
<b>Total Non-current Liabilities</b>		<b>8,626</b>	<b>6,524</b>
<b>Total Liabilities</b>		<b>13,069</b>	<b>10,678</b>
<b>Net Assets</b>		<b>1,183</b>	<b>850</b>
<b>EQUITY</b>			
Accumulated Surplus		1,183	850
<b>Total Equity</b>		<b>1,183</b>	<b>850</b>

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







# Financial Statements

## 2022-2023

### STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2023

	Accumulated Surplus \$'000	Total Equity \$'000
<b>Balance at start of period - 1 July 2022</b>	850	850
Net Surplus for Year	333	333
<b>Other Comprehensive Income</b>		
Contributed Equity	-	-
Distributions to Member Councils	-	-
<b>Balance at end of period - 30 June 2023</b>	<u>1,183</u>	<u>1,183</u>
<b>Balance at start of period - 1 July 2021</b>	1,219	1,219
Net Surplus for Year	(369)	(369)
<b>Other Comprehensive Income</b>		
Contributed Equity	-	-
Distributions to Member Councils	-	-
<b>Balance at end of period - 30 June 2022</b>	<u>850</u>	<u>850</u>

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

# Financial Statements

## 2022-2023

### STATEMENT OF CASH FLOWS for the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating receipts		22,455	17,400
Investment receipts		46	9
Employee costs		(7,361)	(6,245)
Materials, contracts & other expenses		(12,397)	(9,613)
Finance payments		(304)	(258)
<b>Net cash provided by operating activities</b>	<b>8</b>	<b>2,439</b>	<b>1,293</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale of replaced assets	4	145	86
Expenditure on renewal/replacement of assets	6	(587)	(2,305)
Expenditure on new/upgraded assets	6	(2,484)	(244)
<b>Net cash used in investing activities</b>		<b>(2,926)</b>	<b>(2,463)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings		4,525	2,031
Repayments of Borrowings		(1,815)	(1,791)
Repayment of lease liabilities		(271)	(237)
<b>Net cash provided by (used in) financing activities</b>		<b>2,439</b>	<b>3</b>
<b>Net Increase (Decrease) in cash held</b>		<b>1,952</b>	<b>(1,167)</b>
Cash & cash equivalents at beginning of period	5	2,001	3,168
<b>Cash &amp; cash equivalents at end of period</b>	<b>5</b>	<b>3,953</b>	<b>2,001</b>

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

# Financial Statements

## 2022-2023

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

#### 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, The City of Unley and the Corporation of the Town of Walkerville.

The eight 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)



# Financial Statements

## 2022-2023

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

#### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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.

#### 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
Plant, 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.

# Financial Statements

## 2022-2023

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

#### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

##### 5.4 Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

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

#### 6 Payables

##### 6.1 Goods & 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 recognises 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 Hostplus (formerly Statewide Super and prior to that the Local Government Superannuation Scheme).

The Scheme has two types of membership, each of which is funded differently.







# Financial Statements

## 2022-2023

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

#### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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 (10.5% in 2022/23; 10% in 2021/22). 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 2021/22) 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.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2021. 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.



# Financial Statements

## 2022-2023

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

#### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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 Comparative Information

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

#### 10 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.

#### 11 New Accounting Standards

The Authority did not apply any new accounting standards during the financial year. There are no new accounting standards, interpretations or amendments which are expected to have a material impact on the accounting policies of the Authority for future periods.

#### 12 Authority Membership

The City of Unley became a Member Council of the Authority in July 2022 and waste collection services commenced for the Council as from 1 August 2022. As a result of The City of Unley becoming a Member Council, additional staff have been employed and trucks ordered to meet the additional services being provided by the Authority.

# Financial Statements

## 2022-2023

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

#### NOTE 2 - INCOME

	Notes	2023 \$'000	2022 \$'000
<b>USER CHARGES</b>			
Waste Collection Income		15,607	12,662
Waste Processing Income		5,326	3,677
Administration		255	240
Member Council Waste Collection Rebate		-	-
		<b>21,188</b>	<b>16,579</b>
<b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		46	10
		<b>46</b>	<b>10</b>
<b>OTHER INCOME</b>			
Bin Supply		382	409
Replacement Bins		681	474
Sundry		15	49
		<b>1,078</b>	<b>932</b>

#### NOTE 3 - EXPENSES

<b>EMPLOYEE COSTS</b>			
Salaries and Wages		5,615	5,115
Employee leave expense		114	93
Superannuation		508	443
Wages Casual Agency		1,017	500
Workers' Compensation Insurance		128	148
Other		94	87
<b>Total Employee Costs</b>		<b>7,476</b>	<b>6,386</b>

<i>Number of FTE Employees as at reporting date</i>	<b>63</b>	<b>61</b>
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# Financial Statements

## 2022-2023

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

#### NOTE 3 - EXPENSES (Cont.)

	Notes	2023 \$'000	2022 \$'000
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
Auditor's Remuneration		11	9
Board Expenses		41	23
Waste Processing Costs		5,354	3,676
Electricity		10	4
Fuel, Gas & Oil		2,041	1,529
Legal Expenses		23	91
Maintenance		2,828	2,323
Parts, Accessories & Consumables		11	17
Printing, Stationery & Postage		33	41
Professional Services		552	487
Registration & Insurance - Trucks		462	299
Sundry		818	804
		<b>12,184</b>	<b>9,303</b>
<b>FINANCE COSTS</b>			
Interest on Loans		338	224
Interest on Leases		16	22
		<b>354</b>	<b>246</b>
<b>DEPRECIATION &amp; AMORTISATION</b>			
Buildings & Other Structures	6	81	54
Plant, Machinery & Equipment	6	1,768	1,733
Right-of-use assets	6	259	256
		<b>2,108</b>	<b>2,043</b>

# Financial Statements

## 2022-2023

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

#### NOTE 4 - ASSET DISPOSALS

	2023	2022
Notes	\$'000	\$'000
Proceeds from disposal	145	86
Less: Carrying amount of assets sold	(2)	(79)
<b>Gain (Loss) on disposal</b>	<b>143</b>	<b>7</b>

#### NOTE 5 - CURRENT ASSETS

##### CASH & CASH EQUIVALENTS

Cash on Hand and at Bank	3,724	1,818
Deposits at Call	229	183
	<b>3,953</b>	<b>2,001</b>

##### TRADE & OTHER RECEIVABLES

Debtors - general	718	901
Accrued Income	28	34
	<b>746</b>	<b>935</b>



# Financial Statements

## 2022-2023

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

#### NOTE 6 - PROPERTY, PLANT & EQUIPMENT

	Notes	2023 \$'000	2022 \$'000
Buildings & Other Structures - At Cost		617	569
Accumulated Depreciation		(212)	(146)
		<u>405</u>	<u>423</u>
Plant, Machinery & Equipment - At Cost		19,747	18,929
Accumulated Depreciation		(10,966)	(11,386)
		<u>8,781</u>	<u>7,543</u>
Right-of-use-assets		1,346	1,339
Accumulated Depreciation		(1,022)	(763)
		<u>324</u>	<u>576</u>
<b>Total Property, Plant &amp; Equipment</b>		<u><b>9,510</b></u>	<u><b>8,542</b></u>

	2022 \$'000							2023 \$'000
	Carrying Value	Additions		Disposal - Cost	Disposal - Accumulated Depreciation	Depreciation	Adjustment	Carrying Value
		New/ Upgrade	Renewal					
Buildings & Other Structures	423	65	-	(17)	15	(81)	-	405
Plant, Machinery & Equipment	7,543	2,419	587	(2,188)	2,188	(1,768)	-	8,781
Right-of-use-asset	576	-	-	-	-	(259)	7	324
	<b>8,542</b>	<b>2,484</b>	<b>587</b>	<b>(2,205)</b>	<b>2,203</b>	<b>(2,108)</b>	<b>7</b>	<b>9,510</b>
2022 (\$'000)	8,098	244	2,304	(1,049)	970	(2,043)	18	8,542

# Financial Statements

## 2022-2023

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

#### NOTE 7 - LIABILITIES

	2023 \$'000		2022 \$'000	
	Current	Non-current	Current	Non-current
<b>TRADE &amp; OTHER PAYABLES</b>				
Goods & Services	1,111	-	1,047	-
Payments received in advance	80	-	80	-
Accrued expenses - other	75	-	80	-
	<b>1,266</b>	<b>-</b>	<b>1,436</b>	<b>-</b>
<b>BORROWINGS</b>				
Loans	2,017	8,413	1,673	6,050
Lease Liabilities	289	77	267	360
	<b>2,306</b>	<b>8,490</b>	<b>1,940</b>	<b>6,410</b>
<b>PROVISIONS</b>				
Annual Leave	447	-	388	-
Rostered-Day-Off (RDO)	65	-	25	-
Long Service Leave	359	136	365	114
	<b>871</b>	<b>136</b>	<b>778</b>	<b>114</b>





# Financial Statements

## 2022-2023

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

#### NOTE 8 - CASH FLOW RECONCILIATION

	2023 \$'000	2022 \$'000
Total cash & equivalent assets	3,953	2,001
Balances per Cash Flow Statement	<u>3,953</u>	<u>2,001</u>

#### (a) Reconciliation of Change in Net Assets to Cash Flows from Operating Activities

Net Surplus (Deficit)	333	(369)
<b>Non-cash items in Statement of Comprehensive Income</b>		
Depreciation	2,108	2,043
Net increase (decrease) in employee benefits	113	119
Net increase (decrease) accrued expenses	234	(12)
(Gain) / Loss on Disposal	(143)	(7)
Lease liability adjustment	7	(18)
	<u>2,652</u>	<u>1,756</u>
<b>Add (Less): Changes in Net Current Assets</b>		
Net (increase) decrease in receivables	189	(235)
Net increase (decrease) in trade & other payables	(404)	(242)
Net increase (decrease) in other provisions	2	14
<b>Net Cash provided by (or used in) operations</b>	<u>2,439</u>	<u>1,293</u>

#### (b) Financing Arrangements

Corporate Credit Cards	15	15
Cash Advance Debenture Facility - LGFA	1,000	1,000



# Financial Statements

## 2022-2023

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

#### NOTE 9 - FINANCIAL INSTRUMENTS

##### Recognised Financial Instruments

<b>Bank, Deposits at Call, Short Term Deposits</b>	<p><b>Accounting Policy:</b> Initially recognised at fair value and subsequently measured at amortised cost.</p> <p><b>Terms &amp; conditions:</b> Deposits on Call do not have a maturity period and have an average interest rates of 4.3% (2022: 1.05%).</p> <p><b>Carrying amount:</b> approximates fair value due to the short term to maturity.</p>
<b>Receivables - Waste Collection Fees &amp; Associated Charges</b>	<p><b>Accounting Policy:</b> Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.</p> <p><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Liabilities - Creditors and Accruals</b>	<p><b>Accounting Policy:</b> 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><b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.</p> <p><b>Carrying amount:</b> approximates fair value.</p>
<b>Liabilities - Interest bearing borrowings</b>	<p><b>Accounting Policy:</b> Initially recognised at fair value and subsequently at amortised cost. Interest is charged as an expense using the effective interest rate.</p> <p><b>Terms &amp; conditions:</b> secured over future revenues and Member Councils, borrowings are repayable on fixed interest terms. Rates between 1.7% - 5.65% (2022: 1.7% - 5.35%).</p>
<b>Liabilities - Leases</b>	<p><b>Accounting Policy:</b> 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.

# Financial Statements

## 2022-2023

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

#### NOTE 9 - FINANCIAL INSTRUMENTS (Cont.)

*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.

#### Liquidity Analysis

##### 2023

	≤ 1 year	Maturity > 1 year ≤ 5 years	> 5 years	Non- Interest Bearing	Total
<i>Financial Assets</i>	\$'000	\$'000	\$'000	\$'000	\$'000
Cash & Equivalents	3,953	-	-	-	3,953
Receivables	-	-	-	718	718
<b>Total</b>	<b>3,953</b>	<b>-</b>	<b>-</b>	<b>718</b>	<b>4,671</b>
<i>Financial Liabilities</i>					
Payables	-	-	-	1,111	1,111
Borrowings	2,017	6,998	1,781	-	10,796
<b>Total</b>	<b>2,017</b>	<b>6,998</b>	<b>1,781</b>	<b>1,111</b>	<b>11,907</b>

##### 2022

	≤ 1 year	Maturity > 1 year ≤ 5 years	> 5 years	Non- Interest Bearing	Total
<i>Financial Assets</i>	\$'000	\$'000	\$'000	\$'000	\$'000
Cash & Equivalents	2,001	-	-	-	2,001
Receivables	-	-	-	901	901
<b>Total</b>	<b>2,001</b>	<b>-</b>	<b>-</b>	<b>901</b>	<b>2,902</b>
<i>Financial Liabilities</i>					
Payables	-	-	-	1,047	1,047
Borrowings	1,940	4,972	1,438	-	8,350
<b>Total</b>	<b>1,940</b>	<b>4,972</b>	<b>1,438</b>	<b>1,047</b>	<b>9,397</b>

# Financial Statements

## 2022-2023

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

#### NOTE 10 - CAPITAL EXPENDITURE COMMITMENTS

The Authority has capital expenditure commitments totalling an estimated \$2.082 million as at reporting date.

#### 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 2022	576	576
Additions of right-of-use-assets	-	-
Depreciation Charge	(259)	(259)
Adjustments to right-of-use-assets	7	7
At 30 June 2023	324	324

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	\$'000
At 1 July 2022	627
Additions	-
Accretion of interest	16
Payments	(269)
Adjustments to lease liability	7
At 30 June 2023	365
Current	289
Non-Current	76

#### NOTE 12 - POST BALANCE DATE EVENTS

There were no events after reporting date that occurred that require to be reported.



# Financial Statements

## 2022-2023

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2023

#### 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, 5 persons were paid the following total compensation:

	2023 \$'000	2022 \$'000
Salaries, allowances & other short term benefits	599	483
<b>TOTAL</b>	<b>599</b>	<b>483</b>

#### 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	3,591	81	Provision of kerbside waste collection and hard waste collection services
City of Burnside	3,491	97	Provision of kerbside waste collection and hard waste collection services
City of Mitcham	3,401	166	Provision of kerbside waste collection and hard waste collection services
City of Norwood, Payneham & St Peters	3,233	80	Provision of kerbside waste collection and hard waste collection services
City of Prospect	1,590	100	Provision of kerbside waste collection and hard waste collection services
City of Unley	3,082	104	Provision of kerbside waste collection and hard waste collection services
Corporation of the City of Campbelltown	2,894	27	Provision of kerbside waste collection and hard waste collection services
Corporation of the Town of Walkerville	600	21	Provision of kerbside waste collection and hard waste collection services

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.



# Financial Statements 2022-2023

## CERTIFICATION OF AUDITOR INDEPENDENCE

**Bentleys™**  
THINKING AHEAD


**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 Waste Management Authority Inc for the year ended 30 June 2023, 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 30<sup>th</sup> August 2023**




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# Financial Statements 2022-2023

## INDEPENDENT AUDITOR'S REPORT



**Bentleys**  
THINKING AHEAD

**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

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE EASTERN WASTE  
MANAGEMENT AUTHORITY INC**

**Opinion**

We have audited the accompanying financial report of the Eastern Waste Management Authority Inc, which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Certification of the Financial Statements.

In our opinion, the financial report gives a true and fair view of the financial position of the Eastern Waste Management Authority Inc as of 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

**Basis for Opinion**

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

**Responsibilities of Management and Those Charged with Governance for the Financial Report**

Management is responsible for the preparation of the financial report, which gives a true and fair view in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, and for such internal control as the committee and management determines is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management 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 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 entity's financial reporting process.



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Advisors  
Accountants  
Auditors



# Financial Statements 2022-2023

## INDEPENDENT AUDITOR'S REPORT



### Auditor's Responsibilities for the Audit of the Financial Report

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

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

### BENTLEYS SA AUDIT PARTNERSHIP

DAVID FRANCIS  
PARTNER

Dated at Adelaide this 22nd day of September 2023









## DECISION REPORT

<b>REPORT TITLE:</b>	PROCUREMENT POLICY (OCTOBER 2023)
<b>ITEM NUMBER:</b>	2.2
<b>DATE OF MEETING:</b>	17 OCTOBER 2023
<b>AUTHOR:</b>	ALEX BROWN, MANAGER FINANCE AND PROCUREMENT
<b>DIVISION:</b>	BUSINESS SUPPORT AND IMPROVEMENT
<b>ATTACHMENTS:</b>	<ol style="list-style-type: none"><li>1. REVISED PROCUREMENT POLICY</li><li>2. EXISTING PROCUREMENT POLICY</li></ol>

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### 1. **PURPOSE**

This report presents a proposed Procurement Policy for the Audit Committee's consideration and recommendation to Council for endorsement.

This Policy outlines the City of Unley's to implementing fair, transparent and competitive purchasing and contracting practices to achieve the best value for money outcomes aligned to Council's strategic objectives, community expectations and the requirements of any special funding sources. The Policy meets the requirements of section 49 of the *Local Government Act 1999* (the Act).

*Attachment 1*

### 2. **RECOMMENDATION**

That:

1. The report be received.
  2. The revised Procurement Policy as set out in Attachment 1 to this report (Item 2.2, Audit Committee Meeting 17/10/2023) be presented to Council for endorsement.
  3. The CEO be authorised to make minor editorial and formatting changes as required to the Procurement Policy to finalise the document.
-

### **3. RELEVANT CORE STRATEGIES – FOUR YEAR DELIVERY PLAN**

#### **4. Civic Leadership**

4.2 Council provides best value services to the community.

4.2 Council provides best value services to the community.

4.3 Our business systems are effective and transparent.

### **4. BACKGROUND**

Section 49(a1) of the *Local Government Act 1999* requires a council to develop and maintain procurement policies, practices and procedures directed towards:

- *obtaining value in the expenditure of public money, and*
- *providing ethical and fair treatment of participants; and*
- *ensuring probity, accountability and transparency in procurement operations.*

The policies are to address the council's position on the following matters;

- *The contracting out of services; and*
- *Competitive tendering and the use of other measures to ensure that services are obtained and delivered cost-effectively; and*
- *The use of local goods and services; and*
- *The sale of or disposal of land or other assets.*

The City of Unley Procurement Policy communicates to all stakeholders that the Council will undertake its procurement activities in a consistent, accountable and transparent manner.

The Procurement Policy was last reviewed by the Audit Committee in December 2020, and endorsed by Council in the same month. A copy of the existing policy is included in Attachment 2.

*Attachment 2*

The proposed Procurement Policy has been reviewed as part of the Council's program to refine its procurement practices, and align them with best practice.

### **5. DISCUSSION**

The proposed Procurement Policy (the Policy) is included in Attachment 1.

*Attachment 1*

As part of the review of the Procurement Policy, feedback was sought and received from the Executive Management Team and staff that procure on behalf of Council.

The Policy has been amended to simplify and standardise our procurement practice. It is based on the LGA Model Procurement Policy and supports the Administration's endeavours to align more closely with LGA Procurement and best practice standards.

The key revisions and improvements to the Policy include:

- The scope of the Policy, and roles and responsibilities of Council's management and staff within the Policy, have been defined;
- The procurement objectives (as listed below) have been more clearly articulated and explained, including:
  - the importance of environmental sustainability and economic sustainability, and
  - providing opportunities to not-for-profit organisations (social enterprises), local suppliers, and Aboriginal and Torres Strait contractors and suppliers (to the extent permitted by law);
- Greater clarity regarding the procurement methods permissible in the Procurement Threshold Matrix;
- The inclusion of secondary procurement processes to allow for simplified engagement of suppliers from panel arrangements; and
- Simplified terminology and expanded definitions.

There has been no change in procurement financial thresholds as they have been deemed appropriate for the maturity and structure of procurement processes at this stage.

The proposed Policy has been endorsed by the Executive Management Team.

A tracked version of the changes to the policy has not been provided given the revisions to the format and content of the Policy are significant.

## **6. POLICY IMPLICATIONS**

The Policy meets the legislative requirements of section 49 of the *Local Government Act (1999)*

### **6.1 Financial/budget implications**

N/A

### **6.2 Risk Management (identification and mitigation)**

The proposed policy emphasises the importance of identifying, measuring and managing risk, including applying a risk based approach to market.



### **6.3 Staffing/Work Plans/Additional Resource Impact**

The procurement framework, templates, and training material will be updated to align with the proposed Procurement Policy once it has been endorsed.

### **6.4 Climate/Environmental Impact**

The revised Policy emphasises the importance of environmental sustainability in planning and conducting procurement activities.

### **6.5 Social/Economic**

The revised Policy seeks to promote opportunities for not-for-profit organisations (social enterprises), local suppliers, and Aboriginal and Torres Strait contractors and suppliers, to provide goods and services to council (to the extent permitted by law).

## **7. ANALYSIS OF OPTIONS**

### **Option 1 –**

1. The report be received.
2. The revised Procurement Policy as set out in Attachment 1 to this report (Item 2.2, Audit Committee Meeting 17/10/2023) be presented to Council for endorsement.
3. The CEO be authorised to make minor editorial and formatting changes as required to the Procurement Policy, to finalise the document.

This option recommends to Council the endorsement of the Policy. Council policies are published on the City of Unley website once finalised.

### **Option 2-**

1. The report be received.
2. Subject to the incorporation of the following amendments, the revised Procurement Policy as set out in Attachment 1 to this report (Item 2.2, Audit Committee Meeting 17/10/2023) be presented to Council for endorsement.  
*Amendments to be determined by the Audit Committee.*
3. The CEO be authorised to make minor editorial and formatting changes as required to the Procurement Policy, to finalise the document.

The Audit Committee may wish to make amendments to the Policy. If this is the case, the amendments should be articulated as part of the resolution.

**8. RECOMMENDED OPTION**

Option 1 is the recommended option.

**9. REPORT AUTHORISERS**

<b>Name</b>	<b>Title</b>
Nicola Tinning	General Manager, Business Support & Improvement





## PROCUREMENT POLICY

<b>Policy Type:</b>	Council
<b>Responsible Department:</b>	Business Support & Improvement
<b>Responsible Officer:</b>	Manager, Finance and Procurement
<b>Related Policies and Procedures</b>	Employee Code of Conduct Unsolicited Proposals Policy Prudential Management Policy Disposal of Surplus Non-Community Land Policy Risk Management Policy Procurement Framework Climate Change Policy Environmental Policy Caretaker Policy Fraud and Corruption Prevention Policy Financial Delegations Project Management Framework
<b>Community Plan Link</b>	3. Economic Prosperity 3.1 Unley is recognised as an easy place to do business 4. Civic Leadership 4.1 We have strong leadership and governance 4.2 Council provides best value services to the Community 4.3 Our business systems are effective and transparent
<b>Date Adopted</b>	28 May 2012 (C420/12)
<b>Last review date</b>	14 December 2020 (C257/15)
<b>Next review date</b>	12 September 2023
<b>Reference/Version Number</b>	Version 7
<b>ECM Doc set I.D.</b>	1674821

### 1. PREAMBLE

- 1.1. Council is committed to implementing fair, transparent and competitive purchasing and contracting practices to achieve the best value for money outcomes aligned to Council's strategic objectives, community expectations and the requirements of any special funding sources.
- 1.2. This Policy has been developed pursuant to Section 49 of the *Local Government Act 1999* (SA) and best practice principles in procurement.



## 2. SCOPE

- 2.1. This Policy applies to all Council employees and contracted staff who undertake procurement and / or contract management activities at Council.
- 2.2. This Policy includes the sale and disposal of land and other assets (excluding motor vehicles).
- 2.3. This Policy does not cover:
  - 2.3.1. Non-procurement expenditure such as sponsorship agreements, grants, funding arrangements, donations, employment agreements; or
  - 2.3.2. The acquisition of land, buildings or structures or entering into lease or licence agreements.

## 3. PURPOSE

- 3.1. This Policy seeks to:
  - 3.1.1. Define the methods by which Council can acquire goods, works and services;
  - 3.1.2. Demonstrate probity, accountability and responsibility of Council to all stakeholders;
  - 3.1.3. Ensure fair and equitable procurement processes;
  - 3.1.4. Encourage consistency of approach in the management of procurement processes; and
  - 3.1.5. Ensure that the best possible outcome is achieved for Council.

## 4. DEFINITIONS

<b>Acquisition Plan</b>	<i>A document that outlines the procurement methodology and sourcing strategy to be undertaken for a proposed procurement. The Acquisition Plan may be Short Form or Long Form, depending on the value of the procurement, the proposed procurement method and outcome of the risk assessment.</i>
<b>Agreement</b>	<i>An agreement or contract made between two or more authorised persons on behalf of their organisations to perform or not perform a specific act that is enforceable in law. An agreement may be verbal, written or inferred by conduct.</i>
<b>Contractor</b>	<i>Is an individual or organisation that is formally engaged to provide goods, works or services to Council. This definition does not apply to casual, fixed term or temporary employees.</i>
<b>Council employees and contracted staff</b>	<i>Includes Project Managers as described in the Project Management Framework and others who run a procurement process or who authorise, support or approve procurement documents.</i>

<b>Direct Negotiation</b>	<i>Is a procurement process undertaken by directly approaching and negotiating with one supplier or contractor without testing the market. This method is generally only appropriate for low value and low risk goods, works or services.</i>
<b>Emergency Situation</b>	<i>A situation where Council is required to remedy or make good damage incurred to Council property from a natural or man-made incident. The CEO has the authority to act in an Emergency Situation: goods, works or services in these instances may be purchased direct from a supplier or contractor.</i>
<b>Expression of interest (EOI)</b>	<i>Used to identify suppliers and contractors interested in, and capable of, delivering the required goods, works or services. Potential suppliers and contractors are asked to provide information on their capability and capacity to do the work. It is usually the first stage of a multi-stage procurement process.</i>
<b>Goods</b>	<i>A physical or tangible item that does not include a labour component.</i>
<b>Lifecycle cost</b>	<i>The total cost of an item or system over its full life. It includes the cost of development, production, ownership (operation, maintenance, support), and disposal, if applicable. Also referred to as whole of life cycle cost or total cost of ownership.</i>
<b>Local Supplier</b>	<i>A supplier or contractor which is beneficially owned by persons who are residents or ratepayers of Council, or who have its principal business within the Council area, or a business that substantially employs persons who are residents or ratepayers of Council.</i>
<b>Market Approach</b>	<i>The process undertaken to inform the market of the requirements to obtain offers that meet Council requirements.</i>
<b>Probity</b>	<i>Uprightness, honesty, proper and ethical conduct and propriety in dealings. It is often also used in government in a general sense to mean good process.</i>
<b>Procurement</b>	<i>A series of activities that are undertaken when purchasing goods, works or services, based on three key phases, planning, purchasing and contract management.</i>
<b>Procurement process</b>	<i>The step-by-step process for the planning, establishment and contract management of small and large acquisitions.</i>
<b>Purchasing</b>	<i>The process by which an organisation contracts with another party to obtain goods, works or services required to fulfil its business objectives.</i>
<b>Quotation/quote</b>	<i>An offer to supply goods, works or services, usually in response to an invitation to supply known as a request for quotation. Often used interchangeably with proposal, tender, bid and offer.</i>

<b>Request for Quotation (RFQ)</b>	<i>A written process of inviting offers to supply goods, works or services involving simple documentation and a limited number of potential suppliers or contractors.</i>
<b>Request for Tender (RFT)</b>	<i>A written invitation to supply against a set of clearly defined and specified requirements. Participants are advised of all requirements including the rules of participation and proposed contract conditions.</i>
<b>Secondary Procurement Process</b>	<i>Means a purchase from an established panel of suppliers or contractors conducted in accordance with the approved panel rules.</i>
<b>Services</b>	<i>The performance of a task, duties or work which involves the provision of labour and/or professional services.</i>
<b>Supplier</b>	<i>Is an individual or organisation that is formally engaged to provide goods, works or services to Council.</i>
<b>Total Cumulative Spend</b>	<i>The total expenditure with a supplier or contractor or a number of suppliers or contractors over a set time period providing similar goods or services of an ongoing nature.</i>
<b>Value for money</b>	<i>Achieved in procurement by finding the optimum balance of financial and non-financial factors including whole of life cost (lifecycle cost).</i>

## 5. ROLES AND RESPONSIBILITIES

5.1. The Chief Executive Officer is responsible for:

- 5.1.1. Ensuring Council's procurement operations comply with the requirements of the *Local Government Act 1999 (SA)*; and
- 5.1.2. Approving Waiver of Competitive Process valued over \$250,000 (Ex GST).

5.2. The General Managers are responsible for;

- 5.2.1. Approving Waiver of Competitive Process valued less than \$250,000 (Ex GST).

5.3. Managers are responsible for:

- 5.3.1. Ensuring employees or contracted staff undertaking procurement are sufficiently informed of procurement and contract management requirements to be able to perform their role; and
- 5.3.2. Ensuring employees or contracted staff managing contracts with third parties are appropriately trained and resourced to manage contract relationships, outcomes and any risks or disputes that may arise.

5.4. The Manager, Finance and Procurement is responsible for:

- 5.4.1. Reviewing and maintaining the Procurement Policy and related frameworks, procedures and guidelines;
- 5.4.2. Ensuring appropriate resourcing, systems, templates and processes are in place to support compliance with this Policy; and



- 5.4.3. Implementing induction, training and education programs to ensure Council employees and contracted staff are fully informed of the requirements of this Policy.
- 5.5. The Procurement Team are responsible for;
  - 5.5.1. Providing advice and support to employees and contracted staff on the procurement process and related frameworks, procedures and guidelines.
- 5.6. All Staff are responsible for:
  - 5.6.1. Complying with this Policy and related frameworks, procedures and guidelines;
  - 5.6.2. Acting professionally and complying with the Employee Code of Ethics; and
  - 5.6.3. Retaining and maintaining access to records relating to procurement processes.

## **6. PROCUREMENT OBJECTIVES**

### **6.1. Open and Fair Competition**

- 6.1.1. Council will encourage competition by undertaking competitive procurement processes wherever possible, to deliver the best value for money.
- 6.1.2. Open and fair competition will be fostered and maintained by providing suppliers and contractors with appropriate access to Council's procurement opportunities. Council will ensure, where reasonably practicable, that:
  - 6.1.2.1. There is reasonable access for suitable and competitive suppliers and contractors to Council's procurement processes;
  - 6.1.2.2. Where market circumstances limit competition, procurement activities recognise this, and associated methodology takes account of it; and
  - 6.1.2.3. Adequate, identical, and timely information is provided to all suppliers and contractors to enable them to quote or tender.

### **6.2. Value for Money**

- 6.2.1. Council will deliver the best value in the expenditure of public money. The assessment of value for money includes consideration of financial and non-financial factors relevant to the procurement, such as:
  - 6.2.1.1. Contribution to the advancement of Council's strategic priorities;
  - 6.2.1.2. Any relevant direct and indirect benefits to Council, both tangible and intangible;
  - 6.2.1.3. Efficiency and effectiveness of the proposed procurement activity;
  - 6.2.1.4. Performance history, quality, scope of services, and support of each prospective supplier and contractor;
  - 6.2.1.5. Fitness for purpose of the proposed goods, services or works;
  - 6.2.1.6. Whole of life costs including costs of acquisition, use, ongoing maintenance, servicing requirements, decommissioning and disposal costs;



- 6.2.1.7. Council's internal administration costs;
- 6.2.1.8. Quality of the proposed solution and technical compliance;
- 6.2.1.9. Risk exposure and Work Health and Safety considerations;
- 6.2.1.10. Prevailing market forces and trends;
- 6.2.1.11. Value of any associated environmental benefits;
- 6.2.1.12. Local economic development and social inclusion;
- 6.2.1.13. Trade in values; and
- 6.2.1.14. Other relevant matters identified in specific procurement documentation.

### **6.3. Probity, Accountability and Transparency**

- 6.3.1. All procurement will be undertaken in a manner that ensures:
  - 6.3.1.1. Clearly established roles and responsibilities;
  - 6.3.1.2. Appropriate record keeping and documentation;
  - 6.3.1.3. Integrity through transparency of process and documentation of decisions made;
  - 6.3.1.4. Adherence to relevant legislation, policy and procedure;
  - 6.3.1.5. Identification and management of actual or potential conflicts of interest; and
  - 6.3.1.6. Protecting the confidentiality of commercial information.

### **6.4. Ethical Behaviour and Fair Dealing**

- 6.4.1. Council is committed to the highest ethical and professional standards in the conduct of procurement activities.
- 6.4.2. All Council employees and contracted staff involved in procurement will:
  - 6.4.2.1. Behave with impartiality, fairness, openness, integrity, and professionalism;
  - 6.4.2.2. Provide all suppliers and contractors with equal opportunity to supply to Council;
  - 6.4.2.3. Establish clear and easy to understand documentation, evaluation criteria and methodology;
  - 6.4.2.4. Provide consistent processes and constructive feedback on decisions upon request from suppliers and contractors; and
  - 6.4.2.5. Ensure effective communication and provision of information to all suppliers and contractors.

### **6.5. Identification and Management of Risk**

- 6.5.1. A risk assessment that is undertaken as part of the procurement process will consider financial, supply, business, legal, contract management, reputational, probity, Work Health and Safety, environmental, public safety and political risks.
- 6.5.2. Risks relating to the procurement process may include:

- 6.5.2.1. Procurement of unsuitable product or service;
- 6.5.2.2. Funding shortfall;
- 6.5.2.3. Probity failure;
- 6.5.2.4. Inadequate or erroneous specification;
- 6.5.2.5. Failure to agree to contract terms;
- 6.5.2.6. Actual or perceived breach of probity; and
- 6.5.2.7. Lack of responses or limited supplier participation.
- 6.5.3. Risks relating to contract management may include:
  - 6.5.3.1. Supplier capability/capacity/availability;
  - 6.5.3.2. Price variations;
  - 6.5.3.3. Failure to deliver the contract on time, on budget and to the contracted quality;
  - 6.5.3.4. Contract disputes; and
  - 6.5.3.5. Unauthorised change in scope of work.
- 6.5.4. Risk Assessment
  - 6.5.4.1. Council employees and contracted staff will ensure that appropriate practices and procedures of internal control and risk management are in place for all procurement activities, including risk identification, assessment, and implementation of controls.
  - 6.5.4.2. Procurement risk assessments will focus on assessing a potential supplier's or contractor's capacity and capability to meet Council's requirements and identify any other relevant factors which might result in goods, services or works not being successfully delivered.
- 6.5.5. Risk Based Approach to Market
  - 6.5.5.1. Council's approach to market will be influenced by procurement risk assessments, with high-risk and high-value acquisitions requiring more formal procurement planning methodologies and higher levels of management oversight.
- 6.5.6. Work Health and Safety
  - 6.5.6.1. Council is committed to protecting the health, safety, and welfare of Council employees, contracted staff and the community. Council employees and contracted staff will ensure that procurement activities protect the health, safety and welfare of its workers, elected members, customers, and the community.
  - 6.5.6.2. If the procurement of goods, services, works, materials, plant or equipment involves implications for Work, Health and Safety, Council's Work Health and Safety Team and Council's Principal Risk Management Officer will be consulted prior to the commencement of the procurement process; and

6.5.6.3. Where appropriate, evaluation will include an assessment of Work Health and Safety.

#### **6.6. Environmental Sustainability**

- 6.6.1. Council is committed to operating in an environmentally responsible manner by reducing environmental impacts from its business operations and wherever possible, selecting and contracting solutions that deliver environmental benefits.
- 6.6.2. Council promotes environmental sustainability through its procurement activities and will consider the purchase of environmentally sustainable goods and services that satisfy the value for money criteria when all other financial and commercial considerations are equal.
- 6.6.3. Council recognises the principle of circular economy and is committed to recycling, reusing materials and minimising waste wherever possible.
- 6.6.4. Council will promote environmentally sustainable practices by exploring environmentally sustainable solutions as part of the procurement process and wherever possible, seek to facilitate sustainable development and protect the environment.
- 6.6.5. Council recognises the need to strike a balance between achieving the best value for money and delivering environmentally responsible outcomes.
- 6.6.6. Council acknowledges environmental responsibility as considering the composition of materials or supplies and manufacturing processes, energy sources, greenhouse gas emissions, air pollution, noise pollution, water pollution, waste generation and disposal.
- 6.6.7. Council will adopt procurement evaluation practices that identify environmental impacts and will proceed in a way that best satisfies the overall objectives of this Policy.

#### **6.7. Social Sustainability**

- 6.7.1. Wherever possible, Council will include not-for-profit organisations (social enterprises) that benefit the community (including disadvantaged and vulnerable groups and people living with disabilities) in procurement processes.

#### **6.8. Local Economic Benefit and Aboriginal and Torres Strait suppliers and contractors**

- 6.8.1. Council recognises the significant impact that its operations play in the local economy yet is mindful of the requirement to achieve value for money outcomes and meet budget expectations.
- 6.8.2. Council will endeavour to, at its discretion and to the full extent permitted by law, support local businesses by:
  - 6.8.2.1. Promoting opportunities to local and regional businesses to supply to Council;
  - 6.8.2.2. Giving preference to local business when all other commercial considerations are equal;

- 6.8.2.3. Encouraging Aboriginal and Torres Strait suppliers and contractors to quote and tender;
- 6.8.2.4. Giving preference to Aboriginal and Torres Strait suppliers and contractors when all other commercial conditions are equal to ensure local employment opportunities and economic stability and/or growth; and
- 6.8.2.5. Considering economic and social inclusion elements such as employment creation and training opportunities specifically within the Council area.

## **7. PROCUREMENT THRESHOLDS**

- 7.1. Procurements are to be conducted in accordance with Council's financial thresholds detailed on the following page:



Value (Ex GST)	Market Approach Minimum Requirements (where possible)	Market Approach Options	Agreement Type	Acquisition Plan Type	Evaluation Requirement
Up to \$2,000	<ul style="list-style-type: none"> <li>Direct Negotiation involving 1 supplier based on advertised price or written quotation</li> </ul>	<ul style="list-style-type: none"> <li>Pre-qualified contractor register</li> <li>Panel arrangement</li> <li>VendorPanel</li> <li>Direct approach ie email</li> <li>Verbal quote - must be supported by written documentation</li> </ul>	<ul style="list-style-type: none"> <li>Work Order under Panel</li> <li>Purchase Order</li> <li>Credit Card</li> <li>Petty Cash (\$50)</li> </ul>	Nil	1 person
\$2,000 to \$10,000	<ul style="list-style-type: none"> <li>Direct Negotiation involving 1 supplier based on advertised price or written quotation</li> </ul>	<ul style="list-style-type: none"> <li>Pre-qualified contractor register</li> <li>Panel arrangement</li> <li>VendorPanel</li> <li>Direct approach ie email</li> <li>Verbal quote - must be supported by written documentation</li> </ul>	<ul style="list-style-type: none"> <li>Work Order under Panel</li> <li>Purchase Order</li> <li>Goods Agreement</li> <li>Services Agreement</li> <li>Works Agreement</li> </ul>	Short Form	1 person
\$10,000 to \$50,000	<ul style="list-style-type: none"> <li>Request for Quotation (to three (3) suppliers), OR</li> <li>Request for Quotation from the Panel (to one (1) supplier)</li> </ul>	<ul style="list-style-type: none"> <li>Pre-qualified contractor register</li> <li>Panel arrangement</li> <li>VendorPanel</li> <li>Select approach to identified suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Work Order under Panel</li> <li>Goods Agreement</li> <li>Services Agreement</li> <li>Works Agreement</li> </ul>	Short Form	2 people
\$50,000 to \$100,000	<ul style="list-style-type: none"> <li>Request for Quotation (to three (3) suppliers), OR</li> <li>Request for Quotation from the Panel (to one (1) supplier)</li> </ul>	<ul style="list-style-type: none"> <li>Pre-qualified contractor register</li> <li>Panel arrangement</li> <li>VendorPanel</li> <li>Select approach to identified suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Work Order under Panel</li> <li>Goods Agreement</li> <li>Services Agreement</li> <li>Works Agreement</li> </ul>	Long Form OR Short Form if using Panel	3 people
Greater than \$100,000	<ul style="list-style-type: none"> <li>Select Request for Tender (subject to approved risk assessment – to five (5) suppliers), OR</li> <li>Request for Expression of Interest (to three (3) suppliers), OR</li> <li>Request for Quotation from the Panel (to three (3) suppliers), OR</li> <li>Open Request for Tender</li> </ul>	<ul style="list-style-type: none"> <li>Pre-qualified contractor register</li> <li>Panel arrangement</li> <li>VendorPanel</li> <li>Select approach to identified suppliers</li> <li>SA Tenders and Contracts <a href="http://www.tenders.sa.gov.au">www.tenders.sa.gov.au</a></li> </ul>	<ul style="list-style-type: none"> <li>Work Order under Panel</li> <li>Goods Agreement</li> <li>Services Agreement</li> <li>Works Agreement</li> </ul>	Long Form OR Short Form if using Panel	3 people

- 7.2. Council reserves the right to undertake public, select tenders or enter direct negotiations wherever considered appropriate. Council may also by resolution, having regard to this Policy and any other relevant factor, direct Council employees or contracted staff to use a different method of procurement in its absolute discretion.
- 7.3. The value of a procurement is calculated as follows:
  - 7.3.1. Single one-off procurement – the total amount, or estimated total amount, of the procurement (Ex GST);
  - 7.3.2. Multiple procurements with the same supplier or contractor – the gross value, or the estimated total gross value, of the procurements (Ex GST); or
  - 7.3.3. Ongoing procurements over time – the annual gross value, or the estimated total annual gross value, of the procurements (excluding GST).
- 7.4. The value of a procurement or transaction is calculated across all elements of the procurement process including any agreement options, extensions, renewals, and contingencies (Ex of GST) and should be considered in the planning phase of the project.
- 7.5. Splitting the value of the purchase into individual components to meet lower value Purchase Threshold requirements is strictly not permitted.

## **8. MARKET APPROACH**

The market approach will be documented in an Acquisition Plan, with reference to several factors including procurement complexity, value, risks, characteristics of the supply market, and Council's strategic objectives.

### **8.1. Direct Negotiation**

- 8.1.1. Direct negotiation is a procurement method undertaken by directly approaching and negotiating with one (1) supplier or contractor.
- 8.1.2. Prices should be benchmarked and value for money considered prior to awarding contract.

### **8.2. Request for Quotation (RFQ)**

- 8.2.1. This is where Council obtains quotations from prospective suppliers or contractors for the provision of low value, low risk goods, services or works.
- 8.2.2. This method may be suitable for simple, largely price-based purchases.

### **8.3. Expressions of Interest (EOI)**

- 8.3.1. Expressions of interest are useful when the number of suppliers or contractors, market size or the approach to solving a problem is largely unknown.
- 8.3.2. Such a process can form the basis for a future Request for Tender for the goods, services or works.
- 8.3.3. Council should assess the market before conducting an EOI process and refine the requirements as much as possible to ensure responses are targeted appropriately.

### **8.4. Request for Tender (RFT)**

- 8.4.1. This is where the Council issues a tender for goods, services or works.

- 8.4.2. Council may issue a "Select" Request for Tender where it has already issued an EOI, or where there are reasonable grounds for involving a select group of potential suppliers or contractors.
- 8.4.3. Otherwise, Council may issue an "Open" Request for Tender.
- 8.4.4. An open tender is advertised publicly using SA Tenders and Contracts Website.

#### **8.5. Panel Contracts**

- 8.5.1. Council may establish panel arrangements with select groups of suppliers or contractors to increase administrative efficiency in the procurement of goods, works and services.
- 8.5.2. Panels will be established following the principles of this Policy.
- 8.5.3. All Panels will be managed for performance and on-going value for money opportunities.
- 8.5.4. Where Council has established a Panel for goods, services or works that are purchased regularly, Council employees or contracted staff may engage a supplier off the panel using a short form Acquisition Plan irrespective of value, in recognition of the comprehensive evaluation process used to establish the Panel arrangement.

#### **8.6. Strategic Alliances**

- 8.6.1. If Council enters into a strategic alliance procurement process, there will be no requirement for Council to approach the wider market or enter into a separate RFT or RFQ. Council will satisfy the procurement requirements through the contractual arrangements established and administered by other organisations that demonstrate adherence to the requirements of this Policy. The participation in strategic alliances means that the methods of procurement set out in this Policy will be undertaken pursuant to and in accordance with the arrangements set out by the Strategic Alliances. These include, but are not limited to:
  - 8.6.1.1. LGA Procurement (via VendorPanel);
  - 8.6.1.2. A purchasing group of which Council is a member;
  - 8.6.1.3. Some State Government contracts; and
  - 8.6.1.4. Ad hoc alliances created with other Local Government entities.

#### **8.7. Waiver of Competitive Process**

- 8.7.1. A request for waiver of a competitive process should not be viewed as a mechanism to remove the need for rigorous procurement planning.
- 8.7.2. Situations where it may be appropriate to waive application of this Policy are:
  - 8.7.2.1. There may be significant public risk if the procurement is delayed by process requirements, such as emergency situations threatening life and/ or property;
  - 8.7.2.2. The pressures of time are such that an open tender call is not feasible, such as where there has been an unanticipated Council or Government policy decision;

- 8.7.2.3. Council purchases assets or goods at an auction up to \$100,000;
- 8.7.2.4. Council purchases second hand assets or goods up to \$100,000;
- 8.7.2.5. A supplier or contractor is evidenced to be a "sole supplier or contractor" in the market and effectively a niche specialist or monopoly, rendering the tender process redundant;
- 8.7.2.6. A supplier or contractor who has considerable background knowledge and experience, or specialist expertise on a particular Council project or asset e.g. an extension of a previous project. In such circumstances, the procurement of assets, goods, works or services on negotiated fees and terms through that supplier or contractor alone may be deemed sound and advantageous to Council. This could include engaging the supplier or contractor on a retainer basis for a defined period of time:
  - 8.7.2.6.1. Continuation of services under an existing purchasing arrangement (i.e. variations/extensions to existing purchase orders or agreements);
  - 8.7.2.6.2. Goods, services or works are being provided under an existing purchasing arrangement (i.e. warranty, servicing, maintenance or defects liability); or
  - 8.7.2.6.3. Where knowledge, design and/or intellectual property is being retained to secure continuity of a staged initiative which may be disadvantaged (e.g. time, objective, financially) if subjected to a further competitive engagement process.
- 8.7.3. Approval for Waiver of Competitive Process is granted by the:
  - 8.7.3.1. Chief Executive Officer if the value is over \$250,000 (Ex GST); or
  - 8.7.3.2. Relevant General Manager if the value of the purchase is under \$250,000 (Ex GST).
  - 8.7.3.3. All such procurements, whether approved by the Chief Executive Officer or General Manager, must be recorded in a register (Register of Waiver of Competitive Process) and reported to the Executive Management Team on a quarterly basis.

## **8.8. Sale and Disposal of Land and Other Assets**

- 8.8.1. For the sale and disposal of land and other assets, the following principles will apply:
  - 8.8.1.1. Consistency with, and relevance to, Council's Corporate and Strategic Plans;
  - 8.8.1.2. Transparency and accountability in sale and disposal procedures and practices to ensure that the Council obtains the best price in the circumstances and that potential purchasers are given equal opportunity to purchase the land or assets;
  - 8.8.1.3. Compliance with statutory and other obligations (e.g. Council Policy for Disposal of Surplus Non-Community Land);



8.8.1.4. Commercial confidentiality within legislative constraints; and

8.8.1.5. Other relevant factors deemed appropriate by Council.

8.8.2. Consideration must also be given to the Prudential Management Policy and the Unsolicited Proposal Policy, where relevant.

8.8.3. Council may utilise one or more of the following methods to sell or dispose of land and other assets:

- trade in
- public auction
- select tender
- open tender
- by agency agreement, or
- a direct approach to potential purchasers (for example, adjoining landholders).

8.8.4. The disposal of motor vehicles is addressed in Council's Motor Vehicle Policy.

## 9. LEGISLATION

9.1. This is a mandatory Policy pursuant to section 49 of the *Local Government Act 1999* (SA).

9.2. The following list of Acts and Regulations apply to Council's diverse range of procurement activities. This Policy is intended to supplement these instruments. Any inconsistency that may arise between this Policy and a relevant Act or Regulation shall be resolved in favour of the Act or Regulations:

- *Local Government Act 1999* (SA)
- *Freedom of Information Act 1991* (SA)
- *Work Health and Safety Act 2012* (SA)
- *Work Health and Safety Regulations 2012* (SA)
- *Independent Commissioner Against Corruption Act 2012* (SA)
- *Environmental Protection Act 1993* (SA)
- *Industry Advocate Act 2017* (SA)
- *Ombudsman Act 1972* (SA)
- *State Records Act 1997* (SA)
- *Competition and Consumer Act 2010* (Cth)
- *National Competition Policy* (Cth)
- *Trades Practices Act 1974* (Cth)

## 10. AVAILABILITY OF POLICY

10.1. This Policy can be downloaded, free of charge, from Council's website: [www.unley.sa.gov.au](http://www.unley.sa.gov.au).

10.2. A printed copy may be purchased on request at:

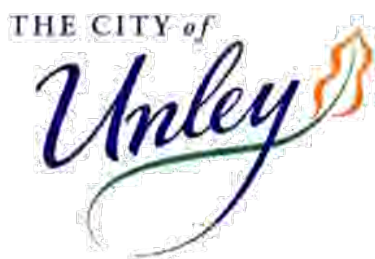
The Civic Centre, 181 Unley Road, Unley SA 5061

## 11. DOCUMENT

## HISTORY

Date	Ref/Version No.	Comment
20 Sept 2010	CSP 360/10	
27 Sept 2010	Council; C739/10	Was policy no. COU 22
14 May 2012	CSP 108/12	
28 May 2012	Council; C420/12	
1 Sept 2015	Audit & Governance; A&G18/15	
14 Dec 2020	Council C0403/20	Audit Committee 8 Dec 2020 AC0029/20





## PROCUREMENT

Policy Type:	Council Policy
Responsible Department:	Business Support & Improvement
Responsible Officer:	General Manager Business Support & Improvement
Related Policies and Procedures	Code of Conduct, Employees Prudential Management Policy Disposal of Surplus Non-Community Land Risk Management Policy Purchase Card Policy Motor Vehicle Policy Employees & Volunteers Procurement Framework
Date Adopted:	28 May 2012 (C420/12)
Last Council Review:	14 December 2020 (C0403/20)
Next Review Date:	14 December 2023
ECM Doc Set ID:	2626914

### 1. POLICY STATEMENT

This Policy has been developed pursuant to the requirements of Section 49 of the *Local Government Act 1999*, for the acquiring of goods and services. It provides clear direction to Council's administration for procurement within the City of Unley to ensure consistency and control over procurement activities and to encourage best practice.

A Procurement Framework is maintained to support the application of this policy.

### 2. COMMUNITY PLAN OBJECTIVES

- 3.1 Unley is recognised as an easy place to do business.
- 4.1 We have strong leadership and Governance.
- 4.3 Our business systems are effective and transparent



### 3. POLICY OBJECTIVES

This policy has been developed to provide clear accountability, consistency and transparency to all procurement activities of Council and to ensure delivery of the following key objectives:

- providing for equitable and ethical behaviour in all procurement activities and fair treatment of suppliers and third parties
- obtaining value for money through tendering and negotiating practices
- ensuring probity, accountability, transparency and, where appropriate, reporting
- effective management of the end to end procurement lifecycle
- identification and management of risks, and
- ensuring that purchasing transactions are conducted within delegated authority.

### 4. PRINCIPLES

The following key principles underpin all procurement activities at the City of Unley:

#### 4.1 Open and Effective Competition

Procurement should, as far as is reasonably possible, be transparent and result in fair and effective competition in the provision of goods and services. Council will encourage healthy competition in the markets from which it purchases.

#### 4.2 Value for Money

Council seeks to achieve value for money. The concept of best value is not restricted to price alone. The best value assessment will include consideration of one or more of the following criteria together with other relevant factors pertaining to the individual procurement activity:

- contribution to the advancement of the Council's strategic priorities
- ensuring that the goods and/or service(s) meet the needs of the community through fitness for purpose, quality, services and support
- whole-of-life costs, including costs of acquiring, using, maintaining and disposal
- internal administration costs
- technical compliance issues
- risk exposure, and
- the value of any associated environmental, social and economic benefits.

#### 4.3 Ethical Behaviour and Fair Dealing

Council values the highest ethical and professional standards in its business dealings. Council will aim to achieve integrity in its procurement activities through transparent processes. Council employees involved in purchasing are

to behave with impartiality, fairness, independence, openness, integrity and professionalism in their discussions and negotiations with suppliers and their representatives at all stages of the procurement process.

Council officers will observe the Code of Conduct for Employees reference at all times during the conduct of procurement activities and comply with all legal and common law obligations, including requirements of the *Independent Commissioner Against Corruption Act 2012*.

#### **4.4 Social, Economic and Environmental Sustainability**

Council procurement plays an important role in the economic development of South Australia. Promotion of employment, capital investment and support of supply chains in our immediate region and the broader state should be actively favoured when procurement decisions are made by Council.

Council acknowledges the South Australian Industry Participation Policy (IPP) and the *Industry Advocate Act 2017* and practices, as implemented by the State Government of South Australia.

Council recognises the geographical boundaries of the member Councils of the Eastern Regional Alliance (ERA) as its immediate region for the application of the IPP.

To the extent permitted by law, when all other considerations are equal, Council will favour the engagement of local suppliers and the use of South Australian made goods and suppliers whose activities contribute to the economic development of the region and/or provide local employment opportunities.

Council may also give preference to local contractors and suppliers by:

- actively promoting to local businesses' opportunities to supply to the Council
- structuring the purchasing processes to be accessible to all businesses
- ensuring, where possible, that specifications and purchasing descriptions are not structured so as to potentially exclude local suppliers and contractors.

Consideration may also be given, where practicable in the procurement process, to investigate the inclusion of not-for-profit organisations (social enterprises) that benefit the community (including the disadvantaged).

In addition, in order to minimise Council's impact on its environment, Council will undertake best endeavours to adopt purchasing practices which conserve natural resources in a way that achieves value for money on a whole of life basis by generating benefits for the organisation and the community.

#### **4.5 Risk Management**

Council will ensure that appropriate risk management practices are in place for procurement activities including risk identification, assessment, and mitigation and will adopt sound risk management principles in its procurement activities consistent with the Risk Management Policy and Framework.

Procurement risk assessments will influence the approach to market, with higher risk acquisitions requiring more formal procurement planning methodologies and higher levels of management oversight.

Council will only engage suppliers who are able to maintain a level of Work Health and Safety acceptable to the City of Unley. As a minimum, this will be in compliance with the *Work Health and Safety Act 2012*, all associated regulations and all requirements relating to contractors in the Council's relevant Work Health and Safety policies, and as specified in terms and conditions of contractual arrangements.

## 5. PROCUREMENT

### 5.1 Methods of Procurement

The Procurement Framework outlines detailed information in relation to methods of procurement. The procurement decision matrix (within the Procurement Framework) outlines different transaction methods that can be applied.

To meet the requirements in relation to open and fair processes, the Council will select an approach to market method best suited to the procurement activities.

The determination of the method of procurement will be typically documented by the preparation of an Acquisition Plan, detailing the most appropriate method for the purchase and the delegated officers involved at each level of the approval process.

The strategy and planning for the procurement process must be commensurate with the estimated monetary value and the level of risk to Council arising from the engagement. Strategic sourcing of goods and services requires planning using a systematic and fact orientated approach to optimize Council's supply base and to improve overall value.

The following table outlines the minimum procurement requirements which includes:

- Written quote(s) for purchases over \$2,000;
- An Acquisition Plan and competitive sourcing involving three written quotes and for purchases over \$10,000;
- A formal evaluation process for purchases over \$50,000; and
- A formal tender process for purchases where the estimated gross value of expenditure over the life of the contract exceeds \$100,000.

Direct sourcing (i.e. a quote from a single supplier) may be used for purchases up to \$10,000.

Value of Purchase (excluding GST)	Sourcing Method	Minimum Written Quotes	Evaluation Method	Acquisition Plan
\$0 to \$2,000	Direct	Nil	1 officer	Short Form when a contract is required
\$2,000 to \$10,000	Direct	1	1 officer	
\$10,000 to \$50,000	Competitive	3	2 officer evaluation	Short Form
\$50,000 to \$100,000	Competitive	3	3 officer (minimum) evaluation panel	Medium Form
Greater than \$100,000	Competitive tender	3 submissions		Long Form

Council reserves the right to undertake public or select tenders and requests for expressions of interest whenever considered appropriate.

For the purpose of this policy, the value of any purchase will be calculated as follows:

- single one-off purchase – the total amount, or estimated amount of the purchase (excluding GST)
- multiple purchases – the gross value of, or the estimated gross value of, all items to be purchased (excluding GST), or
- ongoing purchases over a period of time – the annual gross value of the purchases, or the estimated annual gross value (excluding GST).

Splitting the amounts to bring expenditure within lower limits is not permitted.

Persons with financial delegated authority to procure will be responsible for ensuring appropriate practices and procedures for risk and opportunity management are observed.

Council may, at its absolute discretion, by resolution, having regard to the Procurement Principles and any other factors considered, utilise a different method of procurement.

## 5.2 Tender Process

In circumstances that Council is required or elects to undertake a tender, an open or select tender process may be undertaken.

An Open Tender must be advertised publicly through the use of the State Government's contracts and tenders web site.



A Select Tender process may be used where there are a limited number of competitors with the required knowledge in the market place. The reason for undertaking a Select Tender is required to be detailed in the Acquisition Plan.

Tenders will be evaluated in a systematic manner against clearly predetermined evaluation criteria, with the process documented in a recommendation report.

Successful and unsuccessful respondents will be advised of the outcome of the evaluation process, and offered a debriefing provided upon request.

### **5.3 Acquisition Plan**

An Acquisition Plan is required for all purchases over \$10,000 (ex GST) and for the extension of contracts and where a contract is required to be executed even if the procurement is under \$10,000 (ex GST).

The Acquisition Plan will:

- detail the estimated value and the planned approach for the procurement activity;
- identify the approval process required for each stage of the procurements; and
- consider risk factors involved in the procurement.

### **5.4 Purchase Orders**

Purchase orders provide a record of the intention to expend funds, evidence of the process of approval, separation of duties and commitment of funds. A Purchase Order establishes Council's terms and conditions with the supplier.

Purchase orders are required for purchases over \$2,000 unless an exemption applies within the Procurement Framework. The initiating officer and the approving officer must be different Council officers, and a purchase order is not official until it is approved.

### **5.5 Strategic Purchasing Cooperatives**

Purchases may be made through strategic alliances and common use arrangements that are established and administered by organisations listed within the Procurement Framework with the aim of:

- reducing direct and indirect purchasing costs, and/or
- providing value for money through joint purchasing, and/or
- improving delivery and/or quality of outcomes to residents, and/or
- attracting more competition or a more suitable field of providers to respond to the tender call.

Where the Council accesses contracts established through a strategic alliance, it is deemed that these contracts meet the requirements of a tender process and, therefore, do not require a further tender process and are not required to be recorded in the Register for Dispensation from Procurement Policy.

## 5.6 Dispensation from Procurement Policy

In circumstances where the Council enters into purchasing contracts, other than those resulting from a competitive process, the Council will record the reasons for entering into those contracts.

There may be rare situations, such as emergencies or occasions where Council's procurement processes will not necessarily deliver the best outcome for Council, in which case other market approaches may be more appropriate. In these circumstances, the reason/s for not undertaking a competitive quotation or tender must be identified and recorded in the Acquisition Plan.

Dispensation may be sought for the following situations:

- An emergency threatening life and/or property;
- The supply market is limited (due to lack of 3 suitable suppliers);
- Timing constraints - urgent purchase (not to be used for poor planning);
- Compatibility with existing equipment or involves repairs and maintenance of existing equipment from original supplier;
- The exact same product or service (with the same specification) was chosen through a competitive procurement process within the last 6 months; or
- Where funding arrangements or grants specify other requirements.

Approval for exemptions is required by the:

- relevant General Manager on the recommendation of the initiating officer if the value of the purchase is under \$250,000, or
- CEO if the value is over \$250,000.

All such purchases, whether approved by a General Manager or the CEO, must be recorded in a register (Register for Dispensation from Procurement Policy) and reported to the Executive Management Team on a quarterly basis.

## 5.7 Negotiations

When requests for quotations, tenders or proposals have been invited for a contract for the carrying out of work or the supply of goods or services, then Council may negotiate with one or more respondents.

Probity requirements must apply in respect to any negotiation undertaken.

The Council may close down a tender (shut down) if tender submissions received do not meet the requirements or no tender submissions are received and proceed to negotiate with any one or more of the tenderers or any other person.

## 5.8 Contracting Out of Services

The Council may explore contracting out opportunities in lieu of direct service provision if better value for money can be achieved to gain the most efficient and effective service delivery possible (subject to any restrictions or

requirements contained within any enterprise based bargaining agreement). This includes the consideration of shared services opportunities with other Councils.

## 5.9 Confidentiality

Subject to the requirements of the *Freedom of Information Act 1991* and the *Local Government Act 1999* Council will maintain confidentiality in regard to contractual arrangements with suppliers.

## 5.10 Sale and Disposal of Assets

For the sale and disposal of land and other assets, the following principles will apply:

- consistency with and relevance to Council's Corporate and Strategic Plans
- transparency and accountability in sale and disposal procedures and practices to ensure that the Council obtains the best price in the circumstances and that potential purchasers are given equal opportunity to purchase the land or assets
- compliance with statutory and other obligations (e.g. Council Policy for Disposal of Surplus Non-Community Land)
- commercial confidentiality within legislative constraints, and
- other relevant factors deemed appropriate by Council.

Consideration must also be given to the Prudential Management Policy (Policy reference S0001), where relevant.

Council may utilise one or more of the following methods to sell or dispose of land and other assets:

- trade in
- public auction
- select tender
- open tender
- by agency agreement, or
- a direct approach to potential purchasers (for example, adjoining landholders).

Motor vehicle disposal is addressed in Council's Motor Vehicle Policy.

## 5.11 Prudential Management

An active risk management approach will be adopted when undertaking significant projects that have a high initial or long-term impact on Council's budgets. A Prudential Report will be prepared for major projects that exceed the threshold for minimum prudential risk management, as defined within Section 48 of the *Local Government Act 1999*. Before Council commences a prudential project, the services of a suitably qualified staff member or independent person

will be engaged to prepare a prudential report that includes all relevant issues listed in section 48(2) of the *Local Government Act 1999*. Refer Council's Prudential Management Policy.

## 6. DEFINITIONS

'Acquisition Plan'	is a document that outlines the procurement methodology and strategy to be undertaken in procuring the required goods or services. This plan also details the approval delegation before the procurement strategy is commenced.
'Direct sourcing'	is the purchase of goods and/or services from a single source.
'Dispensation from Procurement Policy';	the deviation from policy to pursue a method of procurement that will provide the best outcome for the Council.
'Probity'	means uprightness, honesty, proper and ethical conduct and propriety in Council dealings.
'Procurement'	is the complete action or process of acquiring or obtaining goods, services or property from outside Council at the operational level. For example, purchasing, contracting, and negotiating directly with the source of the supply through to acceptance and payment.
'Strategic sourcing'	is a process that continuously improves and re-evaluates purchasing activities to gain value.
'Strategic Alliance'	procurement activities through contract arrangements already in established and administered by other organisations such as, Local Government Association Procurement, Procurement Australia etc.
'Tender'	a proposal, bid or offer that is submitted in response to a Request for Tender.

## 7. LEGISLATION/REFERENCES

This is a mandatory policy as required under the *Local Government Act 1999* (Section 49).

The following is a list of various Acts and Regulations that apply to Council's diverse range of procurement activities. This policy is intended to supplement these instruments. Any inconsistency that may arise between this policy and a relevant Act or Regulation shall be resolved in favour of the act or regulations:



- Local Government Act 1999
- Competition and Consumer Act 2010 (Commonwealth)
- National Competition Policy
- Freedom of Information Act 1991
- Work Health and Safety Act 2012 (SA)
- Work Health and Safety Regulations 2012 (SA)
- Independent Commissioner Against Corruption Act 2012
- Environmental Protection Act 1993
- Security of Payment Act 2009
- Industry Advocate Act 2017
- Related Council Policies and Procedures
- Caretaker Policy
- Code of Conduct for Employees & Volunteers
- Disposal of Surplus Non-Community Land Policy
- Fraud and Corruption Prevention Policy
- Gifts and Benefits Procedure
- Motor Vehicle Policy
- Work, Health and Safety Contractor Management Policy

## **8. ROLES/RESPONSIBILITIES**

- Manager Finance and Procurement
- Co-ordinator – Procurement and Contracts.

## **9. AVAILABILITY**

The policy is available for public inspection during normal office hours from:

Civic Centre  
181 Unley Road  
Unley SA 5061

A copy may be purchased for a fee as determined annually by Council.

It is also available for viewing, download and printing free of charge from the Council's website, [www.unley.sa.gov.au](http://www.unley.sa.gov.au)

**DOCUMENT HISTORY**

<b>Date:</b>	<b>Council/Committee/Internal</b>	<b>Comment:</b>
20 Sept 2010	CSP 360/10	
27 Sept 2010	Council; C739/10	Was policy no. COU 22
14 May 2012	CSP 108/12	
28 May 2012	Council; C420/12	
1 Sept 2015	Audit & Governance; A&G18/15	
28 Sept 2015	Council; C257/15	Was policy no. COU14
8 December 2020	Audit Committee	

## DECISION REPORT

<b>REPORT TITLE:</b>	TREASURY MANAGEMENT POLICY (OCTOBER 2023)
<b>ITEM NUMBER:</b>	2.3
<b>DATE OF MEETING:</b>	17 OCTOBER 2023
<b>AUTHOR:</b>	ALEX BROWN, MANAGER FINANCE AND PROCUREMENT
<b>DIVISION:</b>	BUSINESS SUPPORT AND IMPROVEMENT
<b>ATTACHMENTS:</b>	<ol style="list-style-type: none"><li>1. TRACKED CHANGES TO THE EXISTING POLICY</li><li>2. PROPOSED TREASURY MANAGEMENT POLICY</li></ol>

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### 1. **PURPOSE**

This report presents a proposed Treasury Management Policy for the Audit Committee's consideration and recommendation to Council for endorsement.

This Policy guides Council's decision making regarding the financing of its strategic objectives, as covered by its Long-term Financial Plan and Annual Business Plan and Budget, and management of its cash investments.

*Attachment 1*

### 2. **RECOMMENDATION**

That:

1. The report be received.
  2. The proposed Treasury Management Policy as set out in Attachment 1 to this report (Item 2.3, Audit Committee Meeting 17/10/2023) be presented to Council for endorsement.
  3. The CEO be authorised to make minor editorial and formatting changes as required to the Treasury Management Policy to finalise the document.
-

### **3. RELEVANT CORE STRATEGIES – FOUR YEAR DELIVERY PLAN**

#### **4. Civic Leadership**

4.1 We have strong leadership and governance.

4.3 Our business systems are effective and transparent.

### **4. BACKGROUND**

The existing Treasury Management Policy was last reviewed in 2019, and endorsed by Council in September that year. A copy of the tracked changes to the existing Policy is included in Attachment 2.

*Attachment 2*

The Policy addresses requirements of the *Local Government Act 1999*, including section 134 - *Borrowing and related financial arrangements*, and sections 139 – *Investment powers* and 140 – *Review of investments*.

### **5. DISCUSSION**

The proposed Treasury Management Policy (the Policy) is included in Attachment 1.

*Attachment 1*

The proposed changes to the Policy include:

- Revisions to the Policy's Preamble and Purpose/Objectives, emphasising borrowings are to fund new and upgraded capital aligned to strategic objectives (as distinct from operations and short term cash flow),
- Providing greater clarity on roles and responsibilities,
- Updating related policies and procedures,
- Updating position names, and
- Minor grammatical and formatting changes.

There are no other substantive changes to the Policy.

#### **The Preamble and Purpose/Objectives**

Terminology within the Policy's Preamble has been revised to clarify the Policy's focus is directed to the financing of Council's 'strategic objectives' rather than 'operations'.

The Policy's Purpose/Objectives have been revised, stating that Council will generally only borrow funds to support long-term cash flow to fund new and upgraded assets identified in Council endorsed strategies. This may



include strategic land purchases, recognising the *Open Space Fund Policy* has been established to fund the purchase of open space.

### **Roles and Responsibilities**

The roles and responsibilities of Council, the Audit Committee, Chief Executive Officer, management and finance team members have been defined within the proposed policy.

These roles and responsibilities reflect the:

- requirements of the *Local Government Act 1999*,
- Audit Committee's Terms of Reference,
- delegations provided within the existing policy, and
- reporting requirements within the existing policy.

The responsibilities of the Audit Committee are consistent with the changes in *Local Government Act 1999* that apply from 30 November 2023.

### **Formatting**

The Policy has been aligned to the current policy template for the City of Unley, including the inclusion of a table for the definitions.

## **6. POLICY IMPLICATIONS**

The Policy addresses the legislative requirements of the *Local Government Act (1999)*, including sections 134, 139 and 140 of the Act.

### **6.1 Financial/budget implications**

N/A

### **6.2 Risk Management (identification and mitigation)**

This Policy outlines the City of Unley's approach to managing interest rate risk, and minimising risks associated with the approval of loans and utilisation of borrowings. It also addresses responsibility to monitor and manage long term financial sustainability.

### **6.3 Staffing/Work Plans/Additional Resource Impact**

Nil

### **6.4 Climate/Environmental Impact**

Nil

## 6.5 Social/Economic

Nil

## 7. ANALYSIS OF OPTIONS

### Option 1 –

1. The report be received.
2. The proposed Treasury Management Policy as set out in Attachment 1 to this report (Item 2.3, Audit Committee Meeting 17/10/2023) be presented to Council for endorsement.
3. The CEO be authorised to make minor editorial and formatting changes as required to the Treasury Management Policy to finalise the document.

This option recommends to Council the endorsement of the Policy. Council policies are published on the City of Unley website once finalised.

### Option 2-

1. The report be received.
2. Subject to the incorporation of the following amendments, the Treasury Management Policy as set out in Attachment 1 to this report (Item 2.3, Audit Committee Meeting 17/10/2023) be presented to Council for endorsement.  
*Amendments to be determined by the Audit Committee.*
3. The CEO be authorised to make minor editorial and formatting changes as required to the Treasury Management Policy, to finalise the document.

The Audit Committee may wish to make amendments to the Policy. If this is the case, the amendments should be articulated as part of the resolution.

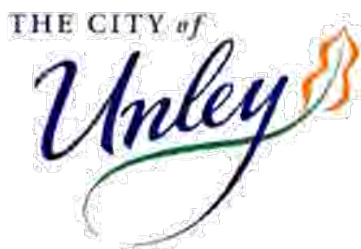
## 8. RECOMMENDED OPTION

Option 1 is the recommended option.

## 9. REPORT AUTHORISERS

Name	Title
Nicola Tinning	General Manager, Business Support & Improvement





## TREASURY MANAGEMENT POLICY

<b>Policy Type:</b>	Council
<b>Responsible Department:</b>	Business Support & Improvement
<b>Responsible Officer:</b>	Manager Finance and Procurement
<b>Related Policies and Procedures</b>	<ul style="list-style-type: none"> <li>• Open Space Fund Policy</li> <li>• Prudential Management Policy</li> <li>• Procurement Policy</li> <li>• Long-term Financial Plan</li> <li>• Infrastructure and Asset Management Plan</li> <li>• Delegations Framework</li> <li>• Project Management Framework</li> </ul>
<b>Community Plan Link</b>	1. Civic Leadership 4.1 We have strong leadership and governance 4.2 Council provides best value services to the Community 4.3 Our business systems are effective and transparent
<b>Date Adopted</b>	15 December 2008: C386/08
<b>Last review date</b>	
<b>Next review date</b>	<i>[Insert the date the policy is to be next reviewed eg November 2023]</i>
<b>Reference/Version Number</b>	Version 7
<b>ECM Doc set I.D.</b>	<a href="#">1674821</a>

### 1. PREAMBLE

- 1.1. The Treasury Management Policy guides Council's decision making regarding the financing of its strategic objectives, as covered by its Long-term Financial Plan and Annual Business Plan and Budget, and management of its cash investments.

### 2. SCOPE

- 2.1. The scope within which the treasury functions will operate will ensure that:
- 2.1.1. Funds are available as required to support strategic objectives and approved expenditure;
  - 2.1.2. Interest rate and other risks (e.g. liquidity and investment credit risks) are acknowledged and responsibly managed;
  - 2.1.3. The net interest costs associated with borrowing and investing are reasonably minimised on average over the longer term;



- 2.1.4. Medium to longer term objectives of the Long-term Financial Plan are not compromised;
- 2.1.5. Where possible, the structure of the borrowing is appropriate for the nature of the assets being funded; and
- 2.1.6. Council's funding activities are in accordance with its legislative and common law responsibilities.

### 3. POLICY PURPOSE/OBJECTIVES

- 3.1. The objective of this policy is to enable Council to manage its treasury functions: borrowings, investments, and associated cash flow; holistically in a manner that ensures financial sustainability and supports strategic management plans.
- 3.2. This means Council will:
  - 3.2.1. Maintain a target range for its Net Financial Liabilities ratio;
  - 3.2.2. Generally only borrow funds to support long-term cash flow to fund new and upgraded assets identified in Council endorsed strategies. This may include strategic land purchases, recognising the *Open Space Fund Policy* has been established to fund the purchase of open space;
  - 3.2.3. Only retain or quarantine money for a particular future purpose when required by legislation or part of an agreement;
  - 3.2.4. Apply, where cost effective, any funds that are not immediately required to meet approved expenditure, to reduce the level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required;
  - 3.2.5. Not borrow for funding annual operational expenditure.
- 3.3. With reference to Borrowings, subject to meeting Net Financial Liabilities Ratio targets:
  - 3.3.1. Council aims to borrow 'long for long' and 'short for short', i.e. where possible, the structure of the borrowing is appropriate for the nature of the assets being funded. However, any borrowing arrangement still needs to meet the overall treasury objective of minimising the costs of borrowings in the medium term by also considering future capital receipts and outlays.
  - 3.3.2. It is appropriate to borrow for financing of strategic land purchases and to fund capital upgrading/new assets particularly if used for revenue generating purposes.
  - 3.3.3. Significant spikes in asset renewal expenditure can be considered for borrowing.

### 4. DEFINITIONS

<b><i>the Act</i></b>	Means the <i>Local Government Act 1999</i> .
<b><i>Annual Business Plan</i></b>	The plan and budget for each financial year that outlines annual and long-term objectives, annual activities, and performance measures, in accordance with section 123 of the Act.



<b>Financial Sustainability</b>	Where the Council has sufficient funds to meet all resource and financial obligations, and the long-term financial performance and position is sustainable where planned Long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.
<b>Local Government Financing Authority (LGFA)</b>	The Government guaranteed statutory authority established to develop and implement borrowing and investment programs for the benefit of Councils and prescribed local government bodies within the State.
<b>Long-term Financial Plan</b>	Financial projections for the Council's planned activities over a 10 year timeframe, as required by s122 of the Act
<b>Net Financial Liabilities (NFL)</b>	Total liabilities less financial assets, where financial assets for this purpose include cash, investments, receivables and prepayments, but exclude equity held in a Council subsidiary, inventories and assets held for sale. The Net Financial Liabilities Ratio is calculated by expressing net financial liabilities at the end of the year as a percentage of total operating revenue for the year.
<b>Surplus Funds</b>	Funds over and above a level which is required to meet Council's immediate working capital requirements.
<b>Treasury Management</b>	Activities which are related to the funding of Council operations. This includes funds management, cash flow budgeting, investment of surplus funds and borrowings.

## 5. ROLES AND RESPONSIBILITIES

### 5.1. Council

Council is responsible for the:

- 5.1.1. Endorsing council's Treasury Management Policy;
- 5.1.2. Setting the targets for the Long-term financial plan, including the Net Financial Liabilities Ratio in relation to debt and borrowing capacity; and
- 5.1.3. Approving council's loans and loan facilities;
- 5.1.4. Monitoring the financial sustainability of the Council and any risks in relation to council's debt and borrowing capacity.

### 5.2. Audit Committee

The Audit Committee is responsible for:

- 5.2.1. Reviewing and recommending the endorsement of the Treasury Management Policy;



- 5.2.2. Reviewing and making recommendations to the Council regarding the assumptions, financial indicators and targets in the Long-term Financial Plan, including the financial sustainability of the Council and any risks in relation council's debt and borrowing capacity;
- 5.2.3. Reviewing the council's treasury management performance, and where required, providing advice on Council's borrowings and investments;

### **5.3. Chief Executive Officer**

The Chief Executive Officer is responsible for:

- 5.3.1. Monitoring and reporting on Council's financial sustainability in regards to borrowings council's actual and forecast debt levels.

### **5.4. Executive Management Team**

- 5.4.1. The Executive Management Team is responsible for being informed on council's loans, borrowings and investments to:
  - 5.4.1.1. facilitate informed decision making, and
  - 5.4.1.2. exercise their delegations in accordance with this Policy.

### **5.5. Manager Finance and Procurement**

The Manager Finance and Procurement will be responsible for:

- 5.5.1. The administration of this Policy on behalf of Council;
- 5.5.2. Forecasting the borrowing requirements as part of the annual review of the Long-Term Financial Plan and preparation of the Annual Business Plan and Budget;
- 5.5.3. Establishing and managing council's loans and loan facilities in accordance with this Policy; and
- 5.5.4. Reporting to Audit Committee and Council on the council's treasury management performance.

### **5.6. Team Leader Financial Accounting**

- 5.6.1. The Team Leader Financial Accounting will be responsible for monitoring and managing council's short term (day-to-day) cash flow, in consultation with the Manager Finance and Procurement and accordance with this Policy.
- 5.7. Decision making in relation to application of this Policy will be in accordance with Clause 7: Policy Delegations.

## **6. POLICY STATEMENT**

### **6.1. Treasury Management Strategy**

- 6.1.1. Council's operating and capital expenditure decisions are made on the basis of:
  - 6.1.1.1. Identified community need and benefit relative to other expenditure options;
  - 6.1.1.2. The cost effectiveness of the proposed means of service delivery; and





- 6.1.1.3. The affordability of proposals having regard to Council's long-term financial sustainability, including consideration of the cost of capital and the impact of the proposal on Council's Net Financial liabilities ratio.

## **6.2. Inter-generational Equity Funding**

- 6.2.1. Council shall strive to achieve equity between generations of ratepayers (inter-generational equity) whereby the mechanisms to fund specific capital expenditure and operations take into account the ratepayers who benefit from the expenditure and therefore on a user pay basis, who should pay for the costs associated with such expenditure.

## **6.3. Long-term Sustainability of Council**

- 6.3.1. The level of borrowings shall be within the adopted Net Financial liabilities ratio to ensure the long-term sustainability of Council.

## **6.4. Borrowing**

- 6.4.1. All borrowings will be considered in the context of Council's strategic priorities and borrowing levels in line with Council's Long-term Financial Plan and adopted targets.

### **6.4.2. Short Term Cash Flow Management**

- 6.4.2.1. Short term cash advance may be used to sustain the cash flows of Council having regard to anticipated receipts and expenditures and the annual cash flow budget. For this purpose, Council may operate an overdraft on its bank account and/or a cash advance facility from a financial institution.

### **6.4.3. Interest Rate Risk Exposures**

- 6.4.3.1. For Council to minimise net interest costs on average over the longer term, and at the same time, manage interest rate movement risks within acceptable limits, both fixed and variable interest rate borrowings should be considered.
- 6.4.3.2. Management shall not speculate on interest rate movements.

### **6.4.4. Fixed and Variable Interest Borrowings**

- 6.4.4.1. In order to ensure that there is an appropriate mix of interest rate exposure, as old borrowings mature, and new borrowings are raised, Council will endeavour to restructure its portfolio of borrowings in order to progressively achieve and strive to maintain a mixture of fixed and variable interest rate borrowings.
- 6.4.4.2. In order to spread its exposure to interest rate movements, Council will aim to have a variety of maturity dates on its fixed interest rate borrowings over the available maturity spectrum.
- 6.4.4.3. Fixed and variable borrowing activities will comply with Council's Procurement Policy.

### **6.4.5. Risk Minimisation**

- 6.4.5.1. To reduce the level of risk:





- Council approval is required for all new loans.
- Loans are to be provided by institutions with Long-term credit ratings of "AA-" or better.
- All new loans are to be tendered to at least two lending institutions.

#### **6.4.6. Borrowing Redemption**

6.4.6.1. When surplus funds exist, the decision to repay borrowings shall be made based on the facts available at the time giving due regard to minimising the overall cost to Council.

### **6.5. Investments**

- 6.5.1. Council funds that are not immediately required for operations and that cannot be applied to either reduce existing borrowings or avoid the arising of new borrowings, will be invested. The balance of funds held in any operating bank account that does not provide investment returns at least consistent with 'at call' market rates, shall be kept at a level that is no greater than is required to meet immediate working capital requirements.
- 6.5.2. All investments will be considered in the context of Council's strategic priorities to ensure Council maximises the return on surplus funds.
- 6.5.3. To manage the level of risk Council will limit its investments to secure organisations. In addition, Council is prohibited from directly acquiring shares in a company. Therefore, without Council approval, investments are limited to:
- Deposits with the Local Government Finance Authority;
  - Bank interest bearing deposits
  - Bank accepted/ endorsed bank bills
  - Bank negotiable Certificate Deposits, and State / Commonwealth Government Bonds.
- 6.5.4. This policy does not insist that the highest interest rate should be accepted, but that the investment which delivers the best value to Council should be selected.

### **6.6. Hedging and other financial arrangements**

- 6.6.1. Council may consider the use of hedging and other financial arrangements but only as a mechanism to reduce interest rate risk exposure and not for speculative trading.

### **6.7. Reporting**

- 6.7.1. At least once a year, Council via the Audit Committee, shall receive a specific report regarding treasury management performance relative to this policy document.
- 6.7.2. This report shall highlight:
- 6.7.2.1. For each Council borrowing and investment, the quantum of funds, its interest rate and maturity date, and changes in the quantum since the previous report;



- 6.7.2.2. The portion of fixed interest rate and variable interest rate borrowings at the end date of the reporting period; and
- 6.7.2.3. Full details and explanation of any instances of deviation from this policy during the year.

## 7. POLICY DELEGATIONS

- 7.1. Section 44(3)(c) of the Act provides that a council must approve all loans and clearly states that the power to borrow money cannot be delegated from the Council itself.
- 7.2. In terms of Investments, there is no restriction upon the delegation of the powers at Section 139 or the duty at Section 140 of the Act.
- 7.3. Investment/Loan Transactions within new facilities, which must be within the debt levels approved by Council, have been delegated to the following:
  - Chief Executive Officer
  - All General Managers
  - Manager Finance and Procurementor a combination of two of the following
  - Manager Finance and Procurement,
  - Team Leader Financial Accounting, and
  - Financial Accountant.
- 7.4. Investment/Loan Transactions within existing approved facilities are delegated to:
  - CEO
  - All General Managers
  - Manager Finance and Procurement
  - Team Leader Financial Accounting
  - Financial Accountant

## 8. LEGISLATION

### 8.1. Local Government Act 1999

- 8.1.1. Chapter 8 Sections 122 and 123, provides that a council should have strategic plans and an annual budget.

### 8.1.2. Borrowings

- 8.1.2.1. Chapter 9 Sections 133 and 134 provides that a council can:

- Obtain funds from a range of sources, including taxation and borrowing appropriate to the Council carrying out its functions;
- Borrow funds and enter into arrangements to protect against;
- adverse interest rate movements on borrowings; and
- Invest Council funds.



- 8.1.2.2. Section 44(3)(c) of the Act provides that a council must approve all loans and clearly states that the power to borrow money cannot be delegated from the Council itself.

### 8.1.3. Investments

- 8.1.3.1. Chapter 9 Sections 139 and 140 provides that a council:

- Empowers councils to invest money;
- Council must exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons;
- Avoid investments that are speculative or hazardous in nature; and
- A council must review the performance of its investments at least annually.

- 8.1.3.2. Section 44 enables a council to delegate this function.

- 8.1.3.3. Section 47 prohibits a council from directly acquiring shares in a company.

### 8.2. Local Government (Financial Management) Regulations 2011

- 8.2.1. Regulation 5 requires the preparation of a Budgeted Statement of Cash Flows covering Council's Long-term Financial Plans and Budgets as part of the Council's annual budget papers.

### 8.3. LGA Financial Sustainability Information Papers

- 8.3.1. Information Paper 9 Financial Indicators - Revised May 2015

- 8.3.2. Information Paper 10 Debt - Revised February 2015

- 8.3.3. Information Paper 15 Treasury Management - Revised February 2015.

## 9. AVAILABILITY OF POLICY

- 9.1. The Policy can be downloaded, free of charge, from Council's website:  
[www.unley.sa.gov.au](http://www.unley.sa.gov.au).

- 9.2. A printed copy may be purchased on request at:

The Civic Centre,  
181 Unley Road, Unley SA 5061.

## 10. DOCUMENT HISTORY

Date	Ref/Version No.	Comment
15 December 2008	C386/08: V1	
26 July 2010	C701/10: V2	
23 May 2011	C133/11: V3	
28 May 2012	C420/12: V4	
26 September 2016	C600/16: V5	



26 August 2019	C106/19: V6	
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## Treasury Management Policy

Page 9 of 9

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## TREASURY MANAGEMENT POLICY

<b>Policy Type:</b>	Council
<b>Responsible Department:</b>	Business Support & Improvement
<b>Responsible Officer:</b>	Manager Finance and Procurement
<b>Related Policies and Procedures</b>	<ul style="list-style-type: none"> <li>Open Space Fund Policy</li> <li>Prudential Management Policy</li> <li>Procurement Policy</li> <li>Long-term Financial Plan</li> <li>Infrastructure and Asset Management Plan</li> <li>Delegations Framework</li> <li>Project Management Framework</li> </ul>
<b>Community Plan Link</b>	4. Civic Leadership 4.1 We have strong leadership and governance 4.2 Council provides best value services to the Community 4.3 Our business systems are effective and transparent
<b>Date Adopted</b>	15 December 2008: C386/08
<b>Last review date</b>	
<b>Next review date</b>	<i>[Insert the date the policy is to be next reviewed eg November 2023]</i>
<b>Reference/Version Number</b>	Version 7
<b>ECM Doc set I.D.</b>	<a href="#">1674821</a>

### 1. PREAMBLE

- 1.1. The Treasury Management Policy guides Council's decision making regarding the financing of its strategic objectives, as covered by its Long-term Financial Plan and Annual Business Plan and Budget, and management of its cash investments.

### 2. SCOPE

- 2.1. The scope within which the treasury functions will operate will ensure that:
- 2.1.1. Funds are available as required to support strategic objectives and approved expenditure;
  - 2.1.2. Interest rate and other risks (e.g. liquidity and investment credit risks) are acknowledged and responsibly managed;
  - 2.1.3. The net interest costs associated with borrowing and investing are reasonably minimised on average over the longer term;

- 2.1.4. Medium to longer term objectives of the Long-term Financial Plan are not compromised;
- 2.1.5. Where possible, the structure of the borrowing is appropriate for the nature of the assets being funded; and
- 2.1.6. Council's funding activities are in accordance with its legislative and common law responsibilities.

### 3. POLICY PURPOSE/OBJECTIVES

- 3.1. The objective of this policy is to enable Council to manage its treasury functions: borrowings, investments, and associated cash flow; holistically in a manner that ensures financial sustainability and supports strategic management plans.
- 3.2. This means Council will:
  - 3.2.1. Maintain a target range for its Net Financial Liabilities ratio;
  - 3.2.2. Generally only borrow funds to support long-term cash flow to fund new and upgraded assets identified in Council endorsed strategies. This may include strategic land purchases, recognising the *Open Space Fund Policy* has been established to fund the purchase of open space;
  - 3.2.3. Only retain or quarantine money for a particular future purpose when required by legislation or part of an agreement;
  - 3.2.4. Apply, where cost effective, any funds that are not immediately required to meet approved expenditure, to reduce the level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required;
  - 3.2.5. Not borrow for funding annual operational expenditure.
- 3.3. With reference to Borrowings, subject to meeting Net Financial Liabilities Ratio targets:
  - 3.3.1. Council aims to borrow 'long for long' and 'short for short', i.e. where possible, the structure of the borrowing is appropriate for the nature of the assets being funded. However, any borrowing arrangement still needs to meet the overall treasury objective of minimising the costs of borrowings in the medium term by also considering future capital receipts and outlays.
  - 3.3.2. It is appropriate to borrow for financing of strategic land purchases and to fund capital upgrading/new assets particularly if used for revenue generating purposes.
  - 3.3.3. Significant spikes in asset renewal expenditure can be considered for borrowing.

### 4. DEFINITIONS

<b><i>the Act</i></b>	Means the <i>Local Government Act 1999</i> .
<b><i>Annual Business Plan</i></b>	The plan and budget for each financial year that outlines annual and long-term objectives, annual activities, and performance measures, in accordance with section 123 of the Act.



<b>Financial Sustainability</b>	Where the Council has sufficient funds to meet all resource and financial obligations, and the long-term financial performance and position is sustainable where planned Long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.
<b>Local Government Financing Authority (LGFA)</b>	The Government guaranteed statutory authority established to develop and implement borrowing and investment programs for the benefit of Councils and prescribed local government bodies within the State.
<b>Long-term Financial Plan</b>	Financial projections for the Council's planned activities over a 10 year timeframe, as required by s122 of the Act
<b>Net Financial Liabilities (NFL)</b>	Total liabilities less financial assets, where financial assets for this purpose include cash, investments, receivables and prepayments, but exclude equity held in a Council subsidiary, inventories and assets held for sale. The Net Financial Liabilities Ratio is calculated by expressing net financial liabilities at the end of the year as a percentage of total operating revenue for the year.
<b>Surplus Funds</b>	Funds over and above a level which is required to meet Council's immediate working capital requirements.
<b>Treasury Management</b>	Activities which are related to the funding of Council operations. This includes funds management, cash flow budgeting, investment of surplus funds and borrowings.

## 5. ROLES AND RESPONSIBILITIES

### 5.1. Council

Council is responsible for the:

- 5.1.1. Endorsing council's Treasury Management Policy;
- 5.1.2. Setting the targets for the Long-term financial plan, including the Net Financial Liabilities Ratio in relation to debt and borrowing capacity; and
- 5.1.3. Approving council's loans and loan facilities;
- 5.1.4. Monitoring the financial sustainability of the Council and any risks in relation to council's debt and borrowing capacity.

### 5.2. Audit Committee

The Audit Committee is responsible for:

- 5.2.1. Reviewing and recommending the endorsement of the Treasury Management Policy;





- 5.2.2. Reviewing and making recommendations to the Council regarding the assumptions, financial indicators and targets in the Long-term Financial Plan, including the financial sustainability of the Council and any risks in relation council's debt and borrowing capacity;
- 5.2.3. Reviewing the council's treasury management performance, and where required, providing advice on Council's borrowings and investments;

### **5.3. Chief Executive Officer**

The Chief Executive Officer is responsible for:

- 5.3.1. Monitoring and reporting on Council's financial sustainability in regards to borrowings council's actual and forecast debt levels.

### **5.4. Executive Management Team**

- 5.4.1. The Executive Management Team is responsible for being informed on council's loans, borrowings and investments to:
  - 5.4.1.1. facilitate informed decision making, and
  - 5.4.1.2. exercise their delegations in accordance with this Policy.

### **5.5. Manager Finance and Procurement**

The Manager Finance and Procurement will be responsible for:

- 5.5.1. The administration of this Policy on behalf of Council;
- 5.5.2. Forecasting the borrowing requirements as part of the annual review of the Long-Term Financial Plan and preparation of the Annual Business Plan and Budget;
- 5.5.3. Establishing and managing council's loans and loan facilities in accordance with this Policy; and
- 5.5.4. Reporting to Audit Committee and Council on the council's treasury management performance.

### **5.6. Team Leader Financial Accounting**

- 5.6.1. The Team Leader Financial Accounting will be responsible for monitoring and managing council's short term (day-to-day) cash flow, in consultation with the Manager Finance and Procurement and accordance with this Policy.
- 5.7. Decision making in relation to application of this Policy will be in accordance with Clause 7: Policy Delegations.

## **6. POLICY STATEMENT**

### **6.1. Treasury Management Strategy**

- 6.1.1. Council's operating and capital expenditure decisions are made on the basis of:
  - 6.1.1.1. Identified community need and benefit relative to other expenditure options;
  - 6.1.1.2. The cost effectiveness of the proposed means of service delivery; and



- 6.1.1.3. The affordability of proposals having regard to Council's long-term financial sustainability, including consideration of the cost of capital and the impact of the proposal on Council's Net Financial liabilities ratio.

## **6.2. Inter-generational Equity Funding**

- 6.2.1. Council shall strive to achieve equity between generations of ratepayers (inter-generational equity) whereby the mechanisms to fund specific capital expenditure and operations take into account the ratepayers who benefit from the expenditure and therefore on a user pay basis, who should pay for the costs associated with such expenditure.

## **6.3. Long-term Sustainability of Council**

- 6.3.1. The level of borrowings shall be within the adopted Net Financial liabilities ratio to ensure the long-term sustainability of Council.

## **6.4. Borrowing**

- 6.4.1. All borrowings will be considered in the context of Council's strategic priorities and borrowing levels in line with Council's Long-term Financial Plan and adopted targets.

### **6.4.2. Short Term Cash Flow Management**

- 6.4.2.1. Short term cash advance may be used to sustain the cash flows of Council having regard to anticipated receipts and expenditures and the annual cash flow budget. For this purpose, Council may operate an overdraft on its bank account and/or a cash advance facility from a financial institution.

### **6.4.3. Interest Rate Risk Exposures**

- 6.4.3.1. For Council to minimise net interest costs on average over the longer term, and at the same time, manage interest rate movement risks within acceptable limits, both fixed and variable interest rate borrowings should be considered.
- 6.4.3.2. Management shall not speculate on interest rate movements.

### **6.4.4. Fixed and Variable Interest Borrowings**

- 6.4.4.1. In order to ensure that there is an appropriate mix of interest rate exposure, as old borrowings mature, and new borrowings are raised, Council will endeavour to restructure its portfolio of borrowings in order to progressively achieve and strive to maintain a mixture of fixed and variable interest rate borrowings.
- 6.4.4.2. In order to spread its exposure to interest rate movements, Council will aim to have a variety of maturity dates on its fixed interest rate borrowings over the available maturity spectrum.
- 6.4.4.3. Fixed and variable borrowing activities will comply with Council's Procurement Policy.

### **6.4.5. Risk Minimisation**

- 6.4.5.1. To reduce the level of risk:



- Council approval is required for all new loans.
- Loans are to be provided by institutions with Long-term credit ratings of "AA-" or better.
- All new loans are to be tendered to at least two lending institutions.

#### **6.4.6. Borrowing Redemption**

6.4.6.1. When surplus funds exist, the decision to repay borrowings shall be made based on the facts available at the time giving due regard to minimising the overall cost to Council.

### **6.5. Investments**

- 6.5.1. Council funds that are not immediately required for operations and that cannot be applied to either reduce existing borrowings or avoid the arising of new borrowings, will be invested. The balance of funds held in any operating bank account that does not provide investment returns at least consistent with 'at call' market rates, shall be kept at a level that is no greater than is required to meet immediate working capital requirements.
- 6.5.2. All investments will be considered in the context of Council's strategic priorities to ensure Council maximises the return on surplus funds.
- 6.5.3. To manage the level of risk Council will limit its investments to secure organisations. In addition, Council is prohibited from directly acquiring shares in a company. Therefore, without Council approval, investments are limited to:
- Deposits with the Local Government Finance Authority;
  - Bank interest bearing deposits
  - Bank accepted/ endorsed bank bills
  - Bank negotiable Certificate Deposits, and State / Commonwealth Government Bonds.
- 6.5.4. This policy does not insist that the highest interest rate should be accepted, but that the investment which delivers the best value to Council should be selected.

### **6.6. Hedging and other financial arrangements**

- 6.6.1. Council may consider the use of hedging and other financial arrangements but only as a mechanism to reduce interest rate risk exposure and not for speculative trading.

### **6.7. Reporting**

- 6.7.1. At least once a year, Council via the Audit Committee, shall receive a specific report regarding treasury management performance relative to this policy document.
- 6.7.2. This report shall highlight:
- 6.7.2.1. For each Council borrowing and investment, the quantum of funds, its interest rate and maturity date, and changes in the quantum since the previous report;





- 6.7.2.2. The portion of fixed interest rate and variable interest rate borrowings at the end date of the reporting period; and
- 6.7.2.3. Full details and explanation of any instances of deviation from this policy during the year.

## 7. POLICY DELEGATIONS

- 7.1. Section 44(3)(c) of the Act provides that a council must approve all loans and clearly states that the power to borrow money cannot be delegated from the Council itself.
- 7.2. In terms of Investments, there is no restriction upon the delegation of the powers at Section 139 or the duty at Section 140 of the Act.
- 7.3. Investment/Loan Transactions within new facilities, which must be within the debt levels approved by Council, have been delegated to the following:
  - Chief Executive Officer
  - All General Managers
  - Manager Finance and Procurementor a combination of two of the following
  - Manager Finance and Procurement,
  - Team Leader Financial Accounting, and
  - Financial Accountant.
- 7.4. Investment/Loan Transactions within existing approved facilities are delegated to:
  - CEO
  - All General Managers
  - Manager Finance and Procurement
  - Team Leader Financial Accounting
  - Financial Accountant

## 8. LEGISLATION

### 8.1. Local Government Act 1999

- 8.1.1. Chapter 8 Sections 122 and 123, provides that a council should have strategic plans and an annual budget.

### 8.1.2. Borrowings

- 8.1.2.1. Chapter 9 Sections 133 and 134 provides that a council can:
  - Obtain funds from a range of sources, including taxation and borrowing appropriate to the Council carrying out its functions;
  - Borrow funds and enter into arrangements to protect against;
  - adverse interest rate movements on borrowings; and
  - Invest Council funds.





- 8.1.2.2. Section 44(3)(c) of the Act provides that a council must approve all loans and clearly states that the power to borrow money cannot be delegated from the Council itself.

### 8.1.3. Investments

- 8.1.3.1. Chapter 9 Sections 139 and 140 provides that a council:

- Empowers councils to invest money;
- Council must exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons;
- Avoid investments that are speculative or hazardous in nature; and
- A council must review the performance of its investments at least annually.

- 8.1.3.2. Section 44 enables a council to delegate this function.

- 8.1.3.3. Section 47 prohibits a council from directly acquiring shares in a company.

### 8.2. Local Government (Financial Management) Regulations 2011

- 8.2.1. Regulation 5 requires the preparation of a Budgeted Statement of Cash Flows covering Council's Long-term Financial Plans and Budgets as part of the Council's annual budget papers.

### 8.3. LGA Financial Sustainability Information Papers

- 8.3.1. Information Paper 9 Financial Indicators - Revised May 2015

- 8.3.2. Information Paper 10 Debt - Revised February 2015

- 8.3.3. Information Paper 15 Treasury Management - Revised February 2015.

## 9. AVAILABILITY OF POLICY

- 9.1. The Policy can be downloaded, free of charge, from Council's website:  
[www.unley.sa.gov.au](http://www.unley.sa.gov.au).

- 9.2. A printed copy may be purchased on request at:

The Civic Centre,  
181 Unley Road, Unley SA 5061.

## 10. DOCUMENT HISTORY

Date	Ref/Version No.	Comment
15 December 2008	C386/08: V1	
26 July 2010	C701/10: V2	
23 May 2011	C133/11: V3	
28 May 2012	C420/12: V4	
26 September 2016	C600/16: V5	



26 August 2019

C106/19: V6



Treasury Management Policy

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## INFORMATION REPORT

<b>REPORT TITLE:</b>	INTERNAL AUDIT: PROGRESS ON AGREED MANAGEMENT ACTIONS (OCTOBER 2023)
<b>ITEM NUMBER:</b>	2.4
<b>DATE OF MEETING:</b>	17 OCTOBER 2023
<b>AUTHOR:</b>	JIM PHILLIPS, PRINCIPAL RISK MANAGEMENT OFFICER
<b>DIVISION:</b>	BUSINESS SUPPORT AND IMPROVEMENT
<b>ATTACHMENTS:</b>	1. INTERNAL AUDIT ACTIONS PROGRESS REPORT

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### 1. **PURPOSE**

This report provides an update on the progress of agreed management actions arising from past internal audit recommendations and improvements.

### 2. **RECOMMENDATION**

That:

1. The report be received.
- 

### 3. **RELEVANT CORE STRATEGIES – FOUR YEAR DELIVERY PLAN**

4. Civic Leadership

4.1 We have strong leadership and governance.

4.3 Our business systems are effective and transparent.

### 4. **BACKGROUND**

This report provides an update on the progress of the agreed management actions from the following internal audits:

- Procurement Off Contract Expenditure (October 2022)
- Property Leases and Licences (August 2023)
- Regulatory Services and Expiations (August 2023)

The last progress report of agreed actions was provided in May 2023.

Only details of newly completed actions are presented in this report. Details of actions previously completed are not included.

## 5. **DISCUSSION**

A total of 14 management actions were identified across the three internal audits. Of these, five actions were previously completed, leaving three actions outstanding since the last progress report in May 2023, and four new actions arising from two audits completed in August: The Property Leases and Licences Internal Audit and Regulatory Services and Expirations Audit. A further three actions have now been completed, with six remaining in progress.

The following table provides a summary of the status of the agreed management actions:

Audit/ Risk Findings	Actions	Previously completed	Remaining actions	Not Started	In Progress	Now Completed	Total Completed
<b>Procurement Off Contract Expenditure</b>							
<b>Risk Findings</b>	6	2	4	-	3	1	3
<b>Observations</b>	3	3	-	-	-	-	3
	9	5	4	-	3	1	6
<b>Property Leases and Licences</b>							
<b>Risk Findings</b>	4	-	4	-	2	2	2
	4	-	4	-	2	2	2
<b>Regulatory Services and Expirations</b>							
<b>Risk Findings</b>	1	-	1	-	1	-	-
	1	-	1	-	1	-	-
<b>Total</b>	14	5	9	-	6	3	9

The Procurement Off Contract Expenditure Internal Audit report identified three risk findings and two business improvement opportunities. Administration committed to undertake nine actions to address the risk findings and business improvement opportunity. Six actions have been completed, with the remaining three in progress. The completion of these have been delayed due to the focus on key tenders and a more integrated approach as part of the procurement and contract management improvement program. Additional procurement support is now in place to



complete these while the 2023-24 procurement plan is delivered. Revised dates have been provided for the completion of these activities.

The Property Leases and Licences Internal Audit had three risk findings. Administration committed to undertaking four actions, two of which are completed and two are in progress.

The Regulatory Services and Expiations Internal Audit had one risk finding. Administration committed to undertaking one action which is in progress.

A detailed schedule of internal audit findings, the agreed actions, and status can be found in Attachment 1.

*Attachment 1*

A progress update will be provided to the Audit Committee in May next year, with agreed management actions arising from new internal audits added as additional internal audits are completed.

**6. REPORT AUTHORISERS**

<b>Name</b>	<b>Title</b>
Nicola Tinning	General Manager, Business Support & Improvement

**City of Unley**

**Internal Audit  
Progress on Agreed Management Actions**

**October 2023**

October 2023

## Progress Report on Internal Audit Actions

## Purchase Off Contract Expenditure (POCE) Internal Audit

Risk Findings	Risk Rating	Actions	Previously Completed	Remaining Actions	Not Started	In Progress	Now Completed	Total Completed*
<b>Risk Findings</b>								
POCE1: Non-compliance with Policy and Framework	High	3	2	1	-	1	-	2
POCE2: Council panel contract renewal	Medium	2	-	2	-	2	-	-
POCE3: Use of Local Government Association (LGA) Vendor Panel	Low	1	-	1	-	-	1	1
<b>Business Improvement Opportunity (BIO)</b>								
POCE4: Forward procurement planning	BIO	1	1	-	-	-	-	1
POCE5: Contract Register	BIO	2	2	-	-	-	-	2
<b>Total</b>		<b>9</b>	<b>5</b>	<b>4</b>	<b>-</b>	<b>3</b>	<b>1</b>	<b>6</b>

October 2023

## Progress Report on Internal Audit Actions

POCE1: Non-compliance with Policy and Framework		High
Internal Financial Control	<ul style="list-style-type: none"> <li>• Value for money</li> <li>• Reputational risk</li> <li>• Undetected incorrect procurement or fraud</li> </ul>	<ul style="list-style-type: none"> <li>• Misinformed decision making</li> <li>• Financial impact on budget</li> </ul>
Finding	<p>Sample testing identified the following non-compliance with the requirements of the current Procurement Policy (dated 14 December 2020) and Procurement Framework (2021).</p> <p><b>Procurement value and sourcing method</b></p> <p>According to the Policy, the value of ongoing purchases over a period of time will be calculated as “the annual gross value of the purchases, or the estimated annual gross value (ex GST).”</p> <p>We tested the procurement processes for the following five (5) suppliers (see table below) with annual purchases value between \$100K and \$135K (ex GST) and found that the individual transaction value for all five (5) suppliers sampled (100%) was considered rather than the annual gross value. This was not compliant with the requirements above.</p> <p>Further, it led to an incorrect sourcing method (i.e. direct purchase using a minimum of one (1) written quote) being adopted for the three (3) suppliers sampled (60%). Instead, a competitive tender sourcing method should be adopted per annual value of the purchases from the suppliers.</p> <p><b>Splitting amounts</b></p> <p>The Policy required that “Splitting the amounts to bring expenditure within lower limits is not permitted.”</p> <p>Our sampling test also found that a road maintenance (by Supplier #24422) was split into two (2) invoices dated 8 December 2021 (i.e., Inv-0962 of \$9,700 and Inv-0963 of \$9,575 ex GST) to bring the expenditure within the financial delegation limit.</p> <p>While it could not be confirmed whether the invoices were intentionally split as the staff retired in April 2022, this example demonstrates the potential risk of that occurring without a legitimate basis for the invoices to be split.</p>	

October 2023



## Progress Report on Internal Audit Actions

## Finding continued

These gaps indicate risks to Council's ability to demonstrate procurements are well managed. For details, refer to the table below.

Suppliers sampled	Annual value (ex GST)	Individual value (ex GST)	Average Value (ex GST)	Brief description	Division	Audit note
Supplier #18082	\$ 134,521.01	\$117 – \$22K, total 118 purchases	\$1,140	Plumbing supplier	City Development	3 invoices sampled (\$5K, \$3K, and \$8K respectively) using direct purchase
Supplier #24790	\$ 131,716.82	\$86 – \$10K, total 65 purchases	\$2,026	Maintenance services	City Development	3 invoices sampled (\$10K, \$4K, and \$6K respectively) using direct purchase
Supplier #23862	\$ 114,200.00	\$1.7K – \$17K, total 27 purchases	\$4,230	Road design	City Development	
Supplier #26259	\$ 101,814.69	\$157 – \$1.3K, total 165 purchases	\$617	Traffic control	City Development	
Supplier #24422	\$ 100,404.00	\$3K – \$10K, total 15 purchases	\$6,694	Kerbing and concrete	City Development	2 invoices sampled (\$10K each) with no written quote and further related to splitting amounts. 1 invoice of \$7K sampled using direct purchase.
<b>Total</b>	<b>\$ 582,656.52</b>					

## Recommendations

## Management Response

## Update

- 1 Ensure the ongoing training program (e.g. induction and regular refresher training) includes the Council's Procurement Policy and Framework requirements for the relevant staff responsible for procurement activities

Establish panels or utilise Vendor Panel/Procurement Australia Panel for regularly utilised services and materials (where a panel is not already utilised).

**June 2023**

**In Progress**

Planning has progressed with the procurement process for the first panel arrangements scheduled in October-November 2023. Detailed planning was delay due a focus on complex tenders and their associated contracts. Additional resourcing is now place to provide capacity to progress the panel arrangements.

**Revised date June 2024**

October 2023

## Progress Report on Internal Audit Actions

POCE2: Council panel contract renewal				Medium																																		
Risks	<ul style="list-style-type: none"><li>Value for money</li><li>Reputational risk</li><li>Undetected incorrect procurement or fraud</li></ul>		<ul style="list-style-type: none"><li>Misinformed decision making</li><li>Financial impact on budget</li><li>Decisions/procurement not made in line with the policy.</li></ul>																																			
Finding	Off-contract procurement sampling test found that the following four (4) out of total 22 samples (18%) approved by one (1) approving officer were related to ongoing engagement of the suppliers despite the panel contract having expired.																																					
<table><tr><th>Suppliers sampled</th><th>Annual value (ex GST)</th><th>Individual value (ex GST)</th><th>Average Value (ex GST)</th><th>Brief description</th><th>Division</th></tr><tr><td>Supplier #18082</td><td>\$ 134,521.01</td><td>\$117 – \$22K, total 118 purchases</td><td></td><td>Plumbing supplier</td><td rowspan="4">City Development</td></tr><tr><td>Supplier #24790</td><td>\$ 131,716.82</td><td>\$86 – \$10K, total 65 purchases</td><td></td><td>Maintenance services</td></tr><tr><td>Supplier #10499</td><td>\$ 63,530.20</td><td>\$150 – \$17K, total 38 purchases</td><td></td><td>Pest</td></tr><tr><td>Supplier #22028</td><td>\$ 59,892.00</td><td>\$187 – \$30K total 7 purchases</td><td></td><td>Painting</td></tr><tr><td>Total</td><td>\$ 389,660.03</td><td></td><td></td><td></td><td></td></tr></table>						Suppliers sampled	Annual value (ex GST)	Individual value (ex GST)	Average Value (ex GST)	Brief description	Division	Supplier #18082	\$ 134,521.01	\$117 – \$22K, total 118 purchases		Plumbing supplier	City Development	Supplier #24790	\$ 131,716.82	\$86 – \$10K, total 65 purchases		Maintenance services	Supplier #10499	\$ 63,530.20	\$150 – \$17K, total 38 purchases		Pest	Supplier #22028	\$ 59,892.00	\$187 – \$30K total 7 purchases		Painting	Total	\$ 389,660.03				
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Total	\$ 389,660.03																																					
Further, we found that this approving officer was a Team member within the Assets and Operations Business Unit. Their financial delegation in the previous role (Purchasing Limit \$50K and Contract Approval Limit \$50K) was approved in 2013. However, there was no updated financial delegation for their new and current position.																																						

October 2023

## Progress Report on Internal Audit Actions

Recommendations	Management Response	Update
<p>1 Commence exercising an extension option well before the expiry date in case the extension is not taken up and a new procurement process is required, e.g. have a contract system to flag expiry</p>	<p>Update the contract register with expiry dates and incorporate expiry dates into the forward procurement program.</p> <p><b>March 2023</b></p>	<p><b>In Progress</b></p> <p>The update of the contract register with contract expiry dates has been integrated into a larger review of the contract register and consolidation of contract records which is on going. A large number of the contracts have been collated to verify the details on the contract register. This work will be completed over the next 9 months by the Procurement Officer.</p> <p><b>Revised date June 2024</b></p>
<p>2 Review and update Financial Delegations when the officers' positions and responsibilities are changed.</p>	<p>Update Financial Delegations documentation.</p> <p><b>January 2023</b></p>	<p><b>In Progress</b></p> <p>A digital form and process has been established, with the forms issued for signing.</p> <p><b>Revised date November 2023</b></p>

October 2023

## Progress Report on Internal Audit Actions

POCE3: Use of Local Government Association (LGA) Vendor Panel			Low
<b>Risks</b>	<ul style="list-style-type: none"> <li>Value for money</li> <li>Reputational risk</li> <li>Undetected incorrect procurement or fraud</li> </ul>	<ul style="list-style-type: none"> <li>Misinformed decision making</li> <li>Financial impact on budget</li> <li>Decisions/procurement not made in line with the policy.</li> </ul>	
<b>Finding</b>	<p>The Council Procurement Policy addressed the strategic alliance of procurement activities through contract arrangements already established and administered by LGA Procurement, i.e. LGA Vendor Panel. However, there was no sufficient guidance provided regarding the use of the LGA Vendor Panel.</p> <p>Review of the Council's Contract Register, and the interviews with the Senior Assets &amp; Engineer Lead, City Development and the Principal Risk Management Officer found that</p> <ul style="list-style-type: none"> <li>There was no reference retained in the Council's Contract Register to the use of contractual arrangements with the LGA Vendor Panel. Therefore, the reason for the vendor selection was not clear and the justification of why the LGA vendor was better value is lost.</li> </ul> <p>Interview with the Mechanic, Assets &amp; Operations, City Development found that</p> <ul style="list-style-type: none"> <li>They assumed that Supplier #11442 (total annual value of \$38,367.99 ex GST) was on the LGA Vendor Panel and only raised Purchase Orders without going through an appropriate process. In reality, the supplier was not on the LGA Vendor Panel (confirmed via searching the LGA Vendor Panel on 8 July 2022).</li> </ul> <p>It was acknowledged that three (3) invoices sampled (100%) related to Supplier #26259 contract (conditions) with the LGA Vendor Panel are applied by different areas within the Council (i.e., City Development and City Services) and achieved value for money.</p>		
Recommendations	Management Response	Update	
1	<p>Provide sufficient guidance regarding the use of the LGA Vendor Panel, including making reference in the Council's Contract Register and using the government/discounted price agreed accordingly</p> <p>Ensure the staff responsible for procurement are trained to apply the relevant requirements.</p>	<p>Develop an ongoing education program which includes the purpose and utilisation of panels (as per action 2 for finding 1).</p> <p>Include specific reference to the purpose and use of panels within the Procurement Policy and Framework when updated in 2023. Make revisions available on Aquaria.</p> <p><b>September 2023</b></p>	<p><b>Completed</b></p> <p>A procurement education program has been developed and commenced in August with Procurement Month to remind staff of the key principles and processes in planning procurement activities. Panels will be incorporated within further training rolled out when established.</p> <p>The Procurement Policy has been revised with specific reference to the use of secondary procurement processes including panels.</p>

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## Progress Report on Internal Audit Actions

## Leases and Licences Internal Audit (LL)

Risk Findings	Actions	Not Started	In Progress	Now Completed	Total Completed*
<b>Risk Findings</b>					
LL1: Monitoring the expiry and reporting lease renewal/new leases	2	-	2	-	-
LL2: Process to review the calculation of rents	1	-		1	1
LL3: Secure access to the key safe	1	-	-	1	1
<b>Total</b>	<b>4</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>2</b>

October 2023

## Progress Report on Internal Audit Actions

LL1: Monitoring the expiry and reporting lease renewal/new leases			
<b>Control Description</b>	The Property Management Policy requires quarterly reports to Council on the renewal/new leases, whereby the Administration agrees the condition of lease/licence with the lessee.		
<b>Potential Implication and Assessed Risk Level</b>	The lack of systematic monitoring, loss of corporate knowledge and failure to report to Council on a regular basis could combine for the organisation to lose track of its' assets, loss of rental income and potential damage to the Council's reputation.		
<b>Control Reference</b>	Property Management Policy	<b>Control Effectiveness Assessment</b>	Partially Effective
<b>Finding</b>	<p><b>Reporting</b></p> <ul style="list-style-type: none"> <li>The Property Management Policy clause 5.5.2 dot point 2 &amp; 3 states:             <ul style="list-style-type: none"> <li>"If the tenant and the Administration agree on all terms and conditions of the proposed Lease or Licence, the Administration has the delegated authority to formalise the Agreement.</li> <li>Details of all Leases and Licences formalised under the delegation shall be reported to Council on a quarterly basis."</li> </ul> </li> <li>A review of the last 17 months Council Reports from "InfoCouncil" (1 January 2022 – 5 June 2023) <i>Quarterly Business Performance Reports</i>, fails to reveal any reporting of new or renewal of leases or licences from the Administration to Council.</li> </ul> <p><b>Monitoring</b></p> <ul style="list-style-type: none"> <li>Monitoring the end of leases/licences is a manual process and relies on the Property Services Coordinator remembering when leases are due for renewal. The person in this role has now left the organisation. The Coordinator Property and Facilities will also be leaving by the end of June.</li> <li>The lack of systematic monitoring of the end of leases combined with the loss of corporate knowledge present some risks for this Council function.</li> </ul>		
Recommendations	Management Response		Update
1.1 That Administration reports on activities related to Leasing and Licencing of property to Council on a quarterly basis and this be included as part of the Quarterly Corporate Performance Reporting.	Management agreed with this recommendation and will include information in each Quarterly Corporate Performance Report.  <b>July 2023</b>		<b>In Progress</b>  To be included in the Corporate Performance Report from Quarter 2 2023-24.

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## Progress Report on Internal Audit Actions

1.2	That Finance and Information Technology explore potential opportunities to electronically monitor end of lease dates.	<p>Management agreed to explore this opportunity. An interim solution (a) will be adopted by the end of September 2023 to monitor expiry dates while a long term solution (b) is considered as part of the development of the contract management system.</p> <p><b>Target Date: (a) 30 September 2023, (b) 30 June 2024</b></p>	<p><b>In Progress</b></p> <p>(a) Lease expiry dates are currently being compiled into a spreadsheet register.</p>
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October 2023

## Progress Report on Internal Audit Actions

LL2: Process to review the calculation of rents			
<b>Control Description</b>	<b>Rent Calculation</b>		
	Rent amounts are based on updated Capital Replacement Value of the property as defined in the policy.		
<b>Potential Implication and Assessed Risk Level</b>	With no checking of the rent calculation, it is possible that the rent charged could be wrong resulting significant over or under payment leading to lack of trust in the City of Unley on behalf of community organisations.		
<b>Control Reference</b>	Property Management Policy	<b>Control Effectiveness Assessment</b>	Partially Effective
<b>Finding</b>	<ul style="list-style-type: none"> <li>The Property Management Policy states that Lease and licence fees are established as a percentage of the assessed Capital Replacement Value of the property. Council updates property replacement values every 5 years, therefore the appropriate rental figure is assessed as:               <ul style="list-style-type: none"> <li>Year 0 - % of valuation</li> <li>Years 1-4 Valuation plus cumulative CPI</li> <li>Year 5 - % of valuation</li> </ul> </li> <li>The following is used to determine the lease and licence fees applicable:               <ul style="list-style-type: none"> <li>Local community shall be fixed at 1% of the Capital Replacement Value</li> <li>State-wide /peak body shall be fixed at 3% of the Capital Replacement Value</li> <li>Semi Commercial / Community shall be fixed at 8% of the Capital Replacement Value (or assessed market rate if a new tenancy)</li> <li>The minimum fee levied will be \$750 per annum</li> <li>GST shall be applied to all lease and licence fees.</li> </ul> </li> <li>During the audit process, Finance conducted a review of all the lease and licence rents. Of the 21 leases and licences considered as part of this audit, 14 were correctly charged and 7 required some form of adjustment. Of the leases/licences audited 33% required some form of adjustment. (2 required updating in debtors, 3 were overcharged requiring a credit, 2 were under charged)</li> <li>The Property Services Coordinator is responsible for calculating rents and renewing leases after which they inform Finance. Finance is responsible for invoicing the organisation at the right time in the rent cycle.</li> <li>The rent setting process is manual and there is no process for checking that the rent calculation is correct.</li> </ul>		

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**October 2023**



**Progress Report on Internal Audit Actions**

Recommendations	Management Response	Update
2.1 That the Property Services Coordinator calculates the rent and makes a recommendation of rent to the Finance Business Partner for approval prior to the signing of the lease/licence or renewal.	Management Agreed. General Manager City Development to speak with Manager Finance and Procurement to recommend the most appropriate person to support the Property Services Coordinator with this task. <b>Target Date: 31 August 2023</b>	<b>Completed</b> The Business Partner for City Development is reviewing the rent calculations prior to the issuing of leases and invoices.

October 2023

## Progress Report on Internal Audit Actions

LL3: Secure access to the key safe			
Control Description	<b>Records Storage</b> Official leases and contracts are stored in secure repository, readily accessible to appropriately authorised staff.		
	<b>Access Controls</b> Appropriate controls have been implemented which ensure only currently authorised staff have access to leases and licences.		
Potential Implication and Assessed Risk Level	With the key safe not lockable it is possible anyone could access the key to the safe and therefore any of the contents.		
Control Reference	Audit Test Plan	Control Effectiveness Assessment	Mostly Effective
Finding	<ul style="list-style-type: none"> <li>Once leases or licences have been signed the hardcopy is forwarded to the Information Management team for scanning and safe storage.</li> <li>Using an example ECM number from the sample, the original documents were easily able to be accessed.</li> <li>The safe key is stored in a lockable key-safe attached to the wall hidden behind some boxes in a closed cupboard in the Information Management Team Area. The Team Leader said only Information Management staff had access to the key.</li> <li>However, it was not clear where the key to the key-safe was. The Team Leader said it had never been locked in all the time she had been at City of Unley.</li> <li>While the controls in place are mostly adequate the fact that there is no key to the lockable key-safe means that if a person knew where the key-safe was, they would be able access the key for the safe.</li> </ul>		
Recommendations	Management Response		Update
3.1	That the key to the key safe be found or a locksmith arranged to re-key the lock on the key-safe.	Management Agreed. Principal Risk Officer to provide copy of this management action to James Manager Business Systems and Support.	<b>Completed</b> A new key safe has been installed with the keys stored in secure locations with restricted access.
3.2	Team Leader, Information Management be responsible for the safe keeping of the key to the key-safe.	<b>August 2023</b>	

October 2023

## Progress Report on Internal Audit Actions

## Regulatory Services and Expiations (RSE)

Risk Findings	Actions	Not Started	In Progress	Now Completed	Total Completed*
<b>Risk Findings</b>					
RSE1: Criminal History Checks	1	-	1	-	-
<b>Total</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>

October 2023

## Progress Report on Internal Audit Actions

RSE1: Criminal History Checks			
Control Description	<b>Responsibilities Defined:</b> Authorised Officers' roles and responsibilities are defined.		
Potential Implication and Assessed Risk Level	The lack of an up-to-date criminal history check may disqualify the person from being an authorised officer making their issuing of notices invalid.		
Control Reference	Job and Person Specification	Control Effectiveness Assessment	Mostly Effective
Finding	<ul style="list-style-type: none"> <li>• Authorised Officers roles and responsibilities are clearly defined in their individual job and person specification.</li> <li>• Each Authorised Officer is required to hold a current criminal history check.</li> <li>• The table below highlights five officers who do not have an up-to-date check</li> </ul>		
Recommendations	Management Response		Update
1.1 That Regulatory Services work with Human Resources to complete criminal history check for all staff who are without one as soon as practicable.	Management agreed with this recommendation and have already commenced the process to have up-to-date criminal history checks for all staff. <b>August 2023</b>		<b>In Progress</b> The Police Checks for the relevant positions are in progress. Scheduled completion November 2023.

October 2023



## DECISION REPORT

<b>REPORT TITLE:</b>	PROPOSED UPDATE TO AUDIT COMMITTEE WORKPLAN (OCTOBER 2023)
<b>ITEM NUMBER:</b>	2.5
<b>DATE OF MEETING:</b>	17 OCTOBER 2023
<b>AUTHOR:</b>	ALEX BROWN, MANAGER FINANCE AND PROCUREMENT
<b>DIVISION:</b>	BUSINESS SUPPORT AND IMPROVEMENT
<b>ATTACHMENTS:</b>	1. PROPOSED UPDATE TO THE AUDIT COMMITTEE WORKPLAN (OCTOBER 2023)

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### 1. **PURPOSE**

This report provides the Audit Committee with a proposed update to the Audit Committee Workplan (the Workplan) for the 2023 calendar year. It includes the proposed items for the first two meetings of the 2024 calendar year.

### 2. **RECOMMENDATION**

That:

1. The report be received.
  2. The proposed update to the 2023 Audit Committee Workplan as set out in Attachment 1 to this report (Item 2.5, Audit Committee Meeting, 17/10/2023) be endorsed.
- 

### 3. **RELEVANT CORE STRATEGIES – FOUR YEAR DELIVERY PLAN**

4. Civic Leadership
  - 4.1 We have strong leadership and governance.
  - 4.3 Our business systems are effective and transparent.

### 4. **BACKGROUND**

The Audit Committee's function is to monitor the risk management and internal control environment of Council's operations.

The Audit Committee also has responsibility for overseeing Council's internal and statutory audit responsibilities and functions in accordance with section 126 of the *Local Government Act 1999*.

Under the Committee's terms of reference, the Audit Committee has an important independent role in assisting the Council in monitoring the following areas:

- Financial Reporting and Sustainability
- Risk Management and Internal Controls
- Internal Audit and Compliance
- External Audit
- Governance

The current Workplan was developed to guide and report on the Audit Committee's activities for the 2023 calendar year and was endorsed by the Audit Committee on 28 March 2023, with the last updated provided on 8 August 2023.

The Workplan is reviewed by Administration before each Audit Committee meeting and updated as required to ensure that the Committee delivers on its responsibilities as determined in the Audit Committee Terms of Reference.

## **5. DISCUSSION**

The proposed Workplan has been expanded to include the first two meetings of the 2024 calendar year, and updated to:

- Reflect the completed work;
- Incorporate consideration of the implications of the legislative changes to the *Local Government Act (1999)* which will result in changes to the Audit Committee's Terms of Reference;
- Reflect the revised timing of the Draft Asset Management Plans, which will be presented with the Draft Long-term Financial Plan;
- Reflect the revised timing of the review of the Risk Management Policy. The revised policy has been drafted, but will be deferred until the Executive Management Team has considered a revised Risk Management Framework incorporating an updated Risk Matrix; and
- Reflect the revised timing of the presentations from Brownhill Keswick Creek Stormwater Project and East Waste.

The proposed update to the Workplan is included in Attachment 1.

*Attachment 1*

Endorsement of the proposed update to the Workplan is sought from the Committee.

## 6. **POLICY IMPLICATIONS**

### 6.1 **Financial/budget implications**

- NIL

### 6.2 **Risk Management (identification and mitigation)**

- A risk based approach has been applied in identifying the priorities for the proposed Workplan.

### 6.3 **Staffing/Work Plans/Additional Resource Impact**

- The proposed Workplan has been prepared with consideration to Administration's capacity deliver the proposed Workplan. It will be monitored and updated as required to ensure that the Committee delivers its role as set out in the Audit Committee Terms of Reference.

### 6.4 **Climate/Environmental Impact**

- Nil

### 6.5 **Social/Economic**

- Nil

## 7. **ANALYSIS OF OPTIONS**

### Option 1 –

1. The report be received.
2. The proposed update to the 2023 Audit Committee Workplan as set out in Attachment 1 to this report (Item 2.5, Audit Committee Meeting, 17/10/2023) be endorsed.

The proposed update to the 2023 Audit Committee Workplan has been prepared to assist the Audit Committee to fulfil its responsibilities as outlined within the terms of reference for the Committee.

### Option 2 –

1. The report be received
2. Subject to incorporation of the following amendments, the proposed update to the 2023 Audit Committee Workplan as set out in Attachment 1 to this report (Item 2.5, Audit Committee Meeting, 17/10/2023) be endorsed.
  - 2.1 Amendments to be determined the Audit Committee
  - 2.2 Etc

The Audit Committee may wish to request amendments to the proposed update to the 2023 Audit Committee Workplan and include these in its recommendation to Council.

This Option provides the relevant wording to enable the Audit Committee to articulate any changes required to the proposed update to the Audit Committee Workplan, and to recommend these be incorporated by Council at the time of adoption.

Should the Audit Committee wish to make amendments to the proposed update to the Audit Committee Workplan, consideration should be given to the available resourcing what additional resourcing may be required to deliver a modified Plan.

Option 3 –

1. The report be received
2. The proposed update to the 2023 Audit Committee Workplan as set out in Attachment 1 to this report (Item 2.5, Audit Committee Meeting, 17/10/2023) be further amended and returned to the Audit Committee for review.

The Committee may consider that further work is required to the Audit Committee Workplan. This Option requests further development of the documents and that they be returned to the Audit Committee at the next meeting.

The Audit Committee should under this option, communicate what amendments it would like to be made and resourcing that may be required.

**8. RECOMMENDED OPTION**

Option 1 is the recommended option.

**9. REPORT AUTHORISERS**

Name	Title
Nicola Tinning	General Manager, Business Support & Improvement





## City of Unley

## Updated 2023 Audit Committee Workplan (October 2023)

Item	28 March	16 May	8 Aug	Tues 17 Oct	Tues 14 Nov	Extra Nov Meet.	Feb/ March 2024	May 2024
<b>Audit Committee</b>								
Legislative changes for Audit Committee						■		
2024 Workplan for Endorsement						■		
<b>Strategic &amp; Financial</b>								
Draft Long Term Financial Plan					■			
Draft Asset Management Plans					■			
Annual Business Plan and Budget		✓						■
General Purpose Financial Statements				■				
<b>External Audit</b>								
External Audit - Interim Report		✓						■
External Audit - Progress of Agreed Actions			✓		■			
External Audit - Selection of New Auditors						■		
<b>Internal Audit</b>								
Internal Audit Plan	✓				■			
Internal Audit - Progress of Agreed Actions		✓		■				■
Internal Audit - Leases and Licences			✓					
Internal Audit - Infringements & Expiations			✓					
Internal Audit - Payroll					■			
<b>Other Risk Management</b>								
Internal Financial Controls	✓						■	
Quarterly Risk Report	✓	✓	✓		■		■	■
<b>Policy Review</b>								
Procurement Policy				✓				
Prudential Management Policy			✓					
Risk Management Policy				■	→			■
Risk Management Framework							■	
Treasury Management Policy				✓				
<b>Presentations</b>								
Brown Hill Keswick Creek Stormwater Project			■				■	
Centennial Park Cemetery Authority	✓						■	
East Waste							■	

The Presiding Member Report was presented to Council at the March meeting.

The Financial Performance Report, Quarterly Budget Review and Preliminary End of Year Reports will be distributed to the Audit Committee Members once the reports have been presented to Council.