



AGENDA

FOR FINANCE AND CORPORATE SERVICES COMMITTEE MEETING TO BE HELD ON

**18 OCTOBER 2021 AT CONCLUSION OF POLICY AND PLANNING COMMITTEE
IN THE LITTLE PARA CONFERENCE ROOMS, SALISBURY COMMUNITY HUB,
34 CHURCH STREET, SALISBURY**

MEMBERS

Cr D Proleta (Chair)
Mayor G Aldridge
Cr M Blackmore
Cr L Braun
Cr B Brug
Deputy Mayor, Cr C Buchanan
Cr A Duncan
Cr K Grenfell
Cr N Henningsen
Cr D Hood
Cr P Jensen (Deputy Chair)
Cr S Ouk
Cr S Reardon
Cr G Reynolds
Cr J Woodman

REQUIRED STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
General Manager City Infrastructure, Mr J Devine
General Manager Community Development, Mrs A Pokoney Cramey
General Manager City Development, Ms M English
Manager Governance, Mr R Deco
Team Leader Corporate Governance, Mr B Kahland
Governance Support Officer, Ms K Boyd

APOLOGIES

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Finance and Corporate Services Committee Meeting held on 20 September 2021.

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Administration

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For Decision

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OTHER BUSINESS

CLOSE



**MINUTES OF FINANCE AND CORPORATE SERVICES COMMITTEE MEETING
HELD IN THE LITTLE PARA CONFERENCE ROOMS, SALISBURY COMMUNITY
HUB, 34 CHURCH STREET, SALISBURY ON**

20 SEPTEMBER 2021

MEMBERS PRESENT

Cr D Proleta (Chair)
Mayor G Aldridge
Cr M Blackmore
Cr L Braun
Cr B Brug (*via Teams VC*)
Deputy Mayor, Cr C Buchanan
Cr A Duncan
Cr K Grenfell
Cr N Henningsen
Cr D Hood
Cr P Jensen (Deputy Chair)
Cr S Ouk
Cr G Reynolds
Cr J Woodman

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
General Manager City Infrastructure, Mr J Devine
General Manager Community Development, Mrs A Pokoney Cramey
General Manager City Development, Ms M English
Manager Governance, Mr R Deco
Governance Support Officer, Ms K Boyd

The meeting commenced at 7.05 pm.

The Chair welcomed the members, staff and the gallery to the meeting.

APOLOGIES

An apology was received from Cr S Reardon.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Mayor G Aldridge
Seconded Cr K Grenfell

The Minutes of the Finance and Corporate Services Committee Meeting held on 16 August 2021, be taken as read and confirmed.

CARRIED

REPORTS

Administration

2.0.1 Future Reports for the Finance and Corporate Services Committee

Moved Cr J Woodman
Seconded Cr D Hood

That Council:

1. Receives and notes the information.

CARRIED

For Decision

2.1.1 2020-2021 Carried Forward Funds and Budget Adjustments

Moved Cr B Brug
Seconded Cr K Grenfell

That Council:

1. Approves the 2021/22 budget be increased with \$26,088,600 funds carried forward to be applied as detailed in the Schedule of Funds Carried Forward from 2020/2021 to 2021/2022 in Attachment 1 to this report (Item No. 2.1.1, Finance and Corporate Services Committee, 20/9/2021).
2. Approves the 2020/2021 project expenditure budgets be reduced to reflect returned funds of \$13,220,200, reduction in grant income of \$534,000, and transfer to developer reserve of \$221,900 as per the Schedule of Funds Returned to Council 2020/2021 in Attachment 2 to this report (Item No. 2.1.1, Finance and Corporate Services Committee, 20/9/2021).
3. Approves the 2020/2021 project expenditure budgets be increased to reflect additional actual expenditure of \$225,000, as per the Schedule of Budget Adjustments 2020/2021 in Attachment 3 to this report (Item No. 2.1.1, Finance and Corporate Services Committee, 20/9/2021).

4. Approves transfers of \$1,306,000 to balance completed programs and projects, and appropriately align budgets for carry forward purposes, as per the Schedule of Budget Transfers 2020/21 in Attachment 4 to this report (Item No. 2.1.1, Finance and Corporate Services Committee, 20/9/2021).
5. Approves the 2020/21 project over expenditures be offset within the respective 2021/22 program budget allocations:

Property & Buildings	
PR26231 Salisbury United Season Relocation Expenses	\$17,800

6. Approves the 2021/22 Budget be adjusted to remove the second instalment payment of Local Roads and Community Infrastructure grant of \$1,349,100 noting these funds were received in 2020/21 and included in the 2020/21 Third Quarter Budget Review. Details of these adjustments are contained in Attachment 5 to this report Schedule of Grant Funding Adjustments (Item No. 2.1.1, Finance and Corporate Services Committee, 20/9/2021).
7. Approves the 2020/21 Budget be adjusted for successful grant funding of \$137,400, with expenditure budgets carried forward, as detailed in Attachment 5 to this report Schedule of Grant Funding Adjustments (Item No. 2.1.1, Finance and Corporate Services Committee, 20/9/2021).

CARRIED

2.1.2 Loan Borrowings 2020/21 and 2021/22

Moved Cr K Grenfell

Seconded Mayor G Aldridge

That Council:

1. Receives the information.
2. Approves the balance of the Property Disposal Reserve of \$1,500,000 be applied to the reduction of borrowing requirements.
3. Approves the establishment of a 10 Year Cash Advance Debenture of \$23.2 million, to enable the delivery of the 2021/22 Budget.

CARRIED

OTHER BUSINESS

Nil.

The meeting closed at 7.11 pm.

CHAIR.....

DATE.....

ITEM	2.0.1
	FINANCE AND CORPORATE SERVICES COMMITTEE
DATE	18 October 2021
HEADING	Future Reports for the Finance and Corporate Services Committee
AUTHOR	Michelle Woods, Projects Officer Governance, CEO and Governance
CITY PLAN LINKS	4.2 We deliver quality outcomes that meet the needs of our community
SUMMARY	This item details reports to be presented to the Finance and Corporate Services Committee as a result of a previous Council resolution. If reports have been deferred to a subsequent month, this will be indicated, along with a reason for the deferral.

RECOMMENDATIONThat Council:

1. Notes the report.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 Historically, a list of resolutions requiring a future report to Council has been presented to each committee for noting.

2. CONSULTATION / COMMUNICATION**2.1 Internal**

- 2.1.1 Report authors and General Managers.

2.2 External

- 2.2.1 Nil.

3. REPORT

- 3.1 The table below outlines the reports to be presented to the Finance and Corporate Services Committee as a result of a Council resolution.

Meeting Item	- Heading and Resolution	Officer
22/02/2021 2.1.2 Due:	Event Management Framework & Room Booking Fees & Charges, Salisbury Community Hub 1. That the update on the use of the Salisbury Community Hub be noted and pending further assessment a report be brought back to Council. February 2022	Julie Kushnir
22/02/2021 2.4.1 Due:	Update on Action on Rates Assessment Outstanding under Section 184 of the Local Government Act 1999 Council has previously resolved this resolution to be confidential. November 2021	Kate George
27/09/2021 1.1.1 Due:	Sponsorship - Bowls SA South Australian Super League 3. Approves the development of a First Quarter Budget Review Bid for the amount of \$15,000, with a copy of the bid to be provided at the November 2021 Finance and Corporate Services Committee. November 2021	Andrew Hamilton

4. CONCLUSION / PROPOSAL

- 4.1 Future reports for the Finance and Corporate Services Committee have been reviewed and are presented to Council for noting.

ITEM	2.1.1
	FINANCE AND CORPORATE SERVICES COMMITTEE
DATE	18 October 2021
HEADING	Budget Timetable 2022/23
AUTHOR	Kate George, Manager Financial Services, Business Excellence
CITY PLAN LINKS	4.2 We deliver quality outcomes that meet the needs of our community

SUMMARY To enable appropriate diary management the budget workshops and meetings are being planned now. This report details proposed meeting and workshop dates, and associated draft agendas required to ensure the 2022/23 Budget is adopted at the June 2022 Council meeting.

RECOMMENDATION

That Council:

1. Approves the timetable for the preparation and presentation of the 2022/23 budget, subject to adoption of the meeting schedule by Council at the November 2021 Council meeting.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 To enable Elected Members to plan for and prioritise budget meetings the proposed meeting and workshop schedule for the 2022/23 Budget process has been prepared.

2. CONSULTATION / COMMUNICATION

NA

3. REPORT

- 3.1 The 2022/23 budget planning process has commenced and it is anticipated that the formal adoption of the budget and declaration of rates for 2022/23 will occur at the June 2022 Council meeting. To ensure this timeframe is met a series of meetings with Council are required between February and June 2022.

- 3.2 The Elected Member Workshop Forum in February will include a discussion of strategic direction, key projects, and long term financial sustainability concepts and impacts. The information considered at the relevant sessions of this weekend workshop will help to inform the budget and the information that is presented to Council during the budget process. Further details on the structure and content of the Elected Member Workshop Forum will be provided closer to the event.
- 3.3 A series of Council workshops and meetings are proposed between February and June. Public consultation of the Annual Plan and Budget is planned for May, with time set aside for any verbal representations at the May Council meeting. Consultation feedback will be reported to Council at the June Budget and Finance meeting. The dates of the meetings and workshops and the associated draft agendas are detailed in the table below:

Meeting Date	Meeting Time	Purpose
Saturday 19 & Sunday 20 February 2022	TBC	Elected Member Workshop Forum <ul style="list-style-type: none"> Long Term Financial Plan Concepts and sustainability indicators Strategic Initiatives
Wednesday 2 March 2022	First Budget Workshop 6.30pm - 9.30pm Council Chambers (Informal)	<ul style="list-style-type: none"> Capital New Initiatives PF&E New Initiatives
Wednesday 9 March 2022	Second Budget Workshop 6.30pm - 9.30pm Council Chambers (Informal)	<ul style="list-style-type: none"> Recap Elected Member Workshop Outcomes Base Operating Budget Operating New Initiatives IT New Initiatives Recreation Fees & Charges
Monday 21 March 2022	Finance and Corporate Services Committee (at Conclusion of Policy and Planning)	<ul style="list-style-type: none"> Business Units report on current year and overview of next year Budget Update from first budget workshop Budget Bids Report
Wednesday 23 March 2022	Third Budget Workshop 6.30pm - 9.30pm Council Chambers (Informal)	<ul style="list-style-type: none"> Update on second workshop Updated Consolidated Summary Long Term Financial Plan NAWMA Presentation Recreation Services Presentation
Wednesday 30 March 2022	Fourth Budget Workshop (if required) 6.30pm – 9.30pm Council Chambers (Informal)	<ul style="list-style-type: none"> If required to complete budget discussions prior to finalising the draft budget for public consultation
Tuesday 12 April 2022	Audit Committee 6.30pm	<ul style="list-style-type: none"> S126(4)(AB) review of the draft annual plan
Tuesday 19 April 2022	Finance and Corporate Services Committee (at Conclusion of Policy and Planning)	<ul style="list-style-type: none"> Updated Consolidated Summary Update on Budget Workshop Actions Other Budget Refinements Finalise Draft Budget Draft Annual Plan and Budget Recreation Services Fees and Charges

Meeting Date	Meeting Time	Purpose
Tuesday 26 April 2022	Council Meeting 7:00pm	<ul style="list-style-type: none"> • Adoption of draft Annual Plan for consultation
Monday 16 May 2022	Finance and Corporate Services Committee (at Conclusion of Policy and Planning)	<ul style="list-style-type: none"> • Updated Consolidated Summary • Rating Updated • Update on any other outstanding items
Tuesday 14 June 2022*	Finance and Corporate Services Committee	<ul style="list-style-type: none"> • Feedback from Public Consultation • Update Consolidated Summary • Rating Update • Final changes
Monday 27 June 2022	Council Meeting 7.00pm	<ul style="list-style-type: none"> • Formal Adoption of the Budget and Declaration of Rates

* June Finance and Corporate Services Committee meeting brought forward

3.4 The timetable is consistent with the timetable established for the prior year.

4. CONCLUSION / PROPOSAL

- 4.1 The proposed budget meeting and workshop dates are provided for consideration. The timing of these meetings is required to ensure smooth passage of the budget to enable its endorsement at the June 2022 Council meeting.

ITEM	2.1.2
	FINANCE AND CORPORATE SERVICES COMMITTEE
DATE	18 October 2021
HEADING	Operating Surplus Initiative Closeout Report
AUTHOR	Kate George, Manager Financial Services, Business Excellence
CITY PLAN LINKS	4.4 We plan effectively to address community needs and identify new opportunities
SUMMARY	In setting the 2020/2021 Budget to deliver a zero rate increase whilst maintaining financial sustainability into the future, it was necessary to include a \$2.4M Operating Surplus Initiative (OSI). The closeout report provides a status update on the achievements for the 2020/21 financial year and a final budget position for 2021/22.
RECOMMENDATION	<p><u>That Council:</u></p> <ol style="list-style-type: none">1. Notes the report.
ATTACHMENTS	There are no attachments to this report.
1. BACKGROUND	<ol style="list-style-type: none">1.1 During the 2020/2021 Budget deliberations, and in response to COVID19, Council resolved a 0% rate increase. As a result of this decision and to ensure our ongoing financial sustainability Council also resolved a \$2.4M Operating Surplus Initiative (OSI) to offset the impact of the zero per cent rate increase.
2. CONSULTATION / COMMUNICATION	<ol style="list-style-type: none">2.1 Internal<ol style="list-style-type: none">2.1.1 Status updates on work in progress have been sourced from respective General Managers.
3. REPORT	<p><u>Context</u></p> <ol style="list-style-type: none">3.1 Financial Sustainability is a key consideration for all councils as it enables stability in service provision into the future and also achieves intergenerational equity in that those ratepayers who are benefiting from the service delivery of Council are paying for that service delivery. The City of Salisbury have budgeted and achieved financial sustainability targets since 2008. The 2020/21 Budget

decision of a zero rate increase would have resulted in a significant deterioration in the Council's financial sustainability had the \$2.4M Operating Surplus Initiative (OSI) not been included, which requires that ongoing operating savings of \$2.4M be delivered to offset the impacts of the zero percent rate increase.

- 3.2 Through the 2020/2021 financial year, (through budget reviews and the updated Treasury Policy), and the commencement of the budget it has been highlighted and discussed the need to carefully consider any expansion of service delivery or construction of new infrastructure. These decisions are important due to the flow on effects into future operating budgets through maintenance, depreciation, interest costs. New infrastructure also locks in future renewal expenditure. These decisions impact on the operating surplus and erode what has been achieved through the OSI. Even when new infrastructure is funded through grant funds these operating costs are a real financial impact from the year following construction.
- 3.3 It is imperative for Council to consider that every decision to fund a project or initiative carries with it the opportunity cost of what then cannot be funded.

Achievement of 2020/2021 Operating Surplus Initiatives

- 3.4 To immediately address the reduction in rate revenue, a number of one-off measures were put in place for the 2020/2021 financial year categorised as Administrative and Change in Service Level.
- 3.5 These actions were reported to Council in June 2020 and were endorsed for implementation. Tables 1 and 2 below provide details of these actions and the level of achievement in the 2020/2021 financial year.

Table 1 – One off Savings – Administrative Actions

Dept / Div	Change to Business or New initiative & Potential Saving	Achievement
All / Various	Consultancy Funds Potential Savings \$100k	Savings Achieved \$164k
All / Various	Defer various recruitments across the organisation Potential Savings \$287k	With high level of development applications the shortfall resulted from needing to change resourcing levels and is more than offset by additional revenue achieved Savings Achieved \$250k
CI / Field Services	LED change over savings 20/21 Potential Savings \$200k	Savings Achieved \$239k Note however, that savings were more than offset by needing to write off the project cost \$1M to operating as the project did not meet capitalisation requirements. This is being reviewed internally and any change will be acted upon. Net Operating Cost increase of \$772k
All / Various	Corporate, Travel & Accommodation and Conferences & Seminars Potential Savings \$75k	Due to the extended impacts of COVID, most travel and conferences were not able to be held Savings Achieved \$174k

Total Potential Savings \$662k	Total Savings Achieved in 2020/21 \$827k <i>(Net Cost Increase of \$184k inclusive of LED project costs)</i>
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Table 2 –One-off Savings – Change in Service Level

Dept / Div	Change to Business or New initiative & Potential Saving	Achievement
BE / Community Experience & Rel.	Events Contractual Services Potential Savings \$15k	Savings Achieved \$15k
BE / Salisbury Water	Reduced wetland volunteer/community program Potential Savings \$5k	With ongoing impacts of COVID greater than planned savings were achieved Savings Achieved \$15k
CiD / Enviro Health	Environmental Health – Staffing Potential Savings \$104k	Savings Achieved \$94k
CiD / Insp. Services	Inspectorial Services – Staffing Potential Savings \$62k	Savings Achieved \$64k
CI / Field Services	Tree Pruning – reduced activity in clearing the backlog Potential Savings \$200k	Savings Achieved \$191k
CI / Field Services	Footpath Maintenance – tighter tolerances Potential Savings \$400k	Savings Achieved \$432k
CI / Field Services	Drainage systems- reduce activity in low risk locations Potential Savings \$100k	Savings Achieved \$97k
CI / Field Services	Sportsfield cutting – reduce service for lower level sports fields Potential Savings \$100k	Savings Achieved \$104k
CI / Field Services	Reserve Maintenance Staffing Potential Savings \$75k	Savings Achieved \$75k
CI / Field Services	Feature Landscape Staffing Potential Savings \$75k	Savings Achieved \$75k
CI / Field Services	Park Maintenance - scaled level of service Potential Savings \$100k	Savings Achieved \$105k
CI / Field Services	Park Maintenance - Ornamental lake fill Potential Savings \$50k	This is an internal cost transfer so not a saving, as reported previously to Council Savings Achieved \$0k
CI / Field Services	Verge Cutting reduce from 7 to 6 cuts Potential Savings \$150k	Savings Achieved \$0k due to Council decision to maintain service level

CI / Infra Delivery	Kerb & Gutter Reactive prioritise only urgent work Potential Savings \$100k	Savings Achieved \$100k
CI / Infra Delivery	Defer kerb work until 21/22 to align with road reseal program Potential Savings \$800k	Savings Achieved \$870k
Total Potential Savings \$2,336k		Total Savings Achieved in 2020/21 \$2,237k

- 3.6 The One-Off savings identified and endorsed totalled \$2,998k, with the majority having been achieved, and some exceeding expectations. There were a couple of items that were not able to be achieved that have been previously reported to Council, being Ornamental Lake Fill of \$50k and Verge maintenance \$150k.
- 3.7 Reducing the potential savings by these amounts brings the total target to \$2,798k, with savings achieved of \$3,064k as detailed in the two tables above. However, noting the need to expense the costs associated with the LED project, the savings are reduced to \$2,053k.
- 3.8 Additionally a number of ongoing measures were also implemented for the 2020/2021 financial year categorized as Administrative and Change in Service Level.
- 3.9 These actions were also reported to Council in June 2020 and were endorsed for implementation. Tables 3 and 4 below provide details of these actions and the level of achievement in the 2020/2021 financial year.

Table 3 – Ongoing Savings – Administrative Actions

Dept / Div	Change to Business or New initiative & Potential Saving	Achievement
All / Senior Staff	No EA Increase for Leadership Group (CEO, GMs & DMs) in 2020/21 financial year Potential Savings \$100k	Savings Achieved \$87k
CiD / Economic Development & Urban Policy	Not continuing lease on Polaris Potential Savings \$35k	This initiative was not implemented with the lease being renewed on a month by month basis in 2020/21. However the saving has been budgeted for in 2021/22, and we anticipate that we will continue to lease the site subject to continued discussion with Renewal SA who own the facility. Savings Achieved \$0
BE / Salisbury Water	Reduced R&D program - remove all programs except PFAS verification Potential Savings \$25k	Savings Achieved \$39k with \$25k budgeted for 2021/22 onwards

CI / Infra. Management	Domestic Refuse Disposal - landfill costs closer contract management Potential Savings \$150k	Savings Achieved in 2020/21 \$199k Primarily the savings achieved within waste have been the result of glass fines being added to the Materials Recovery Facility which has resulted in diversion of smaller pieces of broken glass from landfill.
CI / Infra Management	Domestic Refuse Collection closer contract management Potential Savings \$50k	Budget 2021/22 includes savings of \$200k
Total Potential Savings \$360k		Total Savings Achieved in 2020/21 \$325k Savings Budgeted in 2021/22 onwards \$347k

Table 4 –Ongoing Savings – Change in Service Level

Dept / Div	Change to Business or New initiative & Potential Saving	Achievement
CI / Field Services	Tree Management - Pruning - reduce reactive service level Potential Savings \$100k	Budget added back through Council decision in Feb 2021 Savings Achieved \$0
CI / Field Services	Road sweeping - reduce level of service Potential Savings \$50k	Budget added back through Council decision in Feb 2021 Savings Achieved \$0
CI / Field Services	House Number Maintenance - stop service Potential Savings \$63k	Savings Achieved \$63k
CoD / Community Planning and Vitality	Sports Development Potential Savings \$10k	Budgeted added back in Feb 2021 Savings Achieved \$0
Total Potential Savings \$223k		Total Savings Achieved in 2020/21 \$63k Savings Budgeted in 2021/22 onwards \$63k

3.11 The Ongoing savings identified and endorsed totaled \$583k, with Council decision to add back some of the service level changes as detailed in the tables above, with total savings in 2020/2021 achieved were reduced to \$189k, and budgeted ongoing \$410k

Outcome 2020/2021

3.12 Total Operating Surplus Initiative Savings in the 2020/2021 year of \$3,452k have been achieved, against the revised target of \$3,381k. These achievements more than offset the impact of the zero rate increase in the 2020/2021 financial year. The targeted savings were ambitious and set with a very short lead time to support financial sustainability. The achievements exceed expectations, with recognition that many of these initiatives represent significant stretch targets and required commitment across the organisation to achieve.

Operating Surplus Initiatives 2021/22 Budget

3.13 Members may note that much of the information presented below has been presented during the budget process, and is detailed below for completeness given the strategic importance of the Operating Surplus Initiative agenda.

Base Operating Budget

3.14 A number of ongoing savings were identified prior to finalising the 2020/2021 budget, and were included within the base operating budget. As these savings are within the base for 2020/21 they flow into the base operating budget for 2021/22 and future years, as described in tables 3 and 4 above and are detailed in the table below totaling \$570k.

Table 5 – Base Opex

No Enterprise Bargaining Increase for the leadership group in 2020/21 (CEO, GMs and DMs)	\$87k
Commercial Lease Arrangements	\$35k
Reduction in R&D program (Salisbury Water)	\$25k
Enhanced contract management of waste contract	\$200k
Kerb House Numbering	\$63k
Service Changes subsequently added back	\$160k
Total Savings in Base Opex 2021/22	\$570k

3.15 Three other savings totalling \$160k were included in the revised budget for 2020/21 and were expected to be ongoing, and were subsequently resolved to be added back into the 2021/22 budget as service level increase:

- Tree Management –Pruning \$100k
- Road Sweeping \$50k
- Sports Development \$10k

Opex to Capex - Capitalisation Measures

3.16 Internal review was undertaken to determine to what extent reactive works can be substituted with programmed works and scaled to meet capitalization requirements. The financial impacts associated with these changes, totaling were included within the endorsed Infrastructure Bids, following review by our external auditors. These changes in practice will need to be carefully monitored and evaluated to ensure that they achieve budget expectations of \$1,315k.

Table 6 – Opex to Capex Capitalisation Measures

Dept / Div	Change to Business or New initiative & Potential Saving	Status
CI / Field Serv.	Tree Planting/ Establishment Potential Saving \$300k	PSN000588 Streetscape Program includes transfer from Opex to Capex of \$200k
CI / Field Serv.	Foot-bridge Maint. Potential Saving \$100k	TRR000618 Bridge Program includes transfer from Opex to Capex of \$100k
CI / Field Serv.	Footpath Maint. Potential Saving \$100k	TRR000644 Footpath Renewal includes transfer from Opex to Capex of \$653k
CI / Field Serv.	Footpath Maint. - Block pavers Potential Saving \$200k	
CI / Field Serv.	Open drain Maint. Potential Saving \$100k	DWR000571 Watercourse Management Works Program includes transfer from Opex to Capex of \$100k
CI / Infra. Deliv.	Kerb & Gutter Potential Saving \$500k	TRR000623 Road Reseal / Reconstruction includes transfer from Opex to Capex of \$700k
Total Potential Savings \$1,300k		Total Savings in 2021/22 Budget \$1,310k (inclusive of 25% discount)*

* the discount of 25% has been incorporated into the budget as this change of practice may not be fully achieved and will be subject to scrutiny during our internal capitalisation processes and also by our external auditors.

Service Level Decreases - Changes in Service Level

3.17 Minor changes (totaling \$5k) were implemented during 2020/2021, with the golf course not progressing and the library savings incorporated into the 2021/2022 budget and ongoing:

Table 7 – Changes in Service Levels

Dept / Div	Change to Business or New initiative & Potential Saving	Status
COD / Rec. Services	Little Para Golf Course Potential Saving \$240k	No change in Service level, and further consideration of increasing utilisation and participation at the site.
COD / Cmty Centres	Cease Twelve25 Coffee Connoisseurs program Potential Saving \$10k	Savings Achieved \$3,010
COD / Cmty Capacity & Learning	Cease Twelve25 Pizza Gioventu program	Savings Achieved \$2,400

	Potential Saving \$5k	
COD / Cmty Capacity & Learning	Modifications to library opening hours Potential Savings \$210k	Savings Achieved \$176k
Total Potential Savings \$416k		Total Savings in the 2021/22 Budget \$181k

Project Savings

3.23 There are a number of projects and associated changes in service that have been delivered, totaling \$470k and are detailed in the table below:

Table 8 – Project Savings

Dept / Div	Change to Business or New initiative & Potential Saving	Status
BE / Salisbury Water	Solar/Head Tanks - 3 year approved capital spend advanced to first quarter 2020/21 Potential Saving \$100k	Savings achieved \$100k
BE / Salisbury Water	New SCADA/Electrical support contract - funded by renewal (Capital) program Potential Saving \$5k	Savings achieved \$5k
CI / Field Services	Verge Mowing Potential Saving \$450k	Savings not achieved and service expanded per Council decision
CI / Infra. Mgmt.	Lighting and Electrical - Street Lighting Maintenance Potential Saving \$100k	Savings Achieved \$150k
CI / Infra. Mgmt.	LED Changeover Potential Saving \$550k	This initiative requires review as the savings anticipated may be less than originally expected. Also the initial implementation which cost \$1,011k was not able to be capitalised which then results in these costs being expensed in the year incurred. This is being reviewed internally and any change will be acted upon. Estimated Savings Achieved \$30k
BE / Salisbury Water	New Water Quality Services Contract - revised RMP has reduced the frequency of sampling required (but increased some analyses) Potential Saving \$40k	Project on track to achieve savings. Savings Achieved \$40k

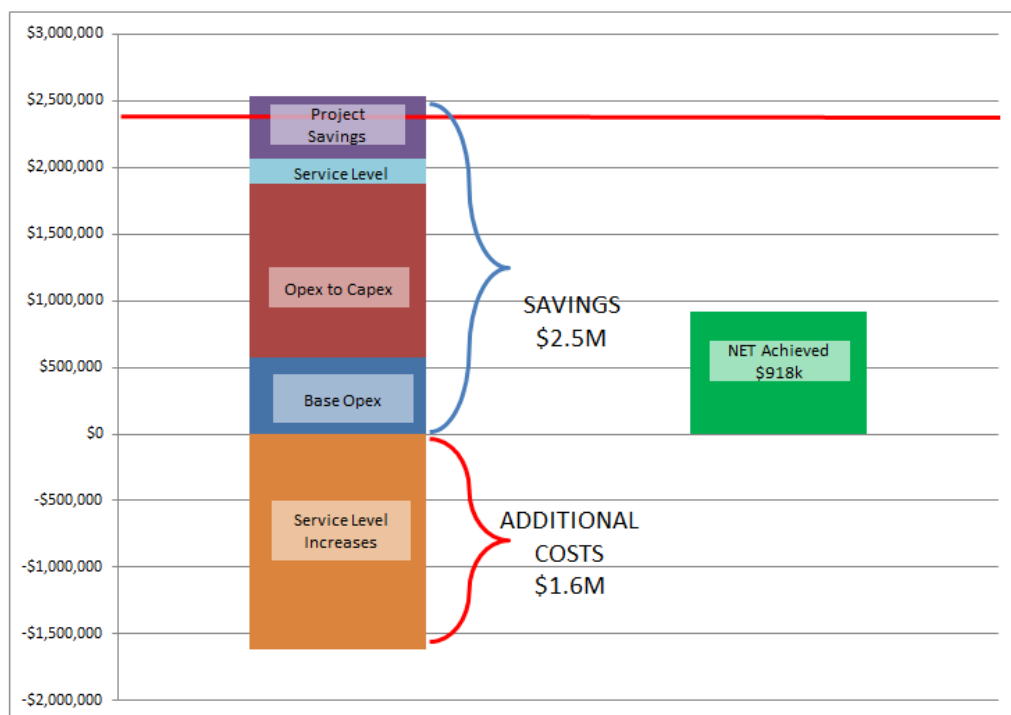
CID/ Eco. Dev & Urban Policy	Not continuing the external component of the business networking program (endorsed by Council following withdrawal from Northern Business Breakfast) Potential Saving \$25k	Savings redirected to COVID Support in 2020/21, and included in the base operating budget for 2021/22. Savings Achieved \$25k
CID/ Insp. Services	Remove the NIB for parking technology trials Potential Saving \$15k	Savings have been delivered - bid was removed for 2020/21 budget, and the cost is not included in the 2021/22 budget. Savings Achieved \$15k
CI/ Field Services	Open space Park Maintenance Accelerating irrigation renewal of minor reserves to connect more sites to recycled water Potential Saving \$150k	Maintenance savings for Mawson Lakes irrigation renewal will be longer term. Other minor sites have been converted to recycled water with a minor financial impact which has not been quantified at this time. Saving Achieved: Minor
CI / Field Services	Park Maintenance - wind back Level of Service in landscape developments Potential Saving \$50k	Savings of \$105k have been identified and have been factored into the 2021/22 base budget. Savings Achieved \$105k
Total Potential Savings \$1,485k		Total Savings in the 2021/22 Budget \$470k

Outcome 2021/22 Budget

3.42 Total budgeted and achieved savings for the 2021/22 financial year are \$2,531k against the target of \$2.4M determined when establishing the 2020/21 budget to offset the zero rate increase.

Service Level Expansion

3.43 The graph below has been updated to reflect final budget 2021/22 savings and also reflects the increase in service levels determined during the budget process.

Graph 1 – Operating Surplus Initiatives Budgeted 2021/22 & Service Level increases

- 3.44 The graph highlights that there have been additional costs that have eroded the savings achieved (as highlighted by the orange segment), and these cost increases are equivalent to 1.6% rate increase.
- 3.45 Ongoing careful consideration of expansion of service levels is required together with evaluation of New and Upgrade capital expenditure projects which drive operating cost increases (maintenance, depreciation and interest) to ensure that financial sustainability is maintained.

4. CONCLUSION / PROPOSAL

- 4.1 The operating surplus initiative achieved excellent outcomes for the 2020/21 financial year, and also into the 2021/22 budget. These initiatives required commitment from across the organisation to be delivered.
- 4.2 Council is encouraged to continue to consider ongoing impacts from expansion of service levels, as the increase in service levels into the 2021/22 budget increased costs by \$1.6M and eroded the benefits achieved through the Operating Surplus Initiative.
- 4.3 Additionally evaluation of New and Upgrade capital expenditure projects is required as these capital expenditure types drive operating cost increases (maintenance, depreciation and interest) which have a detrimental impact on the operating surplus and associated ratio which is the key measure of financial sustainability.

ITEM	2.1.3
	FINANCE AND CORPORATE SERVICES COMMITTEE
DATE	18 October 2021
HEADING	Discretionary Rate Rebate Application for GP Kurian Nominees Pty Ltd
AUTHOR	Kate George, Manager Financial Services, Business Excellence
CITY PLAN LINKS	4.2 We deliver quality outcomes that meet the needs of our community
SUMMARY	<p>An application has been received for Council to consider a 75% Discretionary Rate Rebate from GP Kurian Nominees Pty Ltd with premises located at Units 1-4 / 30-32 Main Street , Mawson Lakes SA 5095</p> <p>GP Kurian Nominees Pty Ltd is requesting Council consider providing a discretionary rate rebate under Section 166 (1) (f) of the Local Government Act.</p>

RECOMMENDATION

That Council:

1. In relation to GP Kurian Nominees Pty Ltd consideration has been given to providing a 75% rebate or any level of rebate and:
 - (a) That no rate rebate should be granted in respect of Assessment Numbers 71276, 71277, 71278 and 71279 for the premises located at Units 1-4 / 30-32 Main Street , Mawson Lakes SA 5095; and
 - (b) That the rate rebate application lodged by GP Kurian Nominees Pty Ltd dated 16 August 2021 is dismissed.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Rate Rebate Policy
2. Letter requesting Rebate
3. Application for Rebate

1. BACKGROUND

- 1.1 Council endorsed the Rate Rebate Policy in February 2021 (0847/2021) (Attachment 1) along with the endorsement of Discretionary Rebates for 2021/22 and 2022/23.

- 1.2 At this time details of all mandatory and discretionary rate rebates were provided to Council. In 2020/2021 Council has provided rebates of \$1,261,318 with \$1,229,900 being mandatory and \$31,418 being discretionary for the following entities:

Discretionary Rebates of Rates S166(1)(g)			
Facilities & Service for Young Children/Youth	Address	Rebate %	Value of Rebates 2020/21
Salisbury Lutheran Church Kindergarten Inc	6-10 Waterloo Corner Road, Salisbury SA 5108	100%	1,888.35
Salisbury Occasional Child Care Centre Inc	25-27 Ann Street, Salisbury SA 5108	100%	3,832.50
St Francis Community Child Care Inc	306 Waterloo Corner Road, Paralowie SA 5108	100%	2,403.35
Minister For Economic Development (NFP Kindy) Mawson Lakes Park Way Child Care Centre	5 Park Way , Mawson Lakes SA 5095	100%	3,433.35
Guides Association SA Inc	5 Guerin Lane, Salisbury SA 5108	100%	1,502.10
Scouts SA	1909-1911 Main North Road, Salisbury Heights SA 5109	100%	1,244.60
Scouts SA	18 Canna Road, Ingle Farm SA 5098	100%	1,034.80
Scouts SA	7 Kalimna Crescent, Paralowie SA 5108	100%	1,034.35
Scouts SA	20 Jackson Street, Parafield Gardens SA 5107	100%	1,032.70
Guides Association SA Inc	21 Melville Road, Salisbury East SA 5109	100%	1,223.10
Mawson Lakes Park Way Child Care Centre Inc Mawson Lakes Garden Terrace Child Care Centre	12-28 Garden Terrace, Mawson Lakes SA 5095	100%	3,603.15
TOTAL			\$22,232.35

Discretionary Rebates of Rates S166(1)				
	Address	Rationale	Rebate %	Value of Rebates 2020/21
Meals on Wheels SA Inc.	13 Brown Terrace, Salisbury SA 5108	Provides a benefit or service to the Local Community	25% (+75% mandatory rebate)	258.59
John Street Salisbury Pty Ltd (Northern Volunteering SA Inc.)	39 John Street, Salisbury SA 5108	Provides a benefit or service to the Local Community	100%	1,024.90
SA Water (St Kilda Tram Museum Depot)	300-360 St Kilda Road, St Kilda SA 5110	Preservation of buildings or places of historic significance	100%	1,566.45
Military Vehicle Preservation Society of SA Inc. (National Military Vehicle Museum)	10-20 Sturton Road, Edinburgh SA 5111	Preservation of buildings or places of historic significance	100%	1,373.35
Australian Migrant Resource Centre	28 Mary Street, Salisbury SA 5108	Provides a benefit or service to the Local Community	75%	2613.01
Marra Murranga Kumangka Inc. (Marra dreaming)	22-24 Commercial Road, Salisbury SA 5108	Provides a benefit or service to the Local Community	75%	2,349.68
Total				\$9,185.98

- 1.3 A Council may grant a Discretionary Rate Rebate under Section 166 (1) for various reasons under the Local Government Act (the Act) and in this application received GP Kurian Nominees Pty Ltd they have requested the discretionary rate rebate be provided based on:

(f) *where the land is being used for a hospital or health care;*

In considering such applications Council needs to take into account (Section 166 (1a))

- (a) *the nature and extent of Council services provided in respect of land for which the rebate is sought in comparison to similar services provided elsewhere in its area; and*
- (b) *the community need that is being met by activities carried out on the land for which the rebate is sought; and*
- (c) *the extent to which activities carried out on the land for which the rebate is sought provides assistance or relief to disadvantaged persons,*

- 1.4 *and may take into account other matters considered relevant*

2. CONSULTATION / COMMUNICATION

2.1.1 N/A

3. REPORT

- 3.1 A discretionary rebate application has been received from GP Kurian Nominees Pty Ltd which operates at Units 1-4 / 30-32 Main Street, Mawson Lakes SA 5095. They are requesting a 75% discretionary rate rebate for their rates assessment which is associated with a privately-owned Medical Centre known as the Goodwill Medical Centre. GP Kurian Nominees is the trustee for the GP Kurian Family Trust, which is a discretionary services management trust.
- 3.2 The Goodwill Medical Centre is advertised as a modern bulk billing practice, which opened in 2014. The Centre also offers other Allied Health Services, including Clinpath Lab, Physiotherapy, Podiatry and Dietician, which presumably provides commercial income to the owner of the property.
- 3.3 The Application Letter which accompanied the Application confirmed that the 4 units are being utilized by the Medical Centre, with Unit 2 being the main Centre. Unit 1 is being used for isolating and examining patients during the Covid-19 pandemic, unit 3 is being utilised for storage and unit 4 is being utilised as an administration office.
- 3.4 The annual rates bill for the 2021/22 financial year for the Medical Centre has general rates of \$12,055.50.
- 3.5 Council do not currently provide a rebate of rates to any other Medical Centre or like property within the City of Salisbury Council district. Within our district, we currently rate 58 other assessments with a Land Use classification of 5890 - 'Medical & health services & veterinary' or 2770 - 'Physicians and surgeons'. These include but are not limited to, Cross Keys Medical Centre located 52 Cross Keys Road, Brahma Lodge, Northern Medical Centre located at 1568 Main North Road, Salisbury South SA 5106 and Trinity Medical Centre, 31 Bagster Rd, Salisbury North.
- 3.6 GP Kurian Nominees Pty Ltd has applied for a discretionary rate rebate under Section 166 (1) (f) of the Act:
 - (f) *where the land is being used for a hospital or health care;*
- 3.7 Further in considering such applications Council needs to take into account S166 (1a):
 - (a) *the nature and extent of Council services provided in respect of land for which the rebate is sought in comparison to similar services provided elsewhere in its area; and*
 - (b) *the community need that is being met by activities carried out on the land for which the rebate is sought; and*
 - (c) *the extent to which activities carried out on the land for which the rebate is sought provides assistance or relief to disadvantaged persons,*

and may take into account other matters considered relevant by the council.

- 3.8 Council has not provided any rebate to any hospital or health care provider.
- 3.9 With Goodwill Medical Centre being located in Mawson Lakes it is reasonable to expect that residents of Mawson Lakes and surrounding suburbs would be the main client base of this practice, being residents of the City of Salisbury and Port Adelaide Enfield. Information requested on the application regarding the extent of services provided into the Salisbury Community was not provided.
- 3.10 GP Kurian Nominees Pty Ltd is a private company providing bulk billed GP services. The decision to be a bulk billing practice does enable access to medical services to those less able to afford out-of-pocket expenses, however, there is no way of knowing whether this benefit is going to those genuinely in need, as this benefit is provided to all patients. Further, many practices opt to bulk bill customers who have limited means while charging other patients above the Medicare standard fee. This is a decision taken by the respective practice, and the question is whether this decision taken by GP Kurian Nominees Pty Ltd should then result in subsidisation from Salisbury rate payers.
- 3.11 The Rate Rebate Policy adopted by Council in February 2021 (resolution 0847/2021) details in paragraph 3.1.1 other matters that Council may wish to consider and take into account, as detailed below, with response in the right hand column:

Matters for Consideration	Relevant information
(i) why there is a need for financial assistance through a rebate;	<p>The Goodwill Medical Centre is a registered business name under the Entity of 'The trustee for GP Kurian Family Trust'.</p> <p>The Medical Centre is a privately-owned establishment, and is not registered with Australian Charities & Not-for-Profits Commission (ACNC) as a charitable & not-for-profit organisation.</p> <p>GP Kurian Nominees Pty Ltd provides bulk-billed services to the wider community, and it is not limited to the City of Salisbury community.</p> <p>There were no financial records provided to understand the financial position of the GP Kurian Nominees Pty Ltd.</p> <p>No evidence has been provided to substantiate the need for financial assistance.</p>

Matters for Consideration	Relevant information
(ii) the level of rebate (percentage and dollar amount) being sought and why it is appropriate	The application is for a 75% rate rebate, which based on 2020/21 rates means that should the rebate be approved the annual general rates will be reduced from \$12,055.50 to an amount of \$3,013.88, being a rebate of \$9,041.62.
(iii) the extent of financial assistance, if any, being provided to the applicant and/or in respect of the land by Commonwealth or State agencies	The practice is supported through Medicare payments.
(iv) whether the applicant has made/intends to make applications to another Council	Not known whether GP Kurian Nominees Pty Ltd has practices in other councils or whether applications have been made to other councils. This information was requested as part of the application and was not provided
(v) whether, and if so to what extent, the applicant is or will be providing a service within the Council area	This information that was to be provided as part of the application and was not included.
(vi) whether the applicant is a public sector body, a private not for profit body or a private for profit body	GP Kurian Nominees Pty Ltd is a private for profit entity
(vii) whether there are any relevant historical considerations that may be relevant for all or any of the current Council term	When compiling the relevant information for this report, no historical considerations were found.
(viii) the desirability of granting a rebate for more than one year in those circumstances identified at Clause 4.2 of this policy	The GP Kurian Nominees Pty Ltd is seeking a discretionary rate rebate, which should Council decide to grant it, can be provided up to June 2023 as per the Rate Rebate Policy, at which time Council will consider all discretionary rebates when a further report is provided to Council requesting they undertake a review of the current Rate Rebate Policy and also Discretionary Rate Rebates.

Matters for Consideration	Relevant information
(ix) consideration of the full financial consequences of the rebate for the Council	<p>Based on the rates for the 2021/22 if a 75% rebate was granted the annual general rates would be reduced from \$12,055.50 to an amount of \$3,013.88, being a rebate of \$9,041.62.</p> <p>However should Council grant this rebate it would become a precedent for the other 57 assessments with a Land Use classification of 5890 - 'Medical & health services & veterinary' or 2770 - 'Physicians and surgeons'</p>
(x) the time the application is received	The application was received in timeframes required in the Rate Rebate Policy.
(xi) the availability of any community grant to the person or body making the application	The GP Kurian Nominees Pty Ltd is ineligible for a community grant under the current guidelines, as they are a company and not a community organisation or group.
(xii) whether the applicant is in receipt of a community grant	This information that was to be included with the application was not provided
(xiii) any other matters, and policies of the Council, which the Council considers relevant	<p>Council may wish to consider:</p> <p>The application was incomplete with much of the required information not provided.</p> <p>The medical practice does not limit their services to only those who are financially disadvantaged, and the decision to bulk bill all patients does not direct support specifically to disadvantaged community members.</p> <p>The decision to bulk bill was determined by the company, and it is unreasonable to expect financial subsidy from Salisbury Rate Payers for what has been a private business decision.</p>

- 3.2 While GP Kurian Nominees Pty Ltd provides a service to our community through the Goodwill Medical Centre, through the provision of bulk-billed medical services, it is a private for profit entity.

- 3.3 It is not possible to determine to what extent the patients of Goodwill Medical Centre reside within the City of Salisbury, nor is it possible to determine to what extent the patient base of this practice are disadvantaged. Council is encouraged to continue to not provide discretionary rebates to private for profit entities. Council is asked to be mindful that when granting any discretionary rebate that each rebate granted shifts the rate burden to other ratepayers, and in this case would set a precedent for private for profit entities.

4. CONCLUSION / PROPOSAL

- 4.1 In considering this matter a key consideration is the need for financial sustainability and protection of Council's rate base with the philosophy that all properties should contribute to the cost of services provided by Council. While noting a medical practice may provide some benefit to the broader community, Council is asked to be mindful of the impacts of providing a discretionary rate rebate. This practice is a private for profit entity, providing services that are not targeted to the disadvantaged. It is also difficult to determine the extent that the services of this practice are provided to residents of the City of Salisbury.
- 4.2 Should this rebate be approved it would set a significant and costly precedent for Council in relation to the other 57 assessments associated with medical services, and also more concerning for for-profit entities.
- 4.3 A considered approach in assessing discretionary rebates is encouraged as rebates are funded by the remainder of our ratepayers. Consideration of the benefit provided to the community as a whole is central, when not all of the community may benefit from the services provided by a medical practice located in Mawson Lakes.
- 4.4 For these reasons the recommendation is to not grant a 75% rate rebate or any rebate at any level, and that the application be dismissed.



RATE REBATE POLICY

Policy Type:	Policy		
Approved By:	Council	Decision No:	1566, 2015/0386, 2017/1872, 0103/2019
Approval Date:	22/02/2021	Last Reapproval Date:	22 February 2021
Review Date:	February 2023	Internal Reference No.:	2.2.1 – 22/02/2021
Department:	Business Excellence	Division:	Financial Services
Function:	7 - Financial Management	Responsible Officer:	Manager, Financial Services

A – Preamble

1. The *Local Government Act 1999* (“the Act”) provides for Mandatory and Discretionary rebates of rates. The City of Salisbury will act in accordance with the Act in providing Mandatory Rebates. In relation to Discretionary Rebates, this policy will be applied to determine whether a rate rebate will be provided.

B – Scope

1. This Policy applies to all rateable land in the council area.

C – Policy Purpose/Objectives

1. Council has adopted a Rate Rebate Policy to assist it in its decision making functions relative to the operation of the rate rebate provisions contained within Chapter 10, Division 5 (Sections 159 to 166) of the Act.
2. This Policy provides guidance to the community, Council and Staff as to the grounds upon which a person or body is, or may be, entitled to receive a rebate of rates and the matters Council will take into account in determining an application for a rate rebate.
3. In accordance with the rebate of rates provisions contained in the Act, this Policy sets out the type of use in respect of land which the Council must grant a rebate of rates and the amount that rebate must be, and those types of land use where the Council has a discretion to grant a rebate of rates.

D – Definitions

Definitions as per the *Local Government Act 1999*

E – Policy Statement**1. Local Government Act 1999**

- 1.1. Section 159(3) of the Act provides that the Council may grant a rebate of rates under the Act if it is satisfied that it is appropriate to do so.

2. Mandatory Rebates

- 2.1. The Act stipulates that Council must grant a rebate of rates and the percentage of that rebate for specified land uses. These are set out below.

2.2. Mandatory 100% Rebate of Rates:**2.2.1. *S160—Rebate of rates – health services***

The rates on land being predominantly used for service delivery or administration by a hospital or health centre incorporated under the South Australian Health Commission Act 1976 will be rebated at 100 per cent.

2.2.2. *S162 – Rebate of rates – religious purposes*

The rates on land containing a church or other building used for public worship (and any grounds), or land solely used for religious purposes, will be rebated at 100 per cent.

2.2.3. *S163 – Rebate of rates – public cemeteries*

The rates on land being used for the purposes of a public cemetery will be rebated at 100 per cent.

2.2.4. *S164 – Rebate of rates – Royal Zoological Society of SA*

The rates on land (other than land used as domestic premises) owned by, or under the care, control and management of, the Royal Zoological Society of South Australia Incorporated will be rebated at 100 per cent.

2.3. Mandatory 75% Rebate of Rates:**2.3.1. *S161—Rebate of rates – community services***

- (1) The rates on land being predominantly used for service delivery or administration (or both) by a community service organisation will be rebated at 75 per cent (or, at the discretion of the council, at a higher rate)**

...

- (3) For the purposes of this section, a community services organisation is a body that—*

- (a) is incorporated on a not-for-profit basis for the benefit of the public; and*

- (b) provides community services without charge or for a charge that is below the cost to the body of providing the services; and
- (c) does not restrict its services to persons who are members of the body.

(4) For the purposes of subsection (3)—

(c) any of the following are community services:

- (i) the provision of emergency accommodation;
- (ii) the provision of food or clothing for disadvantaged persons;
- (iii) the provision of supported accommodation;
- (iv) the provision of essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities;
- (v) the provision of legal services for disadvantaged persons;
- (vi) the provision of drug or alcohol rehabilitation services;
- (vii) the conduct of research into, or the provision of community education about, diseases or illnesses, or the provision of palliative care to persons who suffer from diseases or illnesses;

- (d) Disadvantaged persons are persons who are disadvantaged by reasons of poverty, illness, frailty, or mental, intellectual or physical disability

It is necessary for a community service organisation to satisfy all of the criteria contained in the Act to be entitled to the mandatory 75% rebate.

* subject to submission of a discretionary rate rebate application

2.3.2. S165—Rebate of rates – educational purposes

(1) The rate on land –

- (a) occupied by a government school under a lease or licence and being used for educational purposes; or
- (b) occupied by a non-government school registered under the Education and Early Childhood Services (Registration and Standards) Act 2011 and being used for educational purposes,

Will be rebated at 75 per cent (or, at the discretion of council, at a higher rate)

- (2) The rates on land being used by a university or university college to provide accommodation and other forms of support for students on a not-for-profit basis will be rebated at 75 per cent (or, at the discretion of the council, at a higher rate).

2.4. Where a person or body is entitled to a rebate of 75% the Council may, pursuant to Section 159(4) of the Act, increase the rebate up to a further 25%. The Council may grant the further 25% rebate upon application or on its own initiative. In either case the Council will take into account those matters set out at Clause 3.1 of this Policy.

- 2.5. Where an application is made to the Council for a rebate of up to a further 25% the application will be made in accordance with Clause 4.1 of this Policy and the Council will provide written notice to the applicant of its determination of that application.
- 2.6. Where Council is satisfied from its own records or from other sources that a person or body meets the necessary criteria for a mandatory 100% or 75% rebate, Council will grant the rebate of its own initiative. Where Council is not so satisfied it will require the person or body to apply for the rebate in accordance with Clause 4.1 of this Policy.
- 2.7. The Council delegate the determination of entitlement to mandatory rebates to the CEO.
3. **Discretionary Rebate of Rates:**
- 3.1. The Act gives Council the power to grant discretionary rebates for a broad range of purposes and the percentage of that rebate.
- 3.1.1. ***S166—Discretionary rebate of rates***
- (1) *A council may grant a rebate of rates or service charges in any of the following cases (not being cases that fall within a preceding provision of this Division):*
- (a) *where the rebate is desirable for the purpose of securing the proper development of the area (or a part of the area);*
 - (b) *where the rebate is desirable for the purpose of assisting or supporting a business in its area;*
 - (c) *where the rebate will conduce to the preservation of buildings or places of historic significance;*
 - (d) *where the land is being used for educational purposes;*
 - (e) *where the land is being used for agricultural, horticultural or floricultural exhibitions;*
 - (f) *where the land is being used for a hospital or health centre;*
 - (g) *where the land is being used to provide facilities or services for children or young persons;*
 - (h) *where the land is being used to provide accommodation for the aged or disabled;*
 - (i) *where the land is being used for a residential aged care facility that is approved for Commonwealth funding under the Aged Care Act 1997 (Cwlth) or a day therapy centre;*
 - (j) *where the land is being used by an organisation which, in the opinion of the council, provides a benefit or service to the local community;*
 - (k) *where the rebate relates to common property or land vested in a community corporation under the Community Titles Act 1996 over which the public has a free and unrestricted right of access and enjoyment;*

- (l) *where the rebate is considered by the council to be appropriate to provide relief against what would otherwise amount to a substantial change in rates payable by a ratepayer due to—*
 - (i) *a redistribution of the rates burden within the community arising from a change to the basis or structure of the council's rates; or*
 - (ii) *a change to the basis on which land is valued for the purpose of rating, rapid changes in valuations, or anomalies in valuations;*
- (1a) *A council must, in deciding whether to grant a rebate of rates or charges under subsection (1)(d), (e), (f), (g), (h), (i) or (j), take into account—*
 - (a) *the nature and extent of council services provided in respect of the land for which the rebate is sought in comparison to similar services provided elsewhere in its area; and*
 - (b) *the community need that is being met by activities carried out on the land for which the rebate is sought; and*
 - (c) *the extent to which activities carried out on the land for which the rebate is sought provides assistance or relief to disadvantaged persons, and*
may take into account other matters considered relevant by the council.

The Council may take into account, but are not limited to, the following:

- (i) why there is a need for financial assistance through a rebate;
- (ii) the level of rebate (percentage and dollar amount) being sought and why it is appropriate;
- (iii) the extent of financial assistance, if any, being provided to the applicant and/or in respect of the land by Commonwealth or State agencies;
- (iv) whether the applicant has made/intends to make application to another Council(s);
- (v) whether, and if so to what extent, the applicant is or will be providing a service within the Council area;
- (vi) whether the applicant is a public sector body, a private not for profit body or a private for profit body;
- (vii) whether there are any relevant historical considerations that may be relevant for all or any part of the current Council term;
- (viii) the desirability of granting a rebate for more than one year in those circumstances identified at Clause 4.2 of this policy;
- (ix) consideration of the full financial consequences of the rebate for the Council;
- (x) the time the application is received;
- (xi) the availability of any community grant to the person or body making the application;

- (xii) whether the applicant is in receipt of a community grant; and
 - (xiii) any other matters, and policies of the Council, which the Council considers relevant.
- 3.2. The Council has an absolute discretion –
- 3.2.1. to grant a rebate of rates or service charges in the above cases; and
 - 3.2.2. to determine the amount of any such rebate, to a maximum of 100% of the relevant rate or service charges
- 3.3. Discretionary rebates granted under this policy will be reviewed at the time of reviewing the policy (Section E, Clause 6.1), so consequently are granted for a maximum of two years.
- 3.4. Persons who, or bodies which, seek a discretionary rebate will be required to submit an application form to Council and provide to Council such information as stipulated on the application form and any other information that Council may reasonably require. Further information about the application process can be found in section 4.
- 3.5. As a matter of policy Council will provide a 100% discretionary rebate on:
- 3.5.1. Not for profit Kindergartens/Child care Centres
 - 3.5.2. Guides and Scouts Groups
- and Council delegate the determination of the application of this discretionary rebate to the CEO.
- 3.6. Council have determined that discretionary rebates under S166 will not be granted for:
- 3.6.1. Provision of support services or direct financial support of low income families
 - 3.6.2. Private residential properties
 - 3.6.3. Private and not for profit residential aged care facilities.
4. **Rebate Applications**
- 4.1. Persons or bodies who seek a rebate of rates (and/or service charges) must make written application. Forms are available online http://www.salisbury.sa.gov.au/Services/Rates/Rate_Rebate_Policy_and_Application_Form or can be obtained from Council Offices located at Church Street Salisbury, or by contacting the Customer Centre 8406 8222.
- 4.2. All persons who, or bodies which, wish to apply to the Council for a rebate of rates must do so on or before 31 August in the year of application. However, applicants which satisfy the criteria for a mandatory 100% rebate will be granted the rebate at any time.
- 4.3. There are penalties for making false statements and for failing to advise Council of changes in circumstances which would remove the entitlement to a rebate. Relevant sections of the legislation are:

4.3.1. ***S159—Preliminary***

...

(2) *A person or body must not –*(a) *Make a false or misleading statement or representation in an application to be made (or purporting to be made) under this Division; or*(b) *Provide false or misleading information or evidence in support of an application made (or purporting to be made) under this Division**Maximum penalty: \$5,000*4.3.2. ***S159—Preliminary***

...

(7) *If a person or body has the benefit of a rebate of rates under this Division and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the council of that fact and (whether or not the council is informed) the entitlement to a rebate ceases.*(8) *If a person or body fails to comply with subsection (7), the person or body is guilty of an offence.**Maximum penalty: \$5,000*

4.4. Council may determine that rebates no longer apply, and can recover rates as follows:

4.4.1. ***S159—Preliminary***

...

(10) *A council may, for proper cause, determine that an entitlement to a rebate of rates in pursuance of this Division no longer applies*(11) *If an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the council is entitled to recover rates, or rates at the increased level (as the case may be), proportionate to the remaining part of the financial year.*

4.5. Council will, in writing, advise an applicant for a rebate of its determination of that application within sixty days of receiving the application or of receiving all information requested by Council. The advice will state:

4.5.1. if the application has been granted, the amount of the rebate; or

4.5.2. if the application has not been granted, the reasons why.

4.6. A person or body that is aggrieved by a determination of Council in respect of an application for a rate rebate may seek a review of that determination by written application to the Council within three months of the making of the determination (in accordance with Council's Internal Review of Decisions procedure).

5. **Community Grants**

- 5.1. If an application for a rebate is unsuccessful, the Council has an absolute discretion to then treat the application as one for a community grant and to determine it in accordance with the Council's Community Grants Policy.

6. Policy Review & Availability

- 6.1. Council will review this policy in the twelve months following an election, and every two years thereafter.
- 6.2. This Policy is available for inspection at Council offices and persons may obtain a copy of this Policy without charge.

F – Delegation

1. The Council has delegated its power, pursuant to Section 44 of the Act, to grant applications for mandatory rebates which meet the requirements of the Act (sections 161- 165) to the Chief Executive Officer.
2. All discretionary rebates shall be determined by the Council with the exception of those categories identified in clause 3.5 and 3.6

G – Legislation

The Local Government Act 1999

H – Associated Policies

Council's Internal Review of Council Decisions Policy

Document Control

Document ID	Rate Rebate Policy
Prepared by	Coordinator Revenue, Financial Services
Release	4.00
Document Status	Endorsed
Date Printed	30/08/2021

16/08/2021

From

GP Kurian Nominees Pty LTD
82 Cascades drive
Mawson Lakes

To

Rating services
Salisbury council

Sir

GP Kurian Nominees Pty Ltd owns the land and building at 30-32 Main, street, Mawson Lakes

Goodwill Medical Centre is a General practice located at the mentioned property and was Started in June 2014.

The building Unit 1, Unit 2, unit 3 and Unit 4 have been leased to Goodwill Medical Centre.

Unit 2 is the main centre

Unit 1 is used for isolating and examining patients if needed on a temporary basis during the Covid pandemic.

Unit 3 is used for storage of the medial clinic

Unit 4 is used for administrative office

Medical professionals and Allied health professionals are using the facility including physio and podiatry/Dietician.

The general practice is accredited by AGPAL and is run in accordance with the rules and guidelines of South Australian government, AHPRA (medical board of Australia) and RACGP.

In these circumstances, I request you rebate on council rate under section 166 (75% rebate-land being used for Health centre)

Please do the needful



Dr Georgelin P Kurian—Mob-0432043441

Director

G P Kurian Nominees Pty Ltd



Application Form – Rate Rebate

Details of Applicant

Name G.P. KURIAN Nominees Pty Ltd.
 Address 82 Cascades Drive Mawson Lakes SA 5095
 Telephone 04320 43441

If the Applicant is not a natural person, please provide details of a contact person for the Applicant

Name Mr. George G. P. KURIAN
 Address 82 Cascades Drive, Mawson Lakes SA 5095
 Telephone 04320 43441

Details of Land

Council Assessment Number 712775, 712783, 712791, 712767 Lot 405 D 61733
 Valuer General Number
 Certificate of Title Reference CT 6184/974
 Address 30-32 Main Street, Mawson Lakes SA 5095

Owner of Land (if not you) G.P. KURIAN Nominees Pty Ltd

Note: if the application for a rate rebate is for multiple properties, each assessment must be separately identified (a separate listing can be attached if necessary).

Please note: A person or body who makes a false or misleading statement or representation in an application or provides false or misleading information or evidence in support of an application for rebate is guilty of an offence under Section 159(2) of the Local Government Act, 1999. Maximum penalty: \$5,000

Categories of Rebate

Please tick the category of rebate under which you are seeking a rebate, Section numbers quoted refer to the Local Government Act, 1999.

3.1 Mandatory 100%

- ☐ 3.1.1 **Health Services** – Land being predominant used for service delivery or administration by a hospital or health centre incorporated under the South Australia Health Commission Act 1976; (**Section 160**)
- ☐ 3.1.2 **Religious Purposes** – Land containing a church or other building used for public worship (and any grounds) , or land solely used for religious purposes; (**Section 162**)
- ☐ 3.1.3 **Public Cemeteries** – Land being used for the purposes of a public cemetery; (**Section 163**)
- ☐ 3.1.4 **Royal Zoological Society of SA** – Land (other than land used as domestic premises) owned by, or under the care, control and management of, the Royal Zoological Society of South Australia Incorporated. (**Section 164**)

Mandatory 75% - Section 161

- ☐ 3.1.5 **Community Services** – Land being predominantly used for service delivery and administration by a community services organisation.

To qualify as a Community Service Organisation under the rebate provisions of the Local Government Act 1999 an organisation **MUST MEET ALL THREE** of the following criteria. (See section "Additional Information" at end of this form.)

- ☐ (a) Is incorporated on a not for profit basis for the benefit of the public; **AND**
- ☐ (b) Provides community services without charge or for a charge that is below the cost to the body of providing the services; **AND**
- ☐ (c) Does not restrict its services to persons who are members of the body.

If you have ticked (a), (b) and (c) above which of the following services does your organisation provide from the property specified in this application If these services apply only to part of your property, please supply additional details. You must answer these below questions in respect of your application.

- ☐ Emergency accommodation;
- ☐ Food or clothing for disadvantaged persons (i.e., persons who are disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability) ;

- ☐ Supported accommodation (i.e., residential care facilities in receipt of Commonwealth funding or accommodation for persons with mental health, intellectual, physical or other difficulties who require support in order to live an independent life) ;
- ☐ Essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities;
- ☐ Legal services for disadvantaged persons;
- ☐ Drug or alcohol rehabilitation services;
- ☐ Research into, or community education about, diseases or illnesses, or palliative care to persons who suffer from diseases or illnesses.
- ☐ Disadvantaged persons are persons who are disadvantaged by reasons of poverty, illness, frailty, or mental, intellectual or physical disability.
- ☐ **Community Housing Association Properties - 75% Rebate**
supported accommodation (i.e. accommodation for persons with mental health, intellectual, physical or other difficulties who require support in order to live an independent life)
Community Housing Association providers are required to be registered and listed on the List of Community Housing providers maintained by the Government of South Australia.

Mandatory 75% (cont) – Section 165

Educational Purposes Which of the following criteria apply –

- ☐ Land occupied by a government school under a lease or licence and being used for educational purposes; or
- ☐ Land occupied by a non-government school registered under Part 5 of the Education Act 1972 and being used for educational purposes; or
- ☐ Land being used by a University or University College to provide accommodation and other forms of support for students on a not for profit basis.

3.2 Discretionary rebates – Section 166 (1)

The Council may in its discretion grant a rebate of rates or service charges in any of the following cases (section 166). Please indicate which of the following is applicable to your application –

- ☐ The rebate is desirable for the purpose of securing the proper development of the area (or a part of the area) ;
- ☐ The rebate is desirable for the purpose of assisting or supporting a business in its area;
- ☐ The rebate will be conducive to the preservation of buildings or places of historic significance;

- ☐ The land is being used for educational purposes;
- ☐ The land is being used for agricultural, horticultural or floricultural exhibitions;
- ☒ The land is being used for a hospital or health centre; *(General practice)*
- ☐ The land is being used to provide facilities or services for children or young persons;
- ☐ The land is being used to provide accommodation for the aged or disabled;
- ☐ The land is being used for a residential aged care facility that is approved for Commonwealth funding under the Aged Care Act 1987 (Commonwealth) or a day therapy centre;
- ☐ The land is being used by an organisation which provides a benefit or service to the local community;
- ☐ The rebate relates to common property or land vested in a community corporation under the Community Titles Act 1996 over which the public has a free and unrestricted right of access and enjoyment ;
- ☐ The rebate is appropriate to provide relief against what would otherwise amount to a substantial change in rates payable by a rate payer due to a change in the basis of valuation used for the purposes of rating, rapid changes in valuations, or anomalies in valuations.

4. Amount of Rebate

If you are seeking a mandatory rebate under Clause 3.1 of this Application, for which you are entitled to a 75% rebate, are you also applying to the Council to increase that rebate?

YES ☐ NO ☐

Please specify the amount of rebate that you are applying for –

.....

If you are applying for a discretionary rebate under Clause 3.2 of this Application, please specify the rebate amount you are applying for.

75%
.....

Please specify why you (or your organisation) need financial assistance through a rebate and why the amount of rebate you have applied for is appropriate.

MA
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.....
.....

5. Additional Information Required

The Council requires you to attach the following additional information to this Application –

- 5.1 Where you are seeking a rebate under Clause 3.1.5 of this Application – Community Services –
 - 5.1.1 Evidence that the land is being used for service delivery and/ or administration;
 - 5.1.2 A copy of the organisation's Constitution and/ or other documentation establishing that it is incorporated on a not - for-profit basis;
 - 5.1.3 A copy of the organisation's latest Annual Report;
 - 5.1.4 Evidence that the organisation provides services free of charge or below cost;
 - 5.1.5 Evidence that the organisation provides services to persons other than members.
- 5.2 Where you are seeking a rebate in any other case –
 - 5.2.1 Evidence that the land is being used for the purpose for which the rebate is being sought;
 - 5.2.2 Information as to whether, and if so to what extent, you (or your organisation) will be providing a service within the Council area;
 - 5.2.3 Whether you have made or intend to make an application to another council;
 - 5.2.4 The extent of financial assistance (if any) being provided by Commonwealth or State agencies;
 - 5.2.5 Whether you are in receipt of a community grant;
 - 5.2.6 Any other information that you believe is relevant in support of this Application.

6. Application Forms

Application forms and all additional information must be submitted to the Council on or before 31st August each year.

A failure to submit application forms or to provide the additional information required by the Council to assess the application by the due date may result in the Council refusing to consider the application.

Important Information

It is an offence for a person or body to make a false or misleading statement or representation in an application or to provide false or misleading information or evidence in support of an application made (or purporting to be made) under the Act. The maximum penalty for this offence is \$5,000.00, (Section 159 (2) of the Local Government Act 1999).

The Council may grant a rebate of rates or charges on such conditions as the Council thinks fit.


If a person or body has the benefit of a rebate of rates and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the Council of that fact and (whether or not the Council is so informed) the entitlement to a rebate ceases. If a person or body fails to notify the Council that person or body is guilty of an offence and liable to a maximum penalty of \$5,000.00, (Section 159 (7) and (8) of the Local Government Act 1999).

The Council may, for proper cause, determine that an entitlement to a rebate of rates under the Act no longer applies.

Where an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the Council is entitled to recover rates, or rates at the increased level (as the case may be), proportionate to the remaining part of the financial year.

I declare that the information I have provided on and attached to this application form is true.

DATED the 16th day of August 2021

Signed 

Enquiries to: Rating Services, Tel: (08) 8406 8273 or email: city@salisbury.sa.gov.au with a subject line including Rate Rebate Application:

Completed form to be returned to:

City of Salisbury

PO Box 8, Salisbury SA 5108 or 34 Church Street, Salisbury SA 5108

Goodwill Medical Centre
<https://www.sacommunity.org/org/219102>

Address/Meeting Address 30-32 Main St , Mawson Lakes, 5095

Postal , SA

Tel. 08 8260 5600 ,

Mobile

Fax

Email gmcml2014@gmail.com

Website

Facebook

Parent Body

Contact Dr Georgelin Kurian

Hours Mon - Fri 8am - 8pm
Sat - Sun 9am -1.30pm
Public holidays 9am - 1.30pm

Meetings held
Annual General Meeting (AGM) -

ABN [Update with ABN Lookup <https://www.abr.business.gov.au/>]

Eligibility for services/group

Fees Bulk billing; eligible overseas students billed to OSHC/AHM

Disability access (Type):
Wheelchair access (Y/N): Yes
Accessible toilets (Y/N): Yes
Accessible parking (Y/N): Yes

Venue hire (Y/N):
(Availability; Capacity; Seating; Facilities; Floor, Lighting; Access; Parking; Restrictions)

Branches Comment (a short summary) Services (in dot points) <ul style="list-style-type: none">• Medical services - General Practitioner• Immunisation• Screening programs• Chronic care and health check-ups• STD check-ups• Pre-employment medicals• New Workcover and Allianz claims• Clinpath lab• Physiotherapy/Acupuncture Podiatry/Dietician Organisation Type Business <i>[Update to Government, Community or Business]</i> Council Area/Group Salisbury Directory Last Updated 2/27/2019

Thank you,
SAcommunity
Community Information Team

Email: support@sacommunity.org

Website: <https://www.sacommunity.org/>

Phone: (08) 8212 8555 extension 203



Australian Government
Australian Business Register

ABN Lookup

Current details for ABN 61 801 718 718

ABN details

Entity name: The trustee for G P Kurian Family Trust
 ABN status: Active from 29 Jun 2009
 Entity type: Discretionary Services Management Trust
 Goods & Services Tax (GST): Registered from 29 Jun 2009
 Main business location: SA 5095

Business name(s)

Business name	From
GOODWILL MEDICAL CENTRE	20 May 2014

Deductible gift recipient status

Not entitled to receive tax deductible gifts

ABN last updated: 02 Dec 2019

Page 1 of 1

Record extracted: 05 Aug 2021

Disclaimer

The Registrar makes every reasonable effort to maintain current and accurate information on this site. The Commissioner of Taxation

ITEM	2.1.4
	FINANCE AND CORPORATE SERVICES COMMITTEE
DATE	18 October 2021
HEADING	End of Year Financial Statement and Analysis
AUTHORS	Kate George, Manager Financial Services, Business Excellence Tim Aplin, Senior Accountant, Business Excellence Melissa Hamilton, Assistant Accountant, Business Excellence
CITY PLAN LINKS	4.2 We deliver quality outcomes that meet the needs of our community

SUMMARY

The City of Salisbury end of year processes for the financial year ended 30 June 2021 have been finalised and audited by Council's external auditor Bentleys. This report provides detail of actual results compared to prior year actuals and to the budget position.

The annual financial statements have also been reviewed by the Audit Committee at the meeting on 12 October 2021. Further Council's external auditors are satisfied that they present fairly the state of affairs of the Council.

RECOMMENDATION

That Council:

1. Receives the information
2. The Annual Financial Statements for the year ended 30 June 2021 be adopted.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Annual Financial Statements for the year ended 30 June 2021

1. BACKGROUND

- 1.1 Regulation 10 of the Local Government (Financial Management) Regulations 2011 requires the Council to

- (1) *...prepare and consider a report showing the audited financial results of each item shown in the statement of comprehensive income and balance sheet of the budgeted financial statements of the Council, ... for the previous financial year compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.*
- (2) *...council's operating surplus ratio, net financial liabilities ratio and asset renewal funding ratio compared with estimates set out in the budget presented in a manner consistent with the Model Financial Statements.*

2. CONSULTATION / COMMUNICATION

2.1 Internal

- 2.1.1 This report provides the mechanism for consultation and communication with Council regarding the City of Salisbury's Annual Financial Statements (AFS) for the year ending 30 June 2021. This report has been reviewed by the City of Salisbury's Audit Committee at the meeting held 12 October 2021 and there was no feedback from the Committee that necessitated changes to the 2021 AFS.

2.2 External

- 2.2.1 The AFS for 2021 have been audited by Council's Auditors, Bentleys, and they have provided an unqualified audit opinion.

3. REPORT

- 3.1 The City of Salisbury's Financial Statements for the 2021 Financial Year have been prepared in accordance with the *Local Government Act 1999*, the *Local Government (Financial Management) Regulations 2011*, the Australian Accounting Standards and the South Australian 2021 Model Financial Statements.
- 3.2 In accordance with Section 126(4)(a) of the *Local Government Act 1999* the Audit Committee advised that it has reviewed the annual financial statements of the Council for the year ended 30 June 2021 and is satisfied they present fairly the state of affairs of Council.
- 3.3 The external auditors Bentleys have conducted their audit and have provided an unqualified audit opinion on the Annual Financial Statements.
- 3.4 The following comments are provided with respect to the 2021 AFS, with commentary highlighting significant movements' year on year.
- 3.5 Please note the date convention that has been used in this report, where 2021 refers to the 2020/21 financial year and 2020 refers to the 2019/20 financial year.

4. FINANCIAL STATEMENT ANALYSIS

4.1 Statement of Comprehensive Income

Year on Year Comparative

- 4.1.1 The Statement of Comprehensive Income shows an Operating Surplus before capital amounts and other comprehensive income of \$10,013k compared to \$9,520k in the prior year.
- 4.1.2 Whilst the Operating Surplus has slightly increased by \$493k from the prior year, there are a number of contributing variances. Income has overall increased by \$1,651k from 2020, with the main contributing factors being Statutory charges \$810k as a result of an increase in development activity, rate revenue has increased \$467k primarily due to city growth, and the Council's share of profit in NAWMA \$868k. User charges have remained fairly consistent, only increasing \$136k which is in line with the 0% fees and charges increase implemented as a part of Council's of COVID-19 support measures.

- 4.1.3 Overall expenditure has decreased by \$1,158k inclusive of LED lighting program of \$1,011k being expensed, and adjusting for this on-off adjustment the reduction in expenditure is \$2,169k, and is mainly attributable to savings within Materials Contracts and Other Expenditure. The reduction in expenditure is reflective of Operating Surplus Initiatives implemented as part of the COVID-19 support measures. Offsetting is an increase in Depreciation \$1,913k which is as a result of changes associated with the building audit recently completed and the associated revaluations increasing the building assets value by \$9,509k with a \$446k increase in depreciation, plus the Salisbury Community Hub assets recognised for a full year in 2021 which was an increase of \$617k, and other new assets coming on stream. Further details on these movements are outlined in the paragraphs below.
- 4.1.4 Rate Revenue has increased by 0.46% from \$101,654k in 2020 to \$102,121k in 2021, being an increase of \$467k. In response to the impacts of COVID-19, Council endorsed a 0% rate increase in the 2021 year, therefore this increase is primarily the result of development growth in the city resulting from an increase in the number of rateable properties. It should be noted that there are also additional costs from this development growth primarily associated with infrastructure and provision of services.
- 4.1.5 Statutory Charges have increased by 27.04%, being an increase of \$810k from \$2,995k in 2020 to \$3,805k in 2021. The most significant impacts are increases in Building Fees \$507k and Planning Fees \$434k as a result of higher levels of development applications processed that is attributable to the Governments Stimulus Programs implemented during 2021. Offsetting these favourable variances are decreases in Parking Fines as a result of Council utilising a more educative approach within the community during the height of the COVID-19 pandemic, resulting in warnings and advice being given to the community rather than the issuing of fines.
- 4.1.6 User Charges have increased by 2.83%, being an increase of \$136k from \$4,794k in 2020 to \$4,930k in 2021, with increases in Salisbury Water charges \$85k as a result of higher non-residential sales compared to 2020 and Waste Disposal income \$42k associated with residents purchasing additional bins. Corporate Sign leasing income has also increased \$49k as a result of a delays in invoicing customers impacted by COVID-19, this is purely a timing increase. This is partially offset by decreases in Sports/Club rental income \$45k as a result of the waiving of rents as part of the COVID-19 recovery package endorsed by Council.
- 4.1.7 Grants, Subsidies and Contributions have increased by 1.19% from \$14,939k in 2020 to \$15,116k in 2021, being an increase of \$177k. The Financial Assistance Grant total for 2020 was \$8,386k, compared with 2021 allocation of \$8,475k, with an equal number of installments being received in each year, but with advance payments being based on estimates this has resulted in \$8,159k being received in 2020, compared with \$8,883k in 2021, being a \$724k favourable variance comparing year on year. This can be seen in the table below:

Financial Assistance Grant	2021	2020	
Details of Payment	\$'000s	\$'000s	Notes
Standard Payment	4,146	3,830	[A]
Advance Payment	4,737	4,329	[B]
	8,883	8,159	

[A] Standard Payment represents two quarters of 2020 and 2021 allocation.

[B] Advance Payment represents estimated two quarters of the next years allocation.

Also contributing to the favourable variance is higher than anticipated South Australian Government Home Assist funding received in 2021 \$61k and additional Aged Housing Support funding \$57k for program expansions. Offsetting these favourable variances is lower Roads to Recovery funding received in 2021 of \$777k.

- 4.1.8 Investment Income has decreased by 51.58%, being a decrease of \$128k from \$248k in 2020 to \$120k in 2021, primarily as a result of interest rates being lower than the prior year; with the average interest rate on short-term investments for 2021 being 0.38%, compared to 0.45% average rate for 2020, and lower cash holdings throughout the year.
- 4.1.9 Reimbursements have decreased by 69.11% or a \$1,100k decrease from \$1,592k in 2020 to \$492k in 2021 which primarily relates to a significant reimbursement of \$1,087k received in 2020 relating to the 2019 financial year's public lighting payments pursuant to the Australian Energy Regulator Consent Orders and agreed with the energy supplier.
- 4.1.10 Other Income has increased by 39.53% from \$1,067k in 2020 to \$1,489k in 2021 being an increase of \$422k, which is primarily a result of \$128k higher Workers Compensation Bonus funds received in 2021 compared to the prior year. Also contributing is \$214k legal fees recovered from previously held court matters.
- 4.1.11 Net Gain – Equity Accounted Council Businesses has increased by \$868k from \$102k in 2020 to \$970k in 2021. The 2021 result reflects Council's share of NAWMA's performance with them producing a net surplus of \$1,891k and Council's share being \$970k. This has increased from an overall net surplus of \$169k in 2020 and Council's share being \$102k.
- 4.1.12 Employee Costs have increased by 0.69%, being an increase of \$253k from \$36,863k in 2020 to \$37,116k in 2021. The EB adjustment of 2.50% for MOA staff and 2.50% for LGE staff is offset by an increase in capitalisation of staff due to higher levels of staff engagement in the construction and design of the accelerated COVID-19 Infrastructure Recovery program. Workers Compensation Insurance has also increased \$333k from \$1,416k in 2020 to \$1,749k in 2021 as a result of an increase in contribution rate from 3.88% to 4.05%.
- 4.1.13 Materials, Contracts and Other Expenses has decreased by 1.61%, being a decrease of \$858k from \$53,267k in 2020 to \$52,409k in 2021. As part

of Councils COVID-19 recovery program, the Operating Surplus Initiatives were implemented during the 2021 year to offset the loss of revenue associated with a zero percent rate increase. As such, the primary factors in the decrease in expenditure are within various programs such as Park Maintenance \$446k, Tree Management \$446k, Kerb and Gutter replacement program \$588k, Footpath Maintenance \$307k and Roads \$245k. There was also a reduction in legal expenses from 2020 of \$215k, which is a difficult area to forecast due to the adhoc and uncertain nature of this type of expenditure. Operating Lease rental expenditure has also decreased by \$381k from 2020 as a result of a shift from short term leasing of IT Equipment and a number of these leases reaching final term.

Offsetting these decreases is a one-off impact from the LED Lighting Program of \$1,011k. The program was for the replacement of street lighting luminaires with LED's and was initially anticipated to be capital item. However upon detailed review of the SA Power Networks agreement, and through discussions with our external auditors, it was determined with Bentley's that it should be treated as an operating expense. The rationale is that while the agreement states we retain title to the luminaires, the terms of the agreement are so restrictive that we do not maintain control. Having control is a key element required for any costs to be capitalised as an asset under the Australian Accounting Standards. Consequently a total of \$1,011k was required to be expensed.

Electricity costs in terms of supply and consumption actually decreased from the 2020 year, by \$562k.

Also increasing from 2020 is expenditure associated with the Waste Management \$1,308k which is primarily the result of the increase in the Solid Waste Levy from \$110 per tonne to \$140 per tonne with this increase being recognised for the full year in 2021. Verge Mowing also increased from 2020 by \$119k due to additional cuts being scheduled in line with the expanded program and an increase in Community Grants \$124k as part of the COVID-19 support measures. Various other increases/decreases have occurred throughout the 2021 year as a result of variations in contracts and other factors.

- 4.1.14 Depreciation costs have increased by \$1,912k from \$26,950k in 2020 compared to \$28,862k in 2021. Infrastructure depreciation has increased from \$23,388k in 2020 to \$25,104k in 2021. This is primarily related to the audit and valuation of Building Assets completed in 2021 resulting in an overall increase of \$9.5M in building asset values, with an associated increase in deprecation of \$446k. Further, the full year impact of depreciation on the Community Hub compared to only 58% last year has also contributed to the increase, resulting in \$617k additional depreciation. Incremental adjustments to unit rates and indexation increases in all asset classes flowing from the prior year revaluation and addition of new assets has also contributed to the increase in Infrastructure Depreciation. Also contributing is an increase in Plant Furniture and Equipment depreciation from \$2,931k in 2020 to \$3,128k in 2021 as a result of furniture and equipment associated with the

Community Hub with the current year reflecting a full year of depreciation expense and some large sized items of fleet such as Road Sweepers purchased during 2021.

- 4.1.15 Finance Costs have decreased by 17.41% being a decrease of \$136k from \$777k in 2020 to \$641k in 2021, which reflects a real decrease in Council's long term borrowings. Interest costs on borrowings decreased \$128k from 2020 to 2021, and the nominal interest costs associated with leased assets decreased from \$110k in 2020 to \$98k in 2021, noting this is offset by an adjustment to actual lease costs of the same amount.
- 4.1.16 Net Loss - Equity Accounted Council Businesses decreased from a \$14k net loss in 2020 to a net gain position in 2021 (Refer paragraph 4.1.11). In 2020 we recognised a net loss of \$14k for Council Solutions, resulting from the final distribution received upon wind up of \$124k compared to the carrying value of our interest in Council Solution's \$138k. Council Solutions was wound up in October 2020.
- 4.1.17 Asset disposal and fair value adjustments, amounts received specifically for new or upgraded assets and physical resources received free of charge, which are all items below the operating surplus, are discussed in detail in the budget and variance analysis below (section 5.5).

4.2 Statement of Financial Position 30 June 2021

- 4.2.1 The Statement of Financial Position as at 30 June 2021 shows Net Assets (Total Assets less Total Liabilities) or 'Equity' has increased by 3.07% or \$46,666k from \$1,518M in 2020 to \$1,565M in 2021.
- 4.2.2 Infrastructure, Property, Plant and Equipment has significantly increased by \$35M from \$1,516M in 2020 to \$1,551M in the 2021 year and is largely the result of additions to our current asset portfolio \$38,812k. Also contributing to this is net asset revaluation increments totaling \$28,681k, primarily being revaluation increments for Land \$12,869k and Buildings \$9,509k. Offsetting these increases is accumulated depreciation totaling \$28,862k and disposals of assets renewed or replaced \$3,927k. Further to the significant increase in Infrastructure Assets is an increase in Capital Works in Progress from \$16,474k in 2020 to \$20,731k in 2021, which is primarily associated with the accelerated infrastructure program.
- 4.2.3 Cash held by Council has increased by \$8,025k, from \$1,776k in 2020 to \$9,801k in 2021, with the main contributing factors being an increase in capital income received in 2021 of \$4,499k, primarily associated with the Local Roads and Community Infrastructure grant funding and \$810k higher Statutory fees received as a result of an increase in development activity across the region. Proceeds received from Property settlements have also increased in 2021 by \$1,964k associated with the Hoyle Green Development.
- 4.2.4 As contained in AFS Note 15 'Financial Indicators', Net Financial Liabilities have decreased \$7,312k from \$21,896k to \$14,584k, with the position as a proportion of total operating income having decreased from

17.2% to 11.3%. Net Financial Liabilities are defined as total liabilities less financial assets expressed as a percentage of total operating revenue. The decrease in the Net Financial Liabilities predominantly results from higher levels of cash holdings in 2021 when compared to 2020. Council's level of cash has increased \$8,025k from the 2020 year and total financial liabilities have remained relatively stable, increasing by \$811k. The resulting ratio of 11.3% is well inside the target range endorsed by Council for this indicator of less than 70%.

- 4.2.5 The Asset Renewal Funding Ratio has trended downwards to 76.0% in 2021 from 103.5% achieved in 2020 (noting 2019 was 82.2%). This reflects net cash expenditure on the renewal/replacement of assets \$13,590k in 2021 as compared to the planned expenditure as per the Infrastructure Asset Management Plans (IAMP) \$17,881k, and reflects timing of delivery of renewal impacts on the year on year results. The ratio is lower than the endorsed range of between 90% - 110%, primarily as a result of the timing of delivery of renewal impacts, however it should be noted that \$6,099k was identified to be carried forward from 2021 to 2022 that is associated with renewal projects. If the carry forward amount of \$6,099k had of been spent during the 2021 financial year, the ratio would have been 110%.

4.3 Statement of Cash Flows 30 June 2021

- 4.3.1 The Statement of Cash Flows shows a net increase in cash and investments of \$8,025k, compared to a net decrease of \$26,001k for the prior financial year, resulting in a cash balance of \$9,801k at 30 June 2021.
- 4.3.2 Net cash provided by Operating Activities at 30 June 2021 was \$40,477k as compared with \$32,949k in 2020, being an increase of \$7,528k. This increase is primarily due to lower cash outflows for Materials, Contracts and Other Expenses, of \$8,597k, with outflows in 2020 being \$67,819k compared to \$59,222k in 2021. This is the primarily the result of lower infrastructure expenditure during the 2021 year as a result of the timing of the delivery of the infrastructure program and with high cash outflows in 2020 associated with the finalisation of the Community Hub. There is also a minor increase in Payments to Employees, increasing from \$36,299k in 2020 to \$36,959k in 2021 which reflects the EB increases and movements within employee entitlements.
- 4.3.3 Net cash used in Investing Activities has decreased \$26,440k from \$56,641k in 2020 to \$30,201k in 2021. In 2021 expenditure on Renewal/Replacement of Assets was \$14,171k, as compared to \$17,745k in 2020 a decrease of \$3,574k. In 2021 expenditure on New/Upgraded Assets was \$24,765, as compared to \$41,501k in 2020 a decrease of \$16,736k with 2020 including significant cash outflows with the completion of the Salisbury Community Hub. It is worth noting that infrastructure expenditure to be carried forward into 2022 totals \$6,099k for renewal projects.

- 4.3.4 Net cash used in Financing Activities relates solely to Council's investment and borrowings activities. Overall net cash used in financing activities has decreased by \$58k from \$2,309k in 2020 to \$2,251k in 2021, which is related an increase in the repayment of lease liabilities \$146k as a result of new leases being entered into, offset in part by a decrease in repayments of fixed term borrowings \$204k.

5. BUDGET ACTUAL ANALYSIS

- 5.1 The analysis below is based on the comparison between the actual end of year results for the year ended 30 June 2021, and the 2021 original budget. The commentary on the Statement of Comprehensive Income is designed to explain the variations appropriate to this 'view'. Comment is made only to variances greater than \$50k unless there are significant issues that need to be brought to members' attention.

City Of Salisbury
Statement of Comprehensive Income
As at 30 June 2021

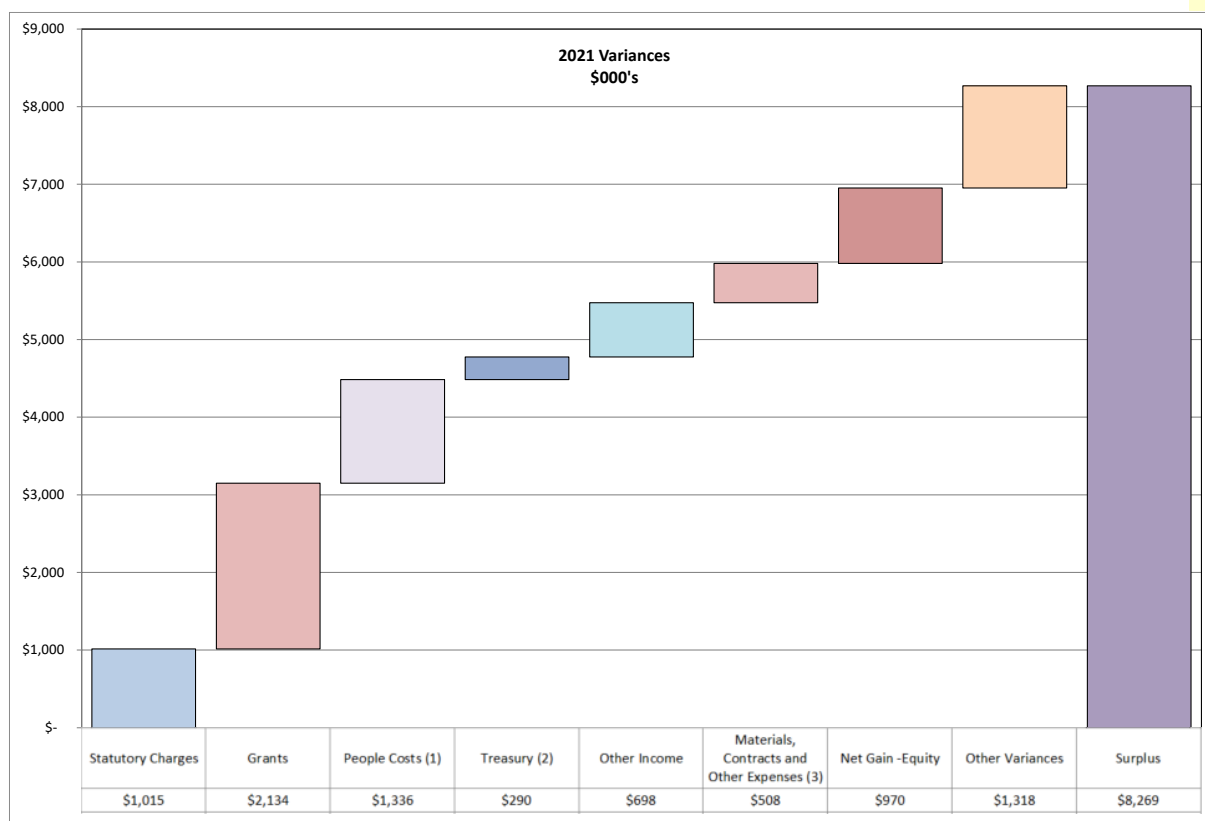
	Actual \$000	End of Financial Year Original Budget \$000	Variance \$000
Income			
Rates Revenues	102,121	101,869	253
Statutory Charges	3,805	2,790	1,015
User Charges	4,930	5,027	(97)
Grants, Subsidies & Contributions	15,116	12,982	2,134
Investment Income	120	78	42
Reimbursement	492	193	299
Other Income	1,489	791	698
Net Gain - Equity Accounted Council Businesses	970	-	970
Total Income	129,042	123,730	5,313
Expenses			
Employee Costs	37,116	39,101	1,984
Materials, Contracts and Other Expenses	52,409	52,269	(140)
Depreciation, amortisation & impairment	28,862	28,871	9
Finance Costs	641	889	248
Net Loss - Equity Accounted Council Businesses	-	855	855
Total Expenses	119,029	121,985	2,956
Operating Surplus/(Deficit)	10,013	1,745	8,269
Asset Disposal and Fair Value Adjustments	(1,599)	2,529	(4,128)
Amounts Received Specifically for New or Upgraded Assets	5,776	4,702	1,074
Physical Resources Received Free of Charge	3,795	1,500	2,295
Net Surplus/(Deficit) ⁽¹⁾	17,985	10,476	7,510
Other Comprehensive Income			
Changes in Revaluation Surplus - I,PP&E	28,681	23,226	5,455
Total Other Comprehensive Income	28,681	23,226	5,455
Total Comprehensive Income	46,666	33,702	12,965

(1) Transferred to Equity Statement

5.2 Waterfall Analysis

5.2.1 The graph below shows the major components contributing to the increased surplus achieved in 2021 compared to budget. Following the graph is a table which provides a high level commentary on the variances, with more detail contained in section 5.3 of this report.

Item 2.1.4



- (1) People Costs is expenditure category "Employee Costs" less agency costs for backfilling vacancies which is disclosed within "Materials, Contracts and Other Expenses"
- (2) Treasury Costs is income category "Investment Income" together with savings on expenditure category "Finance Costs"
- (3) Materials, Contracts and Other Expenses have been adjusted for the variance in Agency costs for backfilling vacancies, which has been adjusted against People Costs.

2021 Variances	
Statutory Charges	The higher variance primarily relates to higher than budgeted Development and Planning Fees received \$1,181k.
Grants	The higher variance results from higher than budgeted Financial Assistance Grant funding \$1,309k and Developer Contributions \$718k as compared to original budget.
People Costs	The higher variance relates to staff vacancies held during COVID-19 and lower levels of annual leave taken throughout the year.
Other Income	The higher variance primarily relates to legal costs recovered \$214k and higher than budgeted Workers Compensation Bonus payment \$131k as compared to budget.
Materials, Contracts &	Year on Year Materials Contracts and Other expenditure has reduced by \$508k, however the real reduction is \$1,519k which

Other	reflects savings achieved through the Operating Surplus Initiative and timing of programs, offset by agency costs used to backfill vacancies reported under People Costs. The actual reduction of \$508k includes the one-off expense for the LED Lighting Program of \$1,011k which failed to meet the capitalization requirements of the accounting standards as detailed in para 4.1.13.
Net Gain – Equity Accounted Business	The favourable variance reflects Council's share of results in our Regional Subsidiary NAWMA, which produced a net surplus of \$1,891k in 2021.

5.3 Income Analysis

5.3.1 Rates Revenues – Favourable Variance \$253k

The favourable variance is primarily the result of higher final growth numbers compared to original budget estimates, resulting from an increase in the number of rateable properties.

5.3.2 Statutory Charges – Favourable Variance \$1,015k

The favourable variance is primarily due to higher than budgeted Building and Development Lodgment fees \$758k and Planning fees \$423k predominantly associated to a higher number of applications processed during the financial year. The increase in applications is related to the Government Stimulus Packages offered during the peak of the COVID-19 pandemic. Offsetting this favourable variance is lower than budgeted Parking Fines \$181k with Inspectors utilising a more educative approach to parking infringements rather than issuing fines.

5.3.3 User Charges – Unfavourable Variance \$97k

The unfavourable variance is primarily related to the impacts of the COVID-19 pandemic within program areas. The areas significantly impacted are in the Community Home Support Program with Client Contributions \$83k lower than budgeted primarily within Social Activities \$42k and Minor Modifications \$23k. This is as a result of the suspension and modifications of various services provided in line with COVID-19 restrictions. Meal and Catering Income was also lower than original budgeted predictions \$56k within the Jack Young and Para Hills Centres. Hall hire income was also impacted by COVID-19 restrictions and suspensions, particularly in Twelve25 \$30k and Community Home Support \$21k. Other minor variances occurred within Libraries and other Community areas as a result of COVID-19 implications also.

Council's response to the financial impacts on the community also resulted in Sports/Recreation and Community Groups lease income being waived for a period of July to September 2020 which resulted in income received being \$66k lower than budgeted.

Offsetting these unfavourable variances is higher than budgeted Polaris Centre Mentoring Income \$45k, as a result of Council obtaining accreditation to provide SME advisory services during the 2021 year. Salisbury Water User charges are also favourable to original budget \$61k

as a result of an increase in Water Connections \$24k and lower than budgeted Rebates \$37k.

Offsetting the unfavourable variances is Cemetery Licence income which was \$82k higher than original budget, primarily as a result of an increase in pre-need licences purchased during the year, partially offset by lower than budgeted burials \$37k.

5.3.4 Grants, Subsidies and Contributions – Favourable Variance \$2,134k

The favourable variance primarily relates to higher budgeted Financial Assistance Grant and Untied Local Road funding of \$1,309k and unbudgeted developer contributions totaling \$718k which were also received, however these are restricted contributions and will be expended in upcoming years on related capital projects.

There are also a number of minor variances associated with various grant funded programs received during the 2021 year.

5.3.5 Reimbursements – Favourable Variance \$299k

The favourable variance is primarily the result of various reimbursements received relating to works or services undertaken by Council, with the key areas being Recreational Services Contract Management \$222k and Security costs \$33k. These amounts relate to costs incurred within the materials, contracts and other expenses classification. Also impacting are numerous small amounts primarily from private works that are offset by the expenditure incurred.

5.3.6 Other Income – Favourable Variance \$698k

The favourable variance is due to higher than budgeted amounts received including unbudgeted legal costs recovered \$214k, higher than budgeted Workers Compensation Bonus payment \$131k, the unbudgeted special distribution from the Local Government Risk Services \$76k and unbudgeted revenue from the profit share arrangement with Belgravia \$54k. Also contributing is other Sundry Income \$152k made up of numerous minor variances, including sponsorship income \$40k, Permit Fees \$20k and Equipment Salvage sale income \$19k.

5.3.7 Net Gain – Equity Accounted Council Businesses – Favourable Variance \$970k

The favourable variance reflects Council's share of results in our Regional Subsidiary NAWMA, who produced a net surplus of \$1,891k in 2021, (details of which are contained in paragraph 4.1.11). NAWMA originally budgeted for a significant net loss and accordingly we budgeted for Council's share of that loss (refer paragraph 5.4.2). The turn-around from a loss to a surplus is the result of numerous factors however the most important was the very strong rebound on the sale of recycled paper and cardboard which was around a \$3M favorable net impact to NAWMA. This was as a result of the short supply in the global recycled fibre market which was caused by COVID-19.

5.4 Expenditure Analysis

5.4.1 Employee Costs - Favourable Variance \$1,984k

The favourable variance is primarily as a result of the utilisation of contractors and agency staff \$834k to provide backup to operational roles during recruitment of vacancies as well as for other service delivery positions, which is reported in Materials, Contracts and Other Expenses below. There were also vacancies during the year which resulted in the end result being favourable to original budget, with these savings declared to the Wages and Salaries Provision. The Provision ended the year with savings of \$300k, with allocations also made throughout the year to support operational requirements.

Also contributing to the favourable variance is lower levels of Annual Leave taken than original budget predictions \$448k and LSL Provision requirements \$314k. Capitalisation of staff time was also higher than budgeted predictions, due to higher levels of staff engagement in the construction and design of the accelerated COVID-19 Infrastructure Recovery program.

Offsetting the favourable variances is higher than budgeted Workers Compensation costs \$352k as a result of an increase in the estimated percentage rate from the previous year (3.88% in 2020 as compared to 4.05% in 2021).

5.4.2 Materials, Contracts and Other Expenses - Unfavourable Variance \$140k

Contract labour, which is required to be classified as a contractual expense for reporting purposes, resulted in an unfavourable variance of \$834k compared to original budget. Contract labour utilised to backfill for vacant positions and offset by savings of \$643k in employee costs is reported in wages and salaries above. Also incorporated in the Contract labour unfavourable variance is \$99k associated with Grant funded positions, and \$92k related to other service delivery positions and other minor variances. It should be noted that this is a variance against original budget and that amounts that have subsequently been adjusted for at Budget Reviews and through allocations from the wages and salaries provision.

Electricity costs are also unfavourable to original budget primarily as a result of the changeover to LED Street Lighting \$692k, noting the amount required to be expensed to operating was \$1,011k (refer paragraph 4.1.13 for details), and Waste Management \$335k. Community Grants are also higher than original budget \$125k as a result of an increase in grant allocations as part of the COVID-19 recovery program.

Offsetting these unfavourable variances are reductions in contractual expenditure across variances programs, collectively with the COVID-19 Operating Surplus Initiatives implemented during the 2021 year to offset the loss of revenue associated with a zero percent rate increase. The most significant favourable variances within programs are in Kerb &

Gutter Replacement works \$1,075k, Operating components of the Council Building Renewal Program \$724k, Footpath Maintenance \$368k, Sportsfield Cutting \$172k and Building Maintenance (Graffiti) \$175k. It is also worth noting that a total of \$503k operating components of infrastructure projects has been carried forward for expenditure to the 2022 financial year.

Operating lease rentals have ended the year \$461k favourable as a result of the impacts of the accounting standard *AASB 16 Leases*, however this impact is offset by associated costs in interest expense and depreciation in line with the standard.

Fuel costs are also favourable to original budget \$141k as a result of a reduction in price per litre during 2021, adjustments were made at Budget Reviews to reflect these savings and other various minor variances contributing to the overall variance at year end.

5.4.1 Finance Costs – Favourable Variance \$248k

The favourable variance relates to the timing of cash receipts and disbursements, with the budget allowing for the drawdown on cash advance debentures to fund major projects; however this was only required once during the first quarter of the 2021 and subsequently repaid at the end of that quarter, resulting in a favourable budget of \$340k against original budget expectations. The total projects carried forward into the 2022 year totaling \$26M has had the effect of reducing our cash requirements in 2021 and increase our cash requirements in 2022.

Offsetting this favourable variance is interest expense associated with Right-of-use leased assets \$98k in line with accounting standard *AASB 16 Leases*. This is not included in the original budget predictions due to the uncertainty of the amount to be recognised.

5.4.2 Net Loss – Equity Accounted Council Businesses – Favourable Variance \$855k

Based on NAWMA budget predictions, Council had included an amount reflecting our share of a Net Loss in NAWMA'S operating surplus, however their performance actually resulted in a significant surplus, refer to paragraph 5.3.7 for further detail.

5.5 Non-Operating Items Analysis

- 5.5.1 Net Gain/(Loss) on disposal of assets is \$4,128k unfavourable, resulting primarily from the early renewal of assets which necessitates the writing off of the remaining value, and totals \$3,336k for 2021. This includes Building Assets \$69k, Land Improvement Assets \$449k and Infrastructure Assets \$2,818k. All of these assets have been renewed or replaced earlier than expected given the lives of these assets, resulting in a residual value needing to be written off.

The original budget also anticipated a gain of \$2,287k for net proceeds from property sales based on the pipeline of projects at the time of setting the budget, however net proceeds from property sales for 2021 was \$1,383k, related to the Hoyle Green Development. These unfavourable variances are slightly offset by \$300k accounting gain on disposal of items of Plant, Furniture and Equipment.

- 5.5.2 Amounts specifically for new or upgraded assets were favourable \$1,074k primarily as a result of higher levels of grant funding received for infrastructure projects than originally budgeted as a result of Council receiving a total of \$3,290k grant funding for the Local Roads and Community Infrastructure Program relating to various infrastructure programs across the community. These were adjusted for in Budget Reviews throughout the financial year.
- 5.5.3 Physical resources received free of charge had a favourable variance of \$2,295k. This amount normally represents the assets donated to Council which are associated with external property development and residential infill, with typical assets being road, kerbing, footpaths, drainage, and verges. It should be noted that the budget is an estimated figure due to the complexities involved in determining the expected levels of donated assets. There has been a total of \$3,795k worth of assets donated to Council during the 2021 year, comprising of \$86k Land, \$1,551k Infrastructure and \$2,157k Land Improvement Assets.

5.6 Other Comprehensive Income Analysis

- 5.6.1 Changes in Revaluation Surplus – IPP&E resulted in a favourable variance to budget of \$5,455k. Budgeting for infrastructure revaluations is inherently complex, however the variance is the result of revaluation increments for Land \$12,869k, Land Improvements \$666k, Buildings \$9,509k and Infrastructure \$5,637k.

5.7 Statement of Financial Position Analysis

- 5.7.1 The Statement of Financial Position for 2021 is set out below and details the actual end of financial year position against the original endorsed budget. Commentary has been made on significant variances between the estimates as presented at the adoption of the budget and the 2021 end of year position.

City Of Salisbury
Statement of Financial Position
As at 30 June 2021

	Actual \$000	End of Financial Year Original Budget \$000	Variance \$000
Current Assets			
Cash and Cash Equivalents	9,801	-	9,801
Trade and Other Receivables	8,242	6,274	1,967
Inventories	1,608	2,488	(880)
Total Current Assets	19,651	8,762	10,888
Non Current Assets			
Financial Assets	1,040	365	675
Equity Accounted Investments in Council Businesses	4,824	3,036	1,788
Infrastructure, Property, Plant and Equipment	1,550,676	1,590,982	(40,306)
Other Non-Current Assets	22,336	37,895	(15,559)
Total Non Current Assets	1,578,876	1,632,278	(53,401)
Total Assets	1,598,527	1,641,041	(42,513)
Current Liabilities			
Cash Advance Debentures	-	(41,661)	41,661
Trade and Other Payables	(14,798)	(16,389)	1,591
Borrowings	(2,150)	(1,735)	(415)
Provisions	(7,873)	(7,352)	(521)
Total Current Liabilities	(24,821)	(67,137)	42,316
Non Current Liabilities			
Borrowings	(7,013)	(5,090)	(1,923)
Provisions	(1,833)	(1,659)	(174)
Total Non Current Liabilities	(8,846)	(6,749)	(2,097)
Total Liabilities	(33,667)	(73,886)	40,219
Net Assets	1,564,860	1,567,154	(2,294)
Equity			
Accumulated Surplus	(380,558)	(394,994)	14,436
Asset Revaluation Reserves	(1,146,735)	(1,152,239)	5,504
Other Reserves	(37,568)	(19,921)	(17,647)
Total Equity	(1,564,860)	(1,567,154)	2,294

5.7.1 The Statement of Financial Position as at 30 June 2021 shows an unfavourable variance when compared to budget for Net Assets (Total Assets less Total Liabilities) or 'Equity' of \$2,293k. This variance is primarily made up of the following items:

- Infrastructure, Property, Plant and Equipment is \$40,306k lower than originally budgeted. This is primarily as a result of forecast infrastructure additions being higher than actuals as a result of the timing of the infrastructure program and the carry forward of the program into the 2022 year, plus other revaluation adjustments on infrastructure assets, noting that these adjustments are inherently complex, and are derived from periodic detailed asset audits.
- Other Non-current assets are \$15,559k lower than budget estimates, which is primarily the result of lower than anticipated infrastructure projects in progress at the end of 2021. The budget was set with the last known actual result (30 June 2020), as it is expected to remain relatively static, although the mix of projects will of course change over time.
- Liabilities are overall lower than budget by \$42,316k predominantly due to the Original Budget including an expectation that Council would need to drawdown on Cash Advance Debentures \$41,661k which was not required as a result of the level of carry forwards included in the actual results \$26M and the level of returned funds \$13.0M, noting that carried forward funds will potentially increase our cash requirements in 2022.

5.8 Financial Indicator Analysis

5.8.1 The Financial Indicators as presented in the original budget are set out below and have been compared to actual results for the 2021 financial year. Also included are adjusted Financial Indicators which normalise the ratios for the timing of the Financial Assistance Grant.

Financial Indicators	Endorsed Operating Range	2020-21 Original Budget	2020-21 Actuals	Variance to Original Budget	2020-21 Adjusted Actuals	Variance to Original Budget
Operating Surplus Ratio	0.5% - 5%	1.41%	7.76%	6.35%	7.47%	6.06%
Net Financial Liabilities Ratio	<70%	54.30%	11.30%	43.00%	11.34%	42.96%
Asset Renewal Funding Ratio	90-110%	122.00%	76.00%	(46.00%)	N/A	N/A

- 5.8.2 The operating surplus ratio of 7.76% is a favourable variance of 6.35% when compared to budget. However, when adjusted for the year on year timing impact of the early receipt of the 2022 Financial Assistance Grant, plus the advance payment in the prior year of the 2021 Financial Assistance Grant the ratio decreases slightly to 7.47%, which is a favorable variance of 6.06% to budget. Excluding the Grant receipts, the main factors contributing to this variance are Statutory charges \$1,015k (Paragraph 5.3.2) and Employee costs \$1,984k (Paragraph 5.4.1), with reasons for these variances explained above. The current endorsed operating range for this indicator is 0.5%-5%.
- 5.8.3 Net Financial Liabilities was 11.30% for 2021 which is favourable by 43.00% when compared to the original budget, primarily as a result of our budget expectations that we would be in a Cash Advance Debentures of \$41,661k in 2021 which was ultimately not required, primarily as a result of the timing of the delivery of the infrastructure program. The actual result falls within the current endorsed operating range for this indicator, being less than 70%.
- 5.8.4 The Asset Renewal Funding Ratio of 76.00% is an unfavourable variance of 46.00% when compared to budget, and is lower than the 103.5% achieved in 2020 and the 82.2% in 2019. The ratio for 2021 is also lower than the endorsed range of between 90% - 110%. This is a result of expenditure timing as compared to original budget, with \$6,099k in renewal projects carried forward into 2022, and had this been spent in the 2021 financial year, the ratio would have been 110%. Whilst outside of the endorsed range, this ratio is expected to trend upwards in the 2022 year. Further it should be noted that the calculated three year weighted average ratio is 87.2% which is just outside the endorsed range.

6. CONCLUSION / PROPOSAL

- 6.1.1 The Annual Financial Statements for 2021 have been prepared in accordance with the applicable Australian Accounting Standards and legislative requirements, and are recommended for adoption.

City of Salisbury

GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2021

A progressive, sustainable and connected community



City of Salisbury**General Purpose Financial Statements**for the year ended 30 June 2021

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City of Salisbury

General Purpose Financial Statements for the year ended 30 June 2021

Council Certificate

Certification of Financial Statements

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

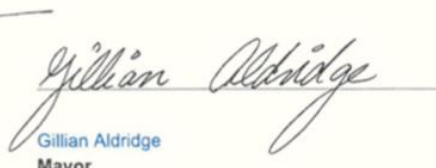
In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2021 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



John Harry
Chief Executive Officer

13 October 2021



Gillian Aldridge
Mayor

13 October 2021

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City of Salisbury

General Purpose Financial Statements

for the year ended 30 June 2021

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across South Australia are required to present a set of audited Financial Statements to their Council and Community.

About the Certification of Financial Statements

The Financial Statements must be certified by the Chief Executive Officer and Mayor as 'presenting a true and fair view' of the Council's financial results for the year and ensuring both responsibility for and ownership of the Financial Statements across Council.

What you will find in the Statements

The Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2021.

The format of the Financial Statements is standard across all South Australian Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and the requirements as set down in the South Australia Model Financial Statements. The Financial Statements incorporate four 'primary' financial statements:

1. **Statement of Comprehensive Income**
A summary of Council's financial performance for the year, listing all income & expenses.
2. **Statement of Financial Position**
A 30 June snapshot of Council's financial position including its assets and liabilities.
3. **Statement of Changes in Equity**
The overall change for the year (in dollars) of Council's "net wealth".
4. **Statement of Cash Flows**
Indicates where Council's cash came from and where it was spent.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the four Primary Financial Statements.

About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialise in Local Government).

In South Australia, the Auditor provides an audit report, with an opinion on whether the Financial Statements present fairly the Council's financial performance and position.

About the Independence Certificates

Council's Financial Statements are also required to include signed Certificates by both the Council and the Auditors that the Council's Auditor has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Who uses the Financial Statements?

The Financial Statements are publicly available documents and are used by (but not limited to) Councillors, Residents and Ratepayers, Employees, Suppliers, Contractors, Customers, the Local Government Association of South Australia, the SA Local Government Grants Commission, and Financiers including Banks and other Financial Institutions.

Under the *Local Government Act 1999* the Financial Statements must be made available at the principal office of the Council and on Council's website.

City of Salisbury

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Income			
Rates	2a	102,121	101,654
Statutory Charges	2b	3,805	2,995
User Charges	2c	4,930	4,794
Grants, Subsidies and Contributions	2g	15,116	14,939
Investment Income	2d	120	248
Reimbursements	2e	492	1,592
Other income	2f	1,488	1,067
Net Gain - Equity Accounted Council Businesses	19(a)	970	102
Total Income		129,042	127,391
Expenses			
Employee costs	3a	37,116	36,863
Materials, Contracts and Other Expenses	3b	52,409	53,267
Depreciation, Amortisation and Impairment	3c	28,862	26,950
Finance Costs	3d	642	777
Net loss - Equity Accounted Council Businesses	19(a)	-	14
Total Expenses		119,029	117,871
Operating Surplus / (Deficit)		10,013	9,520
Physical Resources Received Free of Charge	2i	3,795	-
Asset Disposal and Fair Value Adjustments	4	(1,599)	(3,532)
Amounts Received Specifically for New or Upgraded Assets	2g	5,776	1,277
Net Surplus / (Deficit)		17,985	7,265
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I, PP&E	9a	28,681	10,844
Total Amounts which will not be reclassified subsequently to operating result		28,681	10,844
Total Other Comprehensive Income		28,681	10,844
Total Comprehensive Income		46,666	18,109

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

City of Salisbury

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current Assets			
Cash and Cash Equivalent Assets	5a	9,801	1,776
Trade and Other Receivables	5b	8,242	8,067
Inventories	5c	1,608	2,185
Total Current Assets		19,651	12,028
Non-Current Assets			
Financial Assets	6a	1,040	1,117
Equity Accounted Investments in Council Businesses	6b	4,824	3,855
Other Non-Current Assets	6c	22,336	18,079
Infrastructure, Property, Plant and Equipment	7a(i)	1,550,676	1,515,971
Total Non-Current Assets		1,578,876	1,539,022
TOTAL ASSETS		1,598,527	1,551,050
LIABILITIES			
Current Liabilities			
Trade and Other Payables	8a	14,798	12,067
Borrowings	8b	2,150	2,060
Provisions	8c	7,873	7,722
Total Current Liabilities		24,821	21,849
Non-Current Liabilities			
Borrowings	8b	7,013	9,240
Provisions	8c	1,833	1,767
Total Non-Current Liabilities		8,846	11,007
TOTAL LIABILITIES		33,667	32,856
Net Assets		1,564,860	1,518,194
EQUITY			
Accumulated surplus		380,558	373,183
Asset revaluation reserves	9a	1,146,734	1,118,053
Other reserves	9b	37,568	26,958
Total Council Equity		1,564,860	1,518,194
Total Equity		1,564,860	1,518,194

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

City of Salisbury

Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2021					
Balance at the end of previous reporting period		373,183	1,118,053	26,958	1,518,194
Net Surplus / (Deficit) for Year		17,985	–	–	17,985
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	28,681	–	28,681
Other Comprehensive Income		–	28,681	–	28,681
Total Comprehensive Income		17,985	28,681	–	46,666
Transfers between Reserves		(10,610)	–	10,610	–
Balance at the end of period		380,558	1,146,734	37,568	1,564,860
2020					
Balance at the end of previous reporting period		372,291	1,107,209	20,585	1,500,085
Net Surplus / (Deficit) for Year		7,265	–	–	7,265
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	10,844	–	10,844
Other Comprehensive Income		–	10,844	–	10,844
Total Comprehensive Income		7,265	10,844	–	18,109
Transfers between Reserves		(6,373)	–	6,373	–
Balance at the end of period		373,183	1,118,053	26,958	1,518,194

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

City of Salisbury

Statement of Cash Flows

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Cash flows from operating activities			
<u>Receipts</u>			
Rates		102,430	100,847
Statutory Charges		3,942	3,082
User Charges		5,506	5,517
Grants, Subsidies and Contributions (operating purpose)		15,415	15,007
Investment Receipts		120	265
Reimbursements		541	1,751
Other Receipts		9,346	11,375
<u>Payments</u>			
Payments to Employees		(36,959)	(36,299)
Payments for Materials, Contracts and Other Expenses		(59,222)	(67,819)
Finance Payments		(642)	(777)
Net cash provided by (or used in) Operating Activities	11b	<u>40,477</u>	<u>32,949</u>
Cash flows from investing activities			
Net Disposal of Investment Securities		75	–
Sale of Real Estate Developments		2,489	525
Amounts Received Specifically for New/Upgraded Assets		5,776	1,277
Sale of Replaced Assets		581	347
Sale of Surplus Assets		363	462
Repayments of Loans by Community Groups		30	14
Distributions Received from Equity Accounted Council Businesses		–	124
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(14,171)	(17,745)
Expenditure on New/Upgraded Assets		(24,765)	(41,501)
Development of Real Estate for Sale		(579)	(144)
Net cash provided (or used in) investing activities		<u>(30,201)</u>	<u>(56,641)</u>
Cash flows from financing activities			
<u>Payments</u>			
Repayments of Borrowings		(1,773)	(1,977)
Repayment of Lease Liabilities		(478)	(332)
Net Cash provided by (or used in) Financing Activities		<u>(2,251)</u>	<u>(2,309)</u>
Net Increase (Decrease) in Cash Held		<u>8,025</u>	<u>(26,001)</u>
plus: Cash and Cash Equivalents at beginning of period		1,776	27,777
Cash and cash equivalents held at end of period	11a	<u>9,801</u>	<u>1,776</u>
Additional Information:			
plus: Investments on hand – end of year	6b	615	690
Total Cash, Cash Equivalents and Investments		<u>10,416</u>	<u>2,466</u>

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

City of Salisbury

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

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

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 13 October 2021.

1.2 Historical Cost Convention

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

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.

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

1.4 Rounding

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

(2) The Local Government Reporting Entity

City of Salisbury is incorporated under the *South Australian Local Government Act 1999* and has its principal place of business at 34 Church Street, Salisbury. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions.

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

(3) Income Recognition

The Council recognises revenue under *AASB 1058 Income of Not-for-Profit Entities* or *AASB 15 Revenue from Contracts with Customers* 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.

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

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

Financial Year	Payment Received In Advance \$'000	Comments
2018/19	4,556	Relates to 2019/20
2019/20	4,329	Relates to 2020/21
2020/21	4,737	Relates to 2021/22

Because these grants as applicable for the current reporting period 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.

(4) Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

(5) Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

5.1 Real Estate Assets Developments

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

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

5.2 Other Real Estate Held for Resale

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

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(6) Infrastructure, Property, Plant and Equipment

6.1 Initial Recognition

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

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

Capital works still in progress at balance date are recognised as other non-current assets and transferred to infrastructure, property, plant and equipment when completed ready for use.

6.2 Materiality

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

Examples of capitalisation thresholds applied during the year are disclosed in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

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

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually; these reviews are conducted either internally or externally through the completion of asset audits and valuations.

Major depreciation periods for each class of asset are detailed in Note 7. 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.

6.5 Intangible Assets

Intangible Assets have been accounted for in accordance with the requirements of *AASB 138 Intangible Assets*. An item is recognised as an intangible if it meets the definition of an intangible asset, it is probable that future economic benefits will flow to Council and the cost of the asset can be reliably measured.

Intangible Assets are tested for impairment yearly or when there is objective evidence or an indication that these assets may be impaired. Further determinations on useful lives are reviewed annually.

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

6.6 Impairment

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

Other assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is 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 amounts as stands to the credit of that class of assets in the Asset Revaluation Reserve, any excess being recognised as an expense.

(7) Payables

7.1 Goods and Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice, however during the COVID-19 pandemic Council introduced measures to assist the community and payment terms were amended to 14 day terms up to 31 August 2020. No interest is payable on these amounts.

7.2 Payments Received in Advance and Deposits

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

(8) Borrowings

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

(9) Employee Benefits

9.1 Salaries, Wages and Compensated Absences

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

Liabilities for employee benefits not expected to be paid or settled within twelve 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.

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.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(10) 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.

Lease arrangements have been accounted for in accordance with AASB 16 Leases which was applied by Council for the first time from 1 July 2019.

10.1 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. Land is amortised over a period of 30 years, details for both as follows:

Plant and equipment	3 to 5 years
Water Harvesting Site	30 years

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

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.

(11) Equity Accounted Council Businesses

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

(12) GST Implications

In accordance with Interpretation Abstract 1031 'Accounting for the Goods and Services Tax'

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

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(13) New accounting standards and UIG interpretations

The Council applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to AASB 101 and AASB 108 Definition of Material

The amendments provide a new definition of material that states, 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements nor is there expected to be any future impact to the Council.

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council 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 2022

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)

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.

(14) 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.

(15) Disclaimer

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

City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income

\$ '000	2021	2020
(a) Rates		
General Rates		
General Rates	101,670	100,748
Less: Mandatory Rebates	(1,217)	(1,249)
Less: Discretionary Rebates, Remissions and Write Offs	(776)	(362)
Total General Rates	99,677	99,137
Other Rates (Including Service Charges)		
Green Adelaide Board Regional Landscape Levy	2,016	2,067
Salisbury Business Association Separate Rate	118	156
Globe Derby Community Club Separate Rate	7	6
Total Other Rates (Including Service Charges)	2,141	2,229
Other Charges		
Penalties for Late Payment	303	288
Total Other Charges	303	288
Total Rates	102,121	101,654
(b) Statutory Charges		
Development Act Fees	1,536	1,028
Town Planning Fees	832	398
Animal Registration Fees and Fines	821	828
Parking Fines / Expiation Fees	157	316
Other Licences, Fees and Fines	459	425
Total Statutory Charges	3,805	2,995
(c) User Charges		
Water Supply	2,505	2,420
Property Lease	831	875
Cemetery Fees	541	536
Aged and Disability Services	388	450
Waste Disposal Fees	52	9
Sundry	613	504
Total User Charges	4,930	4,794
(d) Investment Income		
Interest on Investments		
- Local Government Finance Authority	46	137
- Banks and Other	61	89
- Loans to Community Groups	13	22
Total Investment Income	120	248

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income (continued)

\$ '000	2021	2020
(e) Reimbursements		
Other	270	318
Contract Maintenance	222	251
Street Lighting	–	1,023
Total Reimbursements	492	1,592
(f) Other income		
Rebates Received	749	661
Sundry	739	406
Total Other income	1,488	1,067
(g) Grants, Subsidies, Contributions		
Amounts Received Specifically for New or Upgraded Assets	5,776	1,277
Total Amounts Received Specifically for New or Upgraded Assets	5,776	1,277
Other Grants, Subsidies and Contributions	6,232	6,780
Untied Financial Assistance Grant	4,147	3,830
Individually Significant Item - Additional Financial Assistance Grant (refer below)	4,737	4,329
Total Other Grants, Subsidies and Contributions	15,116	14,939
Total Grants, Subsidies, Contributions	20,892	16,216
The functions to which these grants, subsidies and contributions relate are disclosed in Note 12, with the exception of Amounts Received Specifically for New or Upgraded Assets.		
(i) Sources of grants		
Commonwealth Government	5,360	2,876
State Government	14,719	12,738
Other	813	602
Total	20,892	16,216
(ii) Individually Significant Items		
Advanced Financial Assistance Grant Recognised as Income	4,737	4,329

On 9 June 2021, Council received advance payment of the first two quarters of the 2021/2022 Financial Assistance Grant, totalling \$4,737k (comprising \$3,688k in general purpose funding and \$1,049k in untied local road funding). This has materially increased Council's operating results in the current year, as these amounts are recognised as income upon receipt, as detailed in Note 1. Potential material effects will be experienced when the timing of these grant payments are once again restored to a normal schedule.

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income (continued)

\$ '000	2021	2020
(h) Conditions over Grants & Contributions		
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:		
Unexpended at the close of the previous reporting period	1,043	2,115
Less:		
<i>Expended during the current period from revenues recognised in previous reporting periods</i>		
Dry Creek Park Way - City Wide Trails	(200)	(800)
NDIS Participants	(75)	-
Risk and Governance - Special Distribution Fund	(58)	-
OH&S - Special Distribution Fund	(52)	-
Tea Tree Gully Business Advisory Services	(50)	(60)
Preventative WHS Programs - Special Distribution Fund	(39)	-
Mindset for Life Program	(38)	-
Waterwatch	(38)	-
ACE Project (Accredited)	(21)	-
Perspex Screens for Public PC's - Special Distribution Fund	(15)	-
ACE Project (Non-accredited)	(13)	-
Drug and Alcohol Framework	(8)	(7)
Pooraka Farm Family Fun Day	(5)	-
Pauls Drive Valley View - Major Flooding	-	(657)
Fostering Integration Grant	-	(49)
Home and Community Support Program	-	(41)
The Shed Project	-	(5)
Subtotal	(612)	(1,619)

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2. Income (continued)

\$ '000	2021	2020
Plus:		
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Technology Drive Mawson Lakes - Dual Traffic	929	—
Verge Development	341	—
Fairbanks Drive Toilets and Sports Facility	323	—
Little Para River Capital Works	317	—
Salisbury Oval Indoor Community Cricket Facility	311	—
Newlyn Terrace Parafield Gardens - Tree Screen Renewal	284	—
Burton Community Hub - Shed and Community Garden	250	—
Mawson Lakes Irrigation System Upgrade	250	—
Strowan Park Picnic and Open Space	174	—
Tea Tree Gully Business Advisory Services	164	182
Morella Community Centre Outdoor Kitchen	144	—
Twelve25 Entry Upgrade and Landscaping	143	—
Redhill Road Ingle Farm - Traffic Improvements	115	—
Mawson Lakes School - Kiss and Drop	100	—
Belfree and Elder Smith Road - Major Traffic	80	—
Waterwatch General	71	38
OH&S - Special Distribution Fund	30	52
Risk and Governance - Special Distribution Fund	6	58
Mindset for Life Program	3	41
NDIS Participants	—	75
Preventative WHS Programs - Special Distribution Fund	—	39
ACE Project (Accredited)	—	21
Perspex Screens for Public PC's - Special Distribution Fund	—	15
ACE Project (Non-Accredited)	—	13
Drug and Alcohol Framework	—	8
Pooraka Farm Family Fun Day	—	5
Other	136	—
Subtotal	4,171	547
Unexpended at the close of this reporting period	4,602	1,043
Net increase (decrease) in assets subject to conditions in the current reporting period	3,559	(1,072)
 (i) Physical Resources Received Free of Charge		
Land and Improvements	86	—
Roads, Bridges and Footpaths	1,551	—
Stormwater Drainage	2,158	—
Total Physical Resources Received Free of Charge	3,795	—

City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Expenses

\$ '000	Notes	2021	2020
(a) Employee costs			
Salaries and Wages		31,083	30,608
Employee Leave Expense		5,344	5,094
Superannuation - Defined Contribution Plan Contributions	18	658	743
Superannuation - Defined Benefit Plan Contributions	18	2,765	2,698
Workers' Compensation Insurance		1,749	1,416
Less: Capitalised and Distributed Costs		(4,483)	(3,696)
Total Operating Employee Costs		37,116	36,863
Total Number of Employees (full time equivalent at end of reporting period)		405	412
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		35	32
Bad and Doubtful Debts		2	2
Elected Members' Expenses		482	472
Election Expenses		36	41
Lease Expense - Low Value Assets / Short Term Leases		143	524
Subtotal - Prescribed Expenses		698	1,071
(ii) Other Materials, Contracts and Expenses			
Contractors		34,779	35,722
Energy		5,186	4,737
Legal Expenses		209	425
Levies Paid to Government - Regional Landscape Levy		2,046	2,038
Levies - Other		360	350
Parts, Accessories and Consumables		2,599	2,874
Insurance		1,102	1,058
Water Rates		800	911
Sundry		4,630	4,081
Subtotal - Other Material, Contracts and Expenses		51,711	52,196
Total Materials, Contracts and Other Expenses		52,409	53,267

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Expenses (continued)

\$ '000	2021	2020
(c) Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Land Improvements	5,754	5,545
Buildings and Other Structures	4,175	3,112
Infrastructure	15,175	14,731
Right-of-Use Assets	449	444
Plant and Equipment	3,128	2,931
Library Books	181	187
Subtotal	28,862	26,950
Total Depreciation, Amortisation and Impairment	28,862	26,950
(d) Finance Costs		
Interest on Loans	532	659
Interest on Leases	98	110
Interest on Cash Advance Debentures	12	8
Total Finance Costs	642	777

Note 4. Asset Disposal and Fair Value Adjustments

\$ '000	2021	2020
Infrastructure, Property, Plant and Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	581	347
Less: Carrying Amount of Assets Sold	(3,621)	(3,914)
Gain (Loss) on Disposal	(3,040)	(3,567)
(ii) Assets Surplus to Requirements		
Proceeds from Disposal	363	462
Less: Carrying Amount of Assets Sold	(305)	(754)
Gain (Loss) on Disposal	58	(292)
Real Estate Development Assets		
Proceeds from Disposal	2,489	525
Less: Carrying Amount of Assets Sold	(1,106)	(198)
Gain (Loss) on Disposal	1,383	327
Net Gain (Loss) on Disposal or Revaluation of Assets	(1,599)	(3,532)

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 5. Current Assets

\$ '000	Notes	2021	2020
(a) Cash and Cash Equivalent Assets			
Cash on Hand at Bank		1,021	689
Short Term Deposits		8,780	1,087
Total Cash and Cash Equivalent Assets		9,801	1,776
(b) Trade and Other Receivables			
Rates - General and Other		3,926	3,950
Debtors - General		2,766	2,458
GST Recoupment		983	1,168
Prepayments		535	461
Loans to Community Organisations		32	30
Subtotal		8,242	8,067
Total Trade and Other Receivables		8,242	8,067
(c) Inventories			
Stores and Materials		247	285
Real Estate Developments	6	1,339	1,865
Cemetery Plinths, Vaults and Inurnments		22	35
Total Inventories		1,608	2,185

Note 6. Non-Current Assets

\$ '000	2021	2020
(a) Financial Assets		
Receivables		
Council Rates Postponement Scheme	58	28
Loans to Community Organisations	367	399
Subtotal	425	427
Total Receivables	425	427
Other Financial Assets (Investments)		
Mortgages over Property - Affordable Housing Scheme	615	690
Total Other Financial Assets (Investments)	615	690
Total Financial Assets	1,040	1,117

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 6. Non-Current Assets (continued)

\$ '000	Notes	2021	2020
(b) Equity Accounted Investments in Council Businesses			
Northern Adelaide Waste Management Authority	19	4,824	3,855
Total Equity Accounted Investments in Council Businesses		4,824	3,855

Council Solutions was wound up as at 15 October 2019 and the net equity was distributed to the Constituent Councils in line with the respective interests.

(c) Other Non-Current Assets**Inventories**

Real Estate Developments	1,395	1,395
Total Inventories	1,395	1,395

Other

Capital Works-in-Progress	20,731	16,474
Intangible Assets - Water Licenses	210	210
Total Other	20,941	16,684

Total Other Non-Current Assets	22,336	18,079
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Other disclosures

Real Estate Developments - Current and Non-Current

(Valued at the lower of cost and net realisable value)

Residential	2,734	3,260
Total Real Estate for Resale	2,734	3,260

Represented by:

Acquisition Costs	1,396	1,771
Development Costs	1,338	1,489
Subtotal	2,734	3,260

(i) Apportionment of Real Estate Developments

Current Assets	1,339	1,865
Non-Current Assets	1,395	1,395

City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant and Equipment

(a(i)) Infrastructure, Property, Plant and Equipment

\$ '000	Fair Value Level	as at 30/06/20				Asset movements during the reporting period						as at 30/06/21			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Transition adjustment - AASB 16	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Land - Other	2	474,567	-	-	474,567	-	376	-	(86)	-	12,869	487,726	-	-	487,726
Land Improvements	3	198,484	-	(79,445)	119,039	-	7,675	3,730	(472)	(5,754)	666	206,252	-	(81,368)	124,884
Buildings and Other Structures	3	121,857	-	(27,065)	94,792	-	1,267	1,847	(198)	(4,175)	9,509	151,019	-	(47,977)	103,042
Infrastructure	3	1,249,584	-	(440,247)	809,337	-	12,319	9,965	(2,864)	(15,175)	5,637	1,282,339	-	(463,120)	819,219
Right-of-Use Assets		-	3,034	(444)	2,590	-	114	-	-	(449)	-	-	3,148	(893)	2,255
Plant and Equipment		-	32,013	(17,619)	14,394	-	501	862	(307)	(3,128)	-	-	32,470	(20,148)	12,322
Library Books		-	2,494	(1,242)	1,252	-	156	-	-	(181)	-	-	2,416	(1,188)	1,228
Total Infrastructure, Property, Plant & Equipment		2,044,492	37,541	(566,062)	1,515,971	-	22,408	16,404	(3,927)	(28,862)	28,681	2,127,336	38,034	(614,694)	1,550,676
Comparatives		1,977,818	28,707	(547,860)	1,458,665	3,034	57,270	17,776	(4,668)	(26,950)	10,844	2,044,492	37,541	(566,062)	1,515,971

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant and Equipment (continued)

(b) Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

Valuation of Assets

Council measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- Land
- Land Improvements
- Infrastructure
- Buildings and Other Structures

Council does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

a) Fair Value Hierarchy

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be characterised into. The levels are outlined below:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly.	Measurements based on unobservable inputs for the asset.

The fair value of assets that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

b) Valuation Techniques

Council selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends upon the specific characteristics of the asset being measured. The valuation techniques selected by Council are consistent with one or more of the following valuation approaches:

- *Market Approach* uses prices and other relevant information generated by market transactions involving identical or similar assets.
- *Income Approach* converts estimated future cash flows or income and expenses into a single current (ie. discounted) value.
- *Cost Approach* reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset, including assumptions about risks. When selecting a valuation technique, Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

During 2017/18 Council initially undertook a review of the internal overhead costs, such as project management, supervision and design, that are directly related to the renewal of Council's Transport and Stormwater assets. The purpose of the review was to ensure that the appropriate level of direct internal overhead costs (expressed as a percentage) were being reflected in the unit rates that are utilised to revalue these asset classes. These overhead percentages were independently reviewed by Tonkin Consulting and continue to be incorporated into their review of Council's Asset Valuations.

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Notes to the Financial Statements

for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant and Equipment (continued)

c) Capitalisation Thresholds

Capitalisation thresholds used by Council for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land.

	\$
Office Furniture and Equipment	5,000
Plant and Light Vehicles	5,000
Buildings - new construction/extensions	10,000
Park and Playground Furniture and Equipment	5,000
Road construction and reconstruction	10,000
Paving and Footpaths, Kerb and Gutter	5,000
Drains and Culverts	10,000
Reticulation Extensions	5,000
Sidelines and household connections	5,000
Artworks	5,000

d) Estimated Useful Lives

Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

Plant, Furniture and Equipment

Office Equipment	3 to 10 years
Office Furniture	3 to 10 years
Vehicles and Road-making Equipment	2 to 20 years
Other Plant and Equipment	3 to 20 years

Building and Other Structures

Building Components	10 to 120 years
Playground Equipment	15 to 25 years
Benches, Seats, etc	10 to 15 years

Infrastructure

Roads - Seal	20 to 40 years
Roads - Base	50 to 150 years
Roads - Sub-Base	150 to 300 years
Unsealed Roads	5 to 10 years
Bridges	100 years
Footpaths	8 to 80 years
Kerb, Gutter and Medians	50 to 300 years
Drainage Pipes	80 to 100 years
Culverts, Headwalls and Junction Boxes	40 to 100 years
Dams and Reservoirs	400 years
Bores	75 years
Reticulation Pipes - PVC	50 to 80 years
Pumps and Telemetry	10 to 50 years

Other Assets

Library Books	3 to 7 years
Artworks/Local History	Indefinite
Street Trees	50 years
Right of Use Assets	3 to 5 years

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant and Equipment (continued)

e) Table of Fair Values 2020/21

	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	Total \$'000s
Land	-	487,726	-	487,726
Land Improvements	-	-	124,884	124,884
Buildings and Other Structures	-	3,790	99,252	103,042
Infrastructure	-	-	819,219	819,219
Total	-	491,516	1,043,355	1,534,871

f) Disclosed Fair Value Measurements

Asset Category	Fair Value Hierarchy Level	Valuation Technique	Fair Value \$'000s
Land	2	Market Value	487,726

Valuations of assets in this category are undertaken using the State Valuer Generals Site Values.

Asset Category	Fair Value Hierarchy Level	Valuation Technique	Fair Value \$'000s
Land Improvements	3	Cost Approach	124,884

Valuations of assets in this category are undertaken via one of the following methods:

- Independent valuations are provided by Tonkin Consulting using a methodology that utilises observable Council specific contract rates to derive a unit rate used to calculate a current replacement cost for each asset. Assets valued via this method include Footpaths and Carpark Pavement/Seals all situated on Council Reserves.
- Revalued using the Local Government Pricing Index (LGPI) for 2020/21. Assets valued via this method include Fencing, Irrigation Equipment, Playgrounds, Sports Courts/Facilities, Reserve Furniture, Landscaping and Other Structures all situated on Council Reserves.
- Independent valuations provided by Tonkin Consulting in 2020/21 using a methodology that utilises observable Council cost information as well as their knowledge of the water industry and references to various construction guides (such as Rawlinsons Australian Construction Handbook) to derive an index for each asset component associated with Councils Recycled Stormwater Business Unit, which includes assets such as Pipework, Pumps, Bores, Valves, Electrical and Computer Equipment. In 2020/21, an independent valuation of the current replacement cost for these assets was undertaken using an ASR Asset Price Index provided by Tonkin Consulting, derived from references to various construction guides (such as Rawlinsons Australian Construction Handbook).
- Independent valuations initially provided by JLL in 2017/18 using a methodology that utilises observable rates and cost information from their research across the Playground and Fitness Equipment industries. Assets valued via this method included Playgrounds and Fitness Equipment. These assets have been revalued from 2018/19 to 2020/21 utilising the Local Government Pricing Index (LGPI).

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant and Equipment (continued)

Asset Category	Fair Value Hierarchy Level	Valuation Technique	Fair Value \$'000s
Building and Other Structures	2	Market Value	3,790
Building and Other Structures	3	Cost Approach	99,252
Total			103,042

Valuation of assets in this category are undertaken via the following method:

a. Independent market valuations were provided by Public Private Property for the 2020/21 financial year using a methodology that utilises observable, comparable market sales data in the Salisbury Council area.

Independent valuation of the current replacement cost for buildings at a component level was undertaken by Sproutt - Professional Engineering Services and Public Private Property as at 1 July 2020 using a methodology that utilises observable rates and cost information from their extensive knowledge across Building Infrastructure. As at 30 June 2021 for the 2020/21 financial year, an independent valuation of the current replacement cost for these assets was undertaken using Building Component Indexes provided by Tonkin Consulting, derived from references to the Rawlinsons Australian Construction Handbook.

Asset Category	Fair Value Hierarchy Level	Valuation Technique	Fair Value \$'000s
Infrastructure	3	Cost Approach	819,219

Valuation of assets in this category are undertaken via one of the following methods:

a. Independent valuations are provided by Tonkin Consulting using a methodology that utilises observable Council specific contract rates to derive a unit rate used to calculate a current replacement cost for each asset. Assets valued via this method include Footpaths, Kerbing, Carpark Pavements/Seals, Road Pavement/Seals and Drainage Pipes/Pits all situated on or under Council Roads.

b. Independent valuations initially provided by SMEC in 2016/17 using a methodology that utilises observable rates and cost information from their extensive knowledge of water retention related infrastructure. Assets valued via this method include Major Drainage Dams. In the financial years from 2017/18 to 2020/21 these assets were revalued using the LGPI.

c. Revalued using the LGPI. Assets valued via this method include Bridges, Irrigation Equipment on Roads, Road Furniture, Landscaping on Roads, Open Drainage Systems and Minor Drainage Dams.

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013. There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements from previous years.

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant and Equipment (continued)

Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use, unless market or other factors suggest a different use by market participants would maximise the value of the asset.

Land Under Roads

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

Land

Much of the land under Councils care and control is Crown land or has been declared as community land under the provision of the *Local Government Act 1999*. Other types of restrictions on the land may also apply. Valuations of this land are based on the State Valuer Generals Site Values, which are based on observable sales in an active market of similar properties with a similar land use on both vacant land and land with improvements. Adjustments to these values are then made by the State Valuer General taking into consideration the highest and best use of the property e.g. if there is a single house on the land but zoning would allow it to be divided for home units.

Infrastructure, Buildings and Land Improvements

As there is no known active market for the majority of infrastructure, building and land improvement assets owned by Council, these assets have been valued at current replacement cost using the *Cost Approach*. Upon revaluation, the current replacement cost and accumulated depreciation are restated such that the difference (the current replacement cost) represents the fair value of the asset determined in accordance with *AASB 13 Fair Value Measurement*.

This method involves the determination of the current cost to construct the asset (or its modern engineering equivalent) and then calculating the value of its remaining service capacity (current replacement cost). Council utilise a number of observable and unobservable inputs in the calculation of these values which may include:

Observable Inputs:

- Council specific contract rates
- Recent construction costs for similar assets
- Independent valuations

Unobservable Inputs/Estimates:

- Quantities of materials used
- Economic (Useful) Lives of assets
- Residual Value of assets
- Preserved Value of assets
- Pattern of consumption of an assets economic benefits
- Condition
- Obsolescence
- Impairment
- Industry construction pricing indexes e.g. Rawlinson's Construction Handbook and Cost Guide
- Other construction pricing indexes e.g. Local Government Pricing Index which is an index developed by the Australian Bureau of Statistics and is prepared quarterly by the South Australia Centre for Economic Studies and is based on price movements in the goods and services purchased by Local Governments.

Intangible Assets

Intangible Assets have been accounted for in accordance with the requirements of *AASB 138 Intangible Assets*. Council has purchased from the market in arm's length transactions, Water Licences that enable the harvesting and sale of stormwater, and is of the opinion that these Water Licences meet the definition and requirements of Intangible Assets, specifically Intangible Assets with an indefinite useful life. Initial recognition of these Water Licences is at cost, and after initial recognition they are carried at cost less any accumulated impairment losses.

Testing for impairment, in accordance with *AASB 136 Impairment of Assets*, is undertaken annually, or whenever there may be an indication that the intangible assets may be impaired. The determination that these Water Licences have an indefinite useful life is reviewed annually to determine whether events and circumstances continue to support an indefinite useful life assessment.

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant and Equipment (continued)

Street Trees

Council is of the opinion that street trees and tree screens are tangible assets that Council uses to support the provision of environmental and recreational services to the community, and have an initial cost that can be reliably measured, that is the cost of planting and establishment. It is therefore considered that costs relating to tree plantings for Street Tree and Tree Screen renewal programs only meet the recognition criteria of property, plant and equipment and are recognised as an asset.

Plant, Furniture and Fittings

Assets are carried at cost, less any accumulated depreciation and impairment losses.

Library Books

Library books are accounted for under the replacement method. Library stock at 30 June 2021 is valued using nominal values recommended by the Public Library Service (PLS). All new purchases are treated as replacement items and the expense is classified as depreciation. This expense is then adjusted by the movement in the calculated value of the library stock.

Right of Use Assets

Valued as the initial measurement of the lease liability being the present value of future lease payments and any initial direct costs, pre-paid lease payments and any estimated costs to dismantle.

City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 8. Liabilities

\$ '000	Notes	2021 Current	2021 Non Current	2020 Current	2020 Non Current
(a) Trade and Other Payables					
Goods and Services		11,502	–	10,104	–
Payments Received in Advance		2,560	–	1,558	–
Accrued Expenses - Employee Entitlements		356	–	238	–
Accrued Expenses - Other		32	–	45	–
Deposits, Retentions and Bonds		348	–	122	–
Total Trade and Other Payables		14,798	–	12,067	–

(b) Borrowings

Loans		1,735	5,090	1,773	6,825
Lease Liabilities	17b	415	1,923	287	2,415
Total Borrowings		2,150	7,013	2,060	9,240

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

(c) Provisions

Salisbury Memorial Park Maintenance Provision		–	100	–	90
Mortgage Loss Provision		–	16	–	23
Employee Entitlements (including oncosts)		7,873	1,717	7,722	1,654
Total Provisions		7,873	1,833	7,722	1,767

Movements in Provisions

2021 (current and non-current)	Salisbury Memorial Park Maintenance Provision 2021	Mortgage Loss Provision 2021
Opening Balance	90	23
Additional Amounts Recognised	10	(7)
Closing Balance	100	16

City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 9. Reserves

	as at 30/06/20		as at 30/06/21
\$ '000	Opening Balance	Increments (Decrements)	Closing Balance
(a) Asset Revaluation Reserve			
Land - Other	373,924	12,869	386,793
Land Improvements	28,195	666	28,861
Buildings and Other Structures	7,198	9,509	16,707
Infrastructure	706,398	5,637	712,035
Library Books	2,338	-	2,338
Total Asset Revaluation Reserve	1,118,053	28,681	1,146,734
Comparatives	1,107,209	10,844	1,118,053

	as at 30/06/20			as at 30/06/21
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Closing Balance
(b) Other Reserves				
Development and Public Infrastructure Reserve	1,430	534	(208)	1,756
Open Space Reserve	1,356	225	(100)	1,481
Car Parking Reserve	947	4	-	951
Property Disposal Reserve	751	1,686	-	2,437
Mausoleum Perpetual Care Reserve	858	17	-	875
Salisbury Memorial Park Reserve	912	3	-	915
Carried Forward Funds Reserve	18,595	26,089	(18,595)	26,089
Salisbury Water Business Unit Reserve	2,109	955	-	3,064
Total Other Reserves	26,958	29,513	(18,903)	37,568
Comparatives	20,585	19,517	(13,144)	26,958

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 9. Reserves (continued)

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).

Development and Public Infrastructure Reserve

The Development and Public Infrastructure Reserve contains developer contributions towards future footpaths, street signs and street trees specific to the development site. It also contains developer contributions towards future works associated with drainage systems, water pipes and pumps, Council road network, trails and bridges necessary to facilitate the development and external to the development site.

Open Space Reserve

For developer contributions received that are to be utilised towards the future acquisition of open space areas.

Carpark Reserve

For the provision of future renewal and maintenance of car parking areas within the Salisbury Town Centre, Ingle Farm Town Centre and Mawson Lakes Town Centre.

Property Disposal Reserve

To retain the proceeds of any property sales, including surplus land and redevelopments, under the provision of Section 194 of the *Local Government Act 1999* and subject to compliance with all legal requirements thereof, and the cash proceeds received from Council's real estate developments. These proceeds are to be utilised to repay current debt or reduce future borrowing requirements.

Mausoleum Perpetual Care Fund Reserve

To provide maintenance for the Mausoleum situated at Salisbury Memorial Park.

Salisbury Memorial Park Reserve

To fund future development work and maintenance at the Salisbury Memorial Park.

Carried Forward Funds Reserve

Used for unspent budget funds at the end of financial year that are to be carried forward for use in the following year.

Salisbury Water Business Unit Reserve

Generated by the allocation of surpluses, and offset by deficits resulting from the operations of the Salisbury Water Business Unit. Allocations from the Reserve can only be made following a resolution of Council and can only be utilised to fund either business development, asset renewal, offset losses or to distribute dividends to Council.

City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 10. Assets Subject to Restrictions

\$ '000	2021	2020
<p>The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.</p>		
Cash and Financial Assets		
Open Space Contributions	1,481	1,356
Developer Contributions	2,706	2,377
Unexpended Grants and Subsidy Funds	4,602	1,043
Total Cash and Financial Assets	8,789	4,776
Total Assets Subject to Externally Imposed Restrictions	8,789	4,776

Open Space Contributions are received primarily to fund reserves/playspaces and other recreational areas within new subdivisions. Developer Contributions are received primarily to fund infrastructure works in new subdivisions. These funds are held in Reserves (as disclosed in Note 9) until required and as such are regarded as restricted. Grant and Subsidy Funds received but not yet expended are regarded as restricted, and are disclosed in Note 2h.

City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2021	2020
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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 Balance Sheet as follows:

Total Cash and Equivalent Assets	5	9,801	1,776
Balances per Statement of Cash Flows		9,801	1,776

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

Net Surplus/(Deficit)	17,985	7,265
Non-Cash Items in Income Statements		
Depreciation, Amortisation and Impairment	28,862	26,950
Equity Movements in Equity Accounted Investments (Increase)/Decrease	(970)	(88)
Non-Cash Asset Acquisitions	(3,795)	–
Grants for capital acquisitions treated as Investing Activity	(5,776)	(1,277)
Net (Gain) Loss on Disposals	1,599	3,532
	37,905	36,382
Add (Less): Changes in Net Current Assets		
Net (Increase)/Decrease in Receivables	(203)	892
Net (Increase)/Decrease in Inventories	51	(28)
Net (Increase)/Decrease in Other Assets	–	(44)
Net Increase/(Decrease) in Trade & Other Payables	2,507	(4,731)
Net Increase/(Decrease) in Unpaid Employee Benefits	214	468
Net Increase/(Decrease) in Other Provisions	3	10
Net Cash provided by (or used in) operations	40,477	32,949

(c) Financing Arrangements

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

Bank Overdrafts	500	500
Corporate Credit Cards	500	500
LGFA Cash Advance Debenture Facility	50,317	78,917

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

City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

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 & NON-CURRENT)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions/Activities										
Public Order and Safety	3,889	2,941	3,960	3,705	(71)	(764)	–	–	582	879
Health	210	242	1,586	1,757	(1,376)	(1,515)	5	5	5,112	529
Social Security and Welfare	3,517	3,528	8,586	7,586	(5,069)	(4,058)	3,048	2,996	15,692	25,221
Housing and Community Services	3,653	4,470	37,252	31,139	(33,599)	(26,669)	248	230	495,900	483,403
Recreation and Culture	1,123	1,156	35,266	30,251	(34,143)	(29,095)	574	614	491,546	470,930
Transport and Communication	3,350	4,081	18,643	19,413	(15,293)	(15,332)	3,324	4,080	507,828	498,906
Economic Affairs	135	155	7,621	6,297	(7,486)	(6,142)	32	63	88	256
Other, Not Attributed and Admin	112,195	110,716	6,115	17,709	106,080	93,007	7,885	6,951	81,779	70,926
Total Functions/Activities	128,072	127,289	119,029	117,857	9,043	9,432	15,116	14,939	1,598,527	1,551,050

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

City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12(b). Components of Functions

The activities relating to Council functions are as follows:

Public Order and Safety

Supervision of various laws, fire prevention, crime prevention and repair, road safety and dog control.

Health

Health Act administration, immunisation services and pest and pest plant control.

Social Security and Welfare

Operation of a senior leisure centre, aged care services, youth services and community information.

Housing and Community Services

Town planning, community development planning, road sweeping, roadside rubbish collection, domestic refuse collection, operating of waste transfer station, stormwater drainage, operation of the St Kilda Mangrove trail, street signs, landscape design, tree management and operation of cemetery.

Recreation and Culture

Maintenance and operation of libraries, recreation centres, swimming pool, community centres, parks, gardens and reserves, clubrooms, playgrounds, sports grounds and halls.

Transport and Communication

Construction and maintenance of roads, footpaths, bridges, parking facilities and bus shelters.

Economic Affairs

Building Act administration, economic initiatives, tourism.

Other, Not Attributed and Administration

Rates, public debt transactions, administration costs, capital works in progress and costs which relate to multiple functions but cannot accurately be split between these functions.

City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost, interest is recognised when earned.

Terms and Conditions:

Deposits are returning fixed interest rates between 0.30% and 0.45% (2020: 1.3% and 1.9%). Short term deposits have an average maturity of 30 days and an average interest rate of 0.375% (2020: 91 days and 1.6%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - Rates and Associated Charges

Accounting Policy:

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

Terms and Conditions:

Secured over the subject land, arrears attract interest of 2% (2020: 2.0%). 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:

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

Terms 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:

Carried at nominal value.

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.

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments (continued)

Liabilities - Creditors and Accruals

Accounting Policy:

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

Terms and Conditions:

Liabilities are normally settled on 30 day terms, however due to the financial impacts of COVID-19 on the community terms were changed by Council to settle on 14 day terms from March 2020 and subsequently reverted back to 30 day terms at the end of August 2020.

Carrying Amount:

Approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy:

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

Terms and Conditions:

Secured over future revenues, borrowings are repayable biannually; interest is charged at fixed rates between 4.0% and 7.01% (2020: 4.0% and 7.01%).

Carrying Amount:

Approximates fair value.

Liabilities - Leases

Accounting Policy:

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

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets					
2021					
Cash and Cash Equivalents	9,801	–	–	9,801	9,801
Receivables	6,724	425	–	7,149	7,149
Other Financial Assets	–	–	615	615	615
Total Financial Assets	16,525	425	615	17,565	17,565
Financial Liabilities					
Payables	12,238	–	–	12,238	12,238
Current Borrowings	2,154	–	–	2,154	1,735
Non-Current Borrowings	–	5,612	201	5,813	5,090
Leases	415	1,923	–	2,338	2,338
Total Financial Liabilities	14,807	7,535	201	22,543	21,401
2020					
Cash and Cash Equivalents	1,776	–	–	1,776	1,776
Receivables	6,438	427	–	6,865	6,865
Other Financial Assets	–	–	690	690	690
Total Financial Assets	8,214	427	690	9,331	9,331
Financial Liabilities					
Payables	10,509	–	–	10,509	10,509
Current Borrowings	2,310	–	–	2,310	1,773
Non-Current Borrowings	–	7,721	246	7,967	6,825
Leases	287	2,415	–	2,702	2,702
Total Financial Liabilities	13,106	10,136	246	23,488	21,809

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

\$ '000	2021		2020	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Overdraft	6.47%	–	6.47%	–
Fixed Interest Rates	5.82%	6,825	5.99%	8,598
		6,825		8,598

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.

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 13. Financial Instruments (continued)

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 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.

Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	2021	2020
---------	------	------

(a) Capital Commitments

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

Buildings	1,679	2,530
Infrastructure	16,049	5,904
Plant & Equipment	931	715
	<u>18,659</u>	<u>9,149</u>

These expenditures are payable:

Not later than one year	18,659	9,149
	<u>18,659</u>	<u>9,149</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:

Audit Services	33	33
	<u>33</u>	<u>33</u>

These expenditures are payable:

Not later than one year	33	33
	<u>33</u>	<u>33</u>

City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

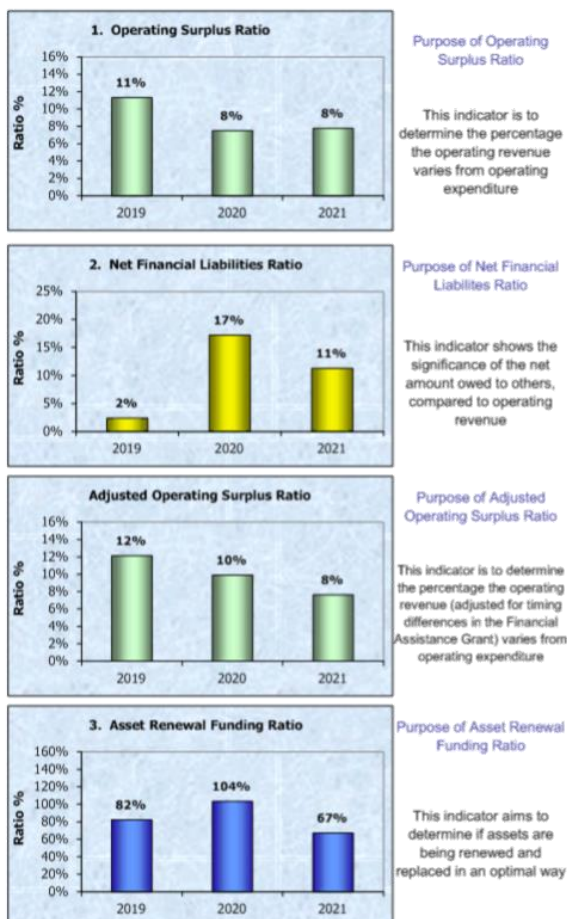
Note 15. Financial Indicators

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020	Indicators 2019
<i>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.</i>				
1. Operating Surplus Ratio				
Operating Surplus	10,013	7.8%	7.5%	11.3%
Total Operating Income	129,042			
<i>This ratio expresses the operating surplus as a percentage of total operating revenue.</i>				
2. Net Financial Liabilities Ratio				
Net Financial Liabilities	14,584	11.3%	17.2%	2.4%
Total Operating Income	129,042			
<i>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.</i>				
Adjustments to Ratios				
In recent years the Federal Government has made advance payments prior to 30 June from future year allocations of financial assistance and supplementary local roads grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.				
Adjusted Operating Surplus Ratio				
Operating Surplus	9,605	7.5%	7.6%	9.9%
Total Operating Income	128,634			
3. Asset Renewal Funding Ratio				
Net Asset Renewals	13,590	76.0%	103.5%	82.2%
Infrastructure & Asset Management Plan required expenditure	17,881			
<i>Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.</i>				

City of Salisbury

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

Note 15. Financial Indicators - Graphs (continued)



City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 16. Uniform Presentation of Finances

\$ '000	2021	2020
The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.		
All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.		
The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.		
Income	129,042	127,391
less Expenses	(119,029)	(117,871)
Operating Surplus / (Deficit)	10,013	9,520
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(14,171)	(17,745)
add back Depreciation, Amortisation and Impairment	28,862	26,950
add back Proceeds from Sale of Replaced Assets	581	347
	15,272	9,552
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property and Real Estate Developments)	(27,833)	(41,645)
add back Amounts Received Specifically for New and Upgraded Assets	5,776	1,277
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	2,852	987
	(19,205)	(39,381)
Net Lending / (Borrowing) for Financial Year	6,080	(20,309)

City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 17. Leases

(i) Council as a lessee

Terms and conditions of leases

Council leases information technology equipment and a parcel of land utilised as part of its recycled water operations. The repayments for the information technology assets are fixed and the land is subject to yearly increases in-line with contractual requirements. Information technology leases are either 3 or 5 year terms, and the land has a contractual agreement in place until 2048, with another right of renewal.

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

\$ '000	Information Technology Assets	Land	Total
2021			
Opening balance	1,429	1,161	2,590
Additions to right-of-use assets	32	–	32
Adjustments to right-of-use assets due to re-measurement of lease liability	82	(1)	81
Depreciation charge	(407)	(41)	(448)
Balance at 30 June	1,136	1,119	2,255
2020			
Opening balance	1,832	1,202	3,034
Additions to right-of-use assets	–	–	–
Adjustments to right-of-use assets due to re-measurement of lease liability	–	–	–
Depreciation charge	(403)	(41)	(444)
Balance at 30 June	1,429	1,161	2,590

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 17. Leases (continued)

(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:

\$ '000	2021	2020
Balance at 1 July	2,702	3,034
Additions	32	–
Accretion of interest	98	112
Payments	(512)	(444)
Other	18	–
Balance at 30 June	2,338	2,702
Classified as:		
Current	415	399
Non Current	1,923	2,303

The maturity analysis of lease liabilities is included in Note 13.

The Group had total cash outflows for leases of \$592k.

The following are the amounts recognised in profit or loss:

Depreciation expense of Right-of-Use Assets	449	444
Interest expense on lease liabilities	98	112
Expense relating to short term leases	143	524
Total amount recognised in profit or loss	690	1,080

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 17. Leases (continued)

(ii) Council as a lessor

Leases Providing Revenue to the Council

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

(i) Investment Property

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

\$ '000	2021	2020
Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:		
Not later than one year	1,033	878
Later than one year and not later than 5 years	2,779	2,843
Later than 5 years	2,599	3,467
	6,411	7,188

City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 18. Superannuation

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2020/21; 9.50% in 2019/20). 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 2019/20) 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 2020. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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 Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

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	
	2021	2020	2021	2020
Council's Share of Net Income				
Joint Ventures	970	88	4,824	3,855
Total Council's Share of Net Income	970	88	4,824	3,855

((a)i) Joint Ventures, Associates and Joint Operations

(a) Carrying Amounts

\$ '000	Principal Activity	2021	2020
Northern Adelaide Waste Management Authority	Waste Management	4,824	3,855
Total Carrying Amounts - Joint Ventures and Associates		4,824	3,855

Northern Adelaide Waste Management Authority

Manages the waste collection, recycling and waste disposal for the Cities of Salisbury and Playford and the Town of Gawler.

Whilst the City of Salisbury has a 54.73% share of equity in NAWMA for the 2021 Financial Year, Council is of the opinion that it does not have control over NAWMA's operations. The rationale being that all three Constituent Councils hold equal voting power at 33.33% and NAWMA's Chairperson and CEO are independent from the constituent Councils. Therefore the ability for Council to control NAWMA's operations is limited to Council's voting power at 33.33%, not its share of equity at 54.73%. Accordingly Council has utilised the equity accounting method to recognise its share of equity in NAWMA for the 2021 Financial Year.

(b) Relevant Interests

	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2021	2020	2021	2020	2021	2020
Northern Adelaide Waste Management Authority	54.73%	55.67%	54.73%	55.67%	33.33%	33.33%
Council Solutions	0.00%	17.00%	0.00%	17.00%	0.00%	17.00%
Council Solutions						

Council Solutions was established for the purposes of providing a centre of excellence in procurement to Constituent Councils, however this regional subsidiary was formally wound up as at 15 October 2019 and the net equity was distributed to the Constituent Councils in-line with the respective interests.

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 19. Interests in Other Entities (continued)

(c) Movement in Investment in Joint Venture or Associate

\$ '000	Northern Adelaide Waste Management Authority		Council Solutions	
	2021	2020	2021	2020
Opening Balance	3,854	3,753	–	138
Share in Operating Result	970	102	–	(14)
Adjustments to Equity	–	–	–	(124)
Council's Equity Share in the Joint Venture or Associate	4,824	3,855	–	–

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position

Cash and Cash Equivalents	7,167	3,804	–	–
Other Current Assets	4,194	3,873	–	743
Non-Current Assets	22,914	23,828	–	–
Total Assets	34,275	31,505	–	743
Current Trade and Other Payables	6,667	5,856	–	743
Current Financial Liabilities	2,527	2,522	–	–
Current Provisions	366	255	–	–
Non-Current Financial Liabilities	10,512	12,446	–	–
Non-Current Provisions	5,388	3,502	–	–
Total Liabilities	25,460	24,581	–	743
Net Assets	8,815	6,924	–	–

Statement of Comprehensive Income

Other Income	45,686	38,648	–	81
Management Fees	–	–	–	218
Interest Income	240	210	–	2
Total Income	45,926	38,858	–	301
Employee Costs	3,827	3,042	–	–
Materials, Contracts and Other Expenses	36,523	33,754	–	386
Depreciation, Amortisation and Impairment	3,250	2,841	–	–
Finance Costs	512	529	–	–
Total Expenses	44,112	40,166	–	386
Operating Result	1,814	(1,308)	–	(85)

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City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 19. Interests in Other Entities (continued)

(e) Share of Joint Operations Expenditure Commitments

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

\$ '000	2021	2020
(i) Capital Expenditures Payable		
Not later than one year	16,791	18,976
Later than one year and not later than 5 years	35,506	62,492
	<u>52,297</u>	<u>81,468</u>

The Northern Adelaide Waste Management Authority manages multiple external contracts with external suppliers for the collection, processing and disposal of waste on behalf of its Constituent Councils and customers. The commitments disclosed above reflect a consolidation of multiple contracts entered into with external suppliers. In future years, all contracts will be required to be renewed with external suppliers in accordance with adopted procurement policies and procedures of the Authority.

(ii) Lease Payments Commitments Payable

Not later than one year	1,428	1,466
Later than one year and not later than 5 years	4,064	4,899
	<u>5,492</u>	<u>6,365</u>

((a)ii) Individually Immaterial Council Businesses

Council did not have any individually immaterial businesses

((a)iii) Unconsolidated Structured Entities

Council has no Unconsolidated Structured Entities

City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 20. Contingencies and Assets/Liabilities Not Recognised in the Balance Sheet

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

1. LAND UNDER ROADS

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

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. LEGAL MATTERS

Council is the planning consent authority for its area under the *Development Act 1993* (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of nil appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

4. CEMETERY

Council operates a Cemetery Facility - Salisbury Memorial Park. A Contingent Liability exists for the ongoing maintenance of this Cemetery. This liability remains for a period of 100 years after the expiry of the lease on the last burial of the site. In addition, Council is party to a leasing arrangement for the management and operations of the Mausoleum situated at Salisbury Memorial Park. As part of this lease the lessee is required to contribute to the Perpetual Care Fund which was established to fund the long term maintenance of the Mausoleum upon expiry of the lease.

Note 21. Events after the Statement of Financial Position Date

Events that occur after the reporting date of 30 June 2021, up to and including the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

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

Accordingly, the 'authorised for issue' date is 13 October 2021.

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

City of Salisbury

Notes to the Financial Statements

for the year ended 30 June 2021

Note 22. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel (KMP) of the Council include the Mayor, Councillors, CEO, General Managers and certain prescribed officers under section 112 of the *Local Government Act 1999*, as well as other personnel that satisfy the criteria of KMP as contained within *AASB 124 Related Party Transactions*. In some circumstances members of the KMP have left Council during the financial year, however their compensation has still been included. In all, 48 persons were paid the following total compensation:

\$ '000	2021	2020
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	5,459	5,419
Post-Employment Benefits	454	451
Long-Term Benefits	717	704
Total	6,630	6,574

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

Receipts from Key Management Personnel comprise:

There have been no other material amounts received from KMP during the financial year, other than amounts paid in their capacity as ratepayers or residents (e.g. rates, swimming pool entry fees, etc).

Transactions with Regional Subsidiaries:

In regards to Council's Regional Subsidiaries, further information relating to their specific activities and carrying amounts are disclosed in Note 19. Council is an equity owner, along with other member Councils, of both these Subsidiaries. Member Councils have equal representation on the Board of both Regional Subsidiaries and accordingly have influence over both the financial and operational decisions of the Subsidiaries. However, no one Member Council individually has control over these decisions. The following material transactions occurred with Council's Regional Subsidiaries, during the financial year:

	Payments	Outstanding
Northern Adelaide Waste Management Authority	15,148	1,422
Total	15,148	1,422

Budgeted future year expenditure at the reporting date but not recognised in the financial statements as liabilities:

Northern Adelaide Waste Management Authority	14,570
Total	14,570

The budgeted expenditures are payable no later than one year from the reporting date

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CITY OF SALISBURY

Opinion

We have audited the accompanying financial report of the City of Salisbury, which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other 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 City of Salisbury as of 30 June 2021, 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 (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.

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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Auditor's Responsibilities for the Audit of the Financial Report

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

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

BENTLEYS SA AUDIT PARTNERSHIP

A handwritten signature in black ink, appearing to read 'David Papa', written in a cursive style.

DAVID PAPA
PARTNER

Dated at Adelaide this 13th day of October 2021

**Bentleys SA Audit Partnership**

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INDEPENDENT ASSURANCE REPORT ON INTERNAL CONTROLS OF THE CITY OF SALISBURY

Opinion

We have audited the compliance of the City of Salisbury (the Council) with the requirements of *Section 125 of the Local Government Act 1999* in relation 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 2020 to 30 June 2021 are in accordance with legislative provisions.

In our opinion, 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 so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with legislative provisions for the period 1 July 2020 to 30 June 2021.

Limitation on 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 Internal Controls. 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.

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 internal 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.

Independence

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.



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The Council's Responsibility for the 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* in relation to Internal Controls, to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities are in accordance with legislative provisions.

Our 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 the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, 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 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 2020 to 30 June 2021. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of internal controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these internal controls, assessing the risk that a material weakness exists, and testing and evaluating the design and implementation of controls on a sample basis on the assessed risks.

BENTLEYS SA AUDIT PARTNERSHIP

DAVID PAPA
PARTNER

Dated at Adelaide this 13th day of October 2021

City of Salisbury

General Purpose Financial Statements for the year ended 30 June 2021

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Salisbury for the year ended 30 June 2021, the Council's Auditor, Bentleys 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*.



John Harry
Chief Executive Officer



Graham Reynolds
Presiding Member, Audit Committee

Date: 12 October 2021

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Certification of Auditor Independence

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

Bentleys SA Audit Partnership

David Papa
Partner

Dated at Adelaide this 21st day of September 2021



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