

2022-2023  
**Annual  
Report**



The City of Tea Tree Gully's  
Annual Report 2022–2023  
provides details on our  
performance against our  
2022–2023 Annual Business  
Plan and Budget, as well as  
the outcomes and objectives  
of our Strategic Plan 2025.

This publication has been developed in compliance with the *Local Government Act 1999 (SA)* and provides a comprehensive and transparent account of our performance, achievements, challenges and financial management from 1 July 2022 to 30 June 2023.

For more information, visit **[cttg.sa.gov.au](https://cttg.sa.gov.au)**

The City of Tea Tree Gully recognises this City's considerable natural and cultural heritage, including thousands of years of Traditional Custodianship by the Kaurna people and the more recent contributions from all who live here. We build on this heritage today by respecting and listening to each other, being receptive to new ideas and acting wisely for the current and future well-being of our community.

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**Cover photo:** A scene from the Summer Garden Festival in March 2023.





New plantings as part of the Montague Road streetscape upgrade.

# Introduction

The City of Tea Tree Gully invested about \$22 million to support our local economy and improve community wellbeing in the 2022–2023 financial year.

This annual report showcases some of these achievements and what we have done to ensure a sustainable future for our City.

Considerable effort was directed towards our multi-year significant initiatives that are needed to cater for the growing interest in sports and community interest groups.

Construction commenced on a community building and sporting clubrooms at Harpers Field in Golden Grove. This will provide new clubrooms for the Golden Grove Football Club and Golden Grove Cricket Club. A contemporary community gathering space, lighting, car parks and landscaping will also be delivered in this project.

Additionally, upgrades to the Modbury Sporting Club in Ridgehaven and the Tea Tree Gully Soccer Club in Surrey Downs reached the detailed design phase.

Upon completion, the above significant initiatives will provide high-quality facilities for our community for many years ahead.

We appreciate our funding partnerships with the State Government of South Australia, which allow us to offset project costs.

Priority was given to creating inclusive outdoor spaces, evidenced by the transformation of Edinburgh Reserve in Modbury into a unique and exciting destination playspace for the community to enjoy – including new play equipment, accessible toilets and barbecues and picnic facilities. Upgrades to various other playgrounds and reserves, such as Verdant and Kaplan reserves, also occurred.

We invested heavily to improve roads, footpaths and streetscape to improve safety and amenity. This included the upgrade of a section of Montague Road into a people-friendly green corridor.

On the environmental front, our ongoing LED street lighting conversion program continued in a bid to save energy costs and improve environmental outcomes. We planted thousands of native trees and shrubs to support biodiversity and offer cooling effects during hot weather. Waste education remained a key focus as we aimed to reduce the environmental and financial costs of waste going to landfill.

Our community events promoted social connections – from the successful and continuously evolving Civic Park Carols to the vibrant Summer Garden Festival and smaller events held at our library, community and recreation centres.

Looking ahead, the City of Tea Tree Gully is in a sound financial position thanks to our ongoing responsible financial management, strong leadership practices and service efficiency gains.

Leadership changes occurred during the reporting period. Ryan McMahon was appointed CEO after the retirement of John Moyle following many years of dedicated service, and Marijka Ryan was elected Mayor.

The general elections also resulted in the election of a number of new councillors, bringing fresh perspectives and further strengthening our ability to serve and support residents.

Finally, we thank our past and present councillors, staff, volunteers and community for their continued support.

# City profile

A snapshot of key information about our City, including geographical, economic, demographic and event data.



**9,521 ha**  
total land area

**607**  
parks and reserves

**1,305 ha**  
open space

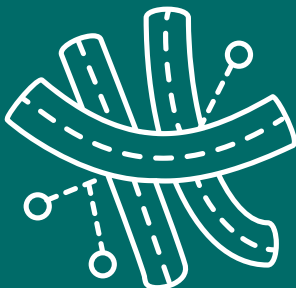
**123**  
playgrounds

**33%**  
rural area

**100,000**  
street trees

**66%**  
urban area

**27.5%**  
tree canopy cover



**590 km**  
sealed roads

**571 km**  
sealed footpaths

**1,233 km**  
kerbs and gutters

**97.6 km**  
unsealed footpaths



**41,026**  
dwellings

**2.4**  
people per household

**5,829**  
active trading businesses

**\$3.5b**  
Gross Regional Product





- 0–19 years (24%)
- 20–29 years (11%)
- 30–64 years (45%)
- 65–74 years (13%)
- 75+ years (7%)

**31.6%**

of residents born overseas

**12.5%**

undertaking voluntary work

**44.9%**

with tertiary qualifications

**60.3%**

of residents are employed

**14,500**

tonnes of green-lid organics bin contents recycled into compost

**2,000**

Mini Muncher kitchen caddies distributed to residents

**3.7m**

kerbside bin collections

**65,000**

attended major and activation events

**2,000**

attended community development and arts programs and activities<sup>1</sup>

**45,000**

volunteer hours completed

**180,000**

Waterworld attendances

**62,000**

attended library services programs and events

**14**

community engagement activities

<sup>1</sup>Includes Gallery 1855

# Strategic direction & achievements

Council uses a suite of strategic management plans to set its priorities and guide decision making and annual business planning, including budgeting.

The Strategic Plan 2025 is the lead document in Council's strategic planning framework. It articulates our vision and aspirations for the community – that is, everyone who lives in, works in or visits the City of Tea Tree Gully.

Community wellbeing is at the heart of the plan, which aims to build a healthy community that enjoys a quality lifestyle.

To ensure that we have the flexibility to adjust to changing priorities and build our capacity, we have also developed a plan geared towards improving the way we do business.

In working towards this vision, the 2022–2023 Annual Business Plan and Budget identified key projects, programs and services that we anticipated would deliver on the aspirations and objectives identified in these plans.

Description	Status	Comments
<b>Community</b>		
Ensure that a baseline measurement is established to improve community wellbeing within the City (with a target to be established in 2023–2024 KPIs once baseline has been established)	On track	The baseline measurement was established following the 2022 Community Survey. The results of the survey were presented at a CEO workshop during February 2023. A baseline for improving community wellbeing was presented and adopted by Council on 14 March 2023. Performance of community wellbeing indicators will be presented back to Council on an annual basis.
Maintain and improve the current events program in line with the Events and Activation Model endorsed by Council. Satisfaction level with Council-run major events (minimum 82%)	Completed	All events and activations on track as per the strategy for the year with one additional event, Tea Tree Gully Graze, added within allocated budget.
Develop a marketing plan that promotes hire opportunities to the community and other regular hirers	Completed	Strategy developed, with communications and promotions commencing. Community centres are currently running at the maximum regular hire capacity with casual hires increasing.



Description	Status	Comments
Create 2 new programs for implementation aligning with the Library Purpose Statement	Completed	2 new programs, Seed Library and Sing and Splash Storytime, have been implemented, aligning to the Library Purpose Statement.
Finalise the diversity and inclusion project plan and commence implementation. Communicate workplace diversity and inclusion policy and commitment statement to the organisation	Requires attention	While the organisation has committed to workplace diversity and inclusion, with details published on our intranet including detailed principles, a policy is still to be developed.
Progress and implement actions from the Disability Access & Inclusion Plan (DAIP) and Public Health Plan in accordance with defined timeframes	On track	43 actions out of a total 59 actions from the DAIP were completed by end-June 2023. The Public Health Plan is reported on every 2 years (last time being 2022) and at that stage all actions were addressed.
<b>Environment</b>		
Detailed concepts, including costings, calculations and flood mapping for Fairleigh Reserve	On track	Community engagement on the draft concept designs was undertaken in March. Plans and an estimate of costs have been finalised. Designs were based on existing flood mapping, with revised flood mapping expected to be completed by December 2024.
Continue to provide assistance to SA Water in the upgrade of Council's Community Wastewater Management System	On track	In addition to providing technical support, staff are continuing to work with SA Water regarding matters relating to pump stations required.
Complete Stage 2 of Wynn Vale Dam Safety Audit, development and preparation of high-level options report and incorporation into Dry Creek Stormwater Management Plan	On track	Stage 2 of the Wynn Vale Dam Safety Audit has been completed. The audit findings are being reviewed and will inform the Dry Creek Stormwater Management Plan, which is expected to be finalised by December 2024.
<b>Economy</b>		
Detailed concept for upgrade of Australia Reserve	On track	A draft concept has been prepared and the final concept will be approved by the CEO.

Description	Status	Comments
Supporting young entrepreneurs by offering the opportunity for them to sell their products through the provision of 3 markets during the year	Completed	Markets completed in July and October 2022 and April 2023.
<b>Places</b>		
Provision of a safe workplace, with the safety and wellbeing strategy to be implemented in accordance with the included KPIs	On track	100% of the Safety and Wellbeing Strategy performance indicators for 2022–2023 have been implemented. In addition, 100% of the Local Government Association Workers Compensation Scheme (LGAWCS) Risk Evaluation Action Plan actions have also been completed.
Operating surplus ratio – between 2.5% and 10% on an annual basis in accordance with the Long Term Financial Plan	On track	The most recent forecast operating surplus ratio (OSR) contained within the Quarter 3 Budget Review was presented to Council on 23 May 2023. The revised operating surplus of \$7.197m represents an OSR of 8.4% which is within the target range of 2.5% and 10%.
The asset renewal funding ratio (ARF) is greater than 90% but less than 110% of depreciation over a rolling 3-year period	On track	The most recent forecast ARF contained within the Quarter 3 Budget Review was presented to Council on 23 May 2023. Due to the amount of capital expenditure on strategic projects being carried forward to 2023–2024, the ARF reduced from 93% to 71%. This amount is within the target range of 90% to 110% over a rolling 3-year period.
Net financial liabilities ratio of between 25% and 35% within a 3- to 5-year period	On track	The most recent forecast net financial liabilities (NFL) contained within the Quarter 3 Budget Review was presented to Council on 23 May 2023. Due to the amount of capital expenditure on strategic projects being carried forward to 2023–2024, the NFL reduced from 25% to 20%. The forecast NFL for the financial year ending 2024 is in the range of 30% to 33%.

Description	Status	Comments
Demonstrate value for money and continuous improvement in what we deliver across our services, with 4 service reviews undertaken	On track	<p>Service reviews completed:</p> <ul style="list-style-type: none"> <li>• Council Reports</li> <li>• Community Safety – Draft Policy</li> <li>• Active Ageing</li> <li>• Community Safety – Private Parking Update</li> <li>• Waste and Resource Recovery Strategy</li> <li>• Framework and Corporate Training</li> <li>• Road Management</li> <li>• City Operations – Functions and Structure review</li> <li>• Verge Maintenance</li> </ul> <p>Service reviews in progress:</p> <ul style="list-style-type: none"> <li>• Community Services – Functions and Structure review</li> <li>• Procurement Practices</li> <li>• Customer Experience Strategy</li> <li>• Data Governance / BPA</li> <li>• Business Unit Functional Analysis</li> <li>• Human Capital Management</li> <li>• Facilities Maintenance</li> <li>• Building Optimisation</li> <li>• Customer First Strategy</li> </ul>
Ensure the regular measurement of staff engagement levels, with an achievement of an employee engagement result of at least 65%, with at least 50% employee participation	On track	<ul style="list-style-type: none"> <li>• To support our culture growth, we measure our employees' experiences through regular, short pulse surveys. The most recent pulse survey occurred during February 2023. The participation rate was 54% with an overall score of 70%.</li> <li>• Following the completion of each survey, the management team prepares an action plan to progress the feedback from the survey. In addition, the key themes and trends are reported to the Executive team following the survey period.</li> </ul>

Description	Status	Comments
Civic Park function audit and update concept plan	On track	Timeline has been revised to include further consideration of options for the Civic Centre facility.
Grand Junction Rd streetscape upgrade – percentage of ABP approved works completed on time (include % of budget spent in commentary)	On track	Tender evaluation was completed in June. Consultant was engaged on 4 July 2023.  Construction is expected to commence in Quarter 1 of the 2023–2024 financial year.
Energy efficiencies incorporated into Council buildings	On track	Efficiencies include TTG Institute LED lighting upgrade and new insulation.
<b>Leadership</b>		
Bushfire mitigation actions are completed	Completed	All actions were implemented and are monitored until the end of Fire Danger Season to ensure compliance.
Elected Member training plan has been developed and approved by Council	Completed	Elected Member Training and Development Plan has been developed and endorsed by Council on 26 July 2022.  The main focus for the plan was the induction of the new Elected Members of Council.
Enquiry resolution at the first point of contact as measured by the 3CX system (65%)	Completed	86.2% enquiries resolved at first point of contact. Upskilling is planned to further minimise escalation of customer enquiries.





Our inaugural Community and Volunteer Expo held at Golden Grove Recreation & Arts Centre in June.

## Reporting on strategic plan themes and objectives

### Community

We create opportunities for people to connect with one another and to their local community.

#### Objectives

- People feel a sense of belonging, inclusion and connection with places, spaces and the community
- Diversity is welcome and celebrated
- There are opportunities for people to volunteer, give back and share their skills with others in the community
- Our services are accessible to all and respond to changing community needs
- People can have a say in decisions that affect them and the key decisions of the Council

#### Achievement highlights

- An average 86% satisfaction level for Council-run major community events, according to evaluation surveys
- Edinburgh Reserve upgrade – inclusive playspace (95% completed)
- Memorial Drive Storytelling Project – installation of interpretive signage
- Dernancourt Memorial installation at the River Torrens Linear Park, opened by the SA Governor
- Library shelves replaced
- Community engagement completed for Fairleigh Reserve, with designs to be completed in 2023–2024
- 86.2% of customer enquiries resolved at first point of contact
- 2 new youth development programs implemented in the Library



Our annual tree planting events continue to prove popular with residents wanting to make a difference to the environment.

## Environment

We are leaders in how we manage and care for our environment – we minimise the impacts of climate change, protect our community from public and environmental health risks, and actively promote sustainable and healthy living.

### Objectives

- Environmentally valuable places and sites that are flourishing and well cared for
- A community that is protected from public and environmental health risks
- The carbon footprint of our city is reduced through the collective efforts of community and Council, including business
- Our consumption of natural resources is minimised by reducing, reusing and recycling products and materials, and using renewable resources
- We are resilient to climate change and equipped to manage the impact of extreme weather events
- Our tree canopy is increasing

### Achievement highlights

- SADNA and Golden Grove Tennis Club lighting upgrade – the project involves improving the lux levels to Australian Standards and upgrading the existing poles with new ones with higher structural integrity. The project also involved upgrading the cables and associated infrastructure to cater for any future demands
- 38,553 tonnes of household waste disposed of which included a 2.77% decrease in waste to landfill and a 12.4% increase in green organics waste
- 2,000 Mini Munchers distributed (1 July 2022 to 31 May 2023)
- Council endorsement to commence the provision of an extra green lid organics bin and yellow lid recycling bin to residents free of charge (commencing 1 July 2023)
- 280 people participated in biodiversity events
- An increase of 108MWh in solar energy generated by CTTG





Michelle, a local business owner, who received support through our Small Business Advisory Service.

## Economy

We support a thriving local economy where businesses are successful and people have access to a range of employment and education opportunities.

### Objectives

- Modbury Precinct is revitalised as the City's key activity centre
- A population profile that supports a growing economy
- A local economy that is resilient and thrives, where businesses are supported to grow and prosper, provide local jobs and sustain our economy, and visitors can utilise technology to improve the liveability of our City
- People are supported to develop their leadership and employment capabilities
- Support the efficient use of land for valuable mineral extraction and energy resources

### Achievement highlights

- 3 markets supporting our young entrepreneurs
- 315 businesses supported through the Small Business Advisory Service
- 1,437 development applications lodged for a total value of \$277m



One of our Community Safety team members on duty at a local primary school.

## Places

We create places where people enjoy living and spending time because they are appealing, safe, accessible and interesting.

### Objectives

- Streets, paths, open spaces and parks are appealing, safe and accessible
- Opportunities exist to express and experience art and culture
- Neighbourhoods are easy to move around and are well connected with pedestrian and cycle paths that offer an alternative to cars
- Buildings and places are well designed, energy efficient and display a uniqueness of character and identity
- Housing is well designed and affordable and responds to the changing needs of existing and future residents
- Infrastructure and community facilities are fit for purpose, constructed using sustainable practices and well maintained

### Achievement highlights

- Modbury Soccer Club – works completed include four inclusive change rooms, referee rooms, storage, a new kiosk, a players' race and tiered seating; bathroom amenities were also refurbished
- Modbury Bowling Club – installation of a roof structure over 2 playing greens
- Alicante, Kaplan, Verdant and Solandra reserves – playground upgrades
- Golden Fields Adventure Playspace new equipment installation (70% completed)
- Grand Junction Road streetscape upgrade was tendered in June with works expected to begin in Quarter 1 of the new financial year
- Montague Road streetscape upgrade completed
- Road and Cycle Safety Centre upgrade





Our volunteers share their knowledge with dog owners at our weekly dog obedience program held at Ashley Avenue Reserve.

## Leadership

We are trusted to make good decisions that are in the best interests of our community.

### Objectives

- Leadership and advocacy is focused on the long-term interests of the community
- Customer service provides a positive experience for people based on honesty and transparency
- Planning considers current and future community needs
- Delivery of services is sustainable and adaptable
- Decision making is informed, based on evidence and is consistent
- Major strategic decisions are made after considering the views of our community

### Achievement highlights

- As at the Quarter 3 review, Council was on track to meet all of its financial targets
- With a focus on continuous improvement, Council has completed a major service review of its City Operations area as well as 8 other service reviews
- Completion of the Wynn Vale Dam Safety Audit Stage 2
- Community centres are currently running at the maximum regular hire capacity with casual hires increasing
- Walkability Audit completed in the Modbury precinct with findings distributed to the relevant departments for follow-up and action

# Reporting our progress on 2022–2023 targets

A series of performance indicators have been developed to measure our progress against the strategic objectives in the Strategic Plan 2025. Our wellbeing pillars underpin our Strategic Plan and contribute to a healthy, safe, prosperous, connected, vibrant and liveable community

## Measures of success

Community wellbeing targets for 2023–2024		% T2B
Wellbeing indicators	(strongly agree & agree)	
Diversity is welcomed and celebrated in the City of Tea Tree Gully	75%	
The City of Tea Tree Gully is a good place to raise a family	95%	
The City of Tea Tree Gully is a good place to grow old	88%	
The City of Tea Tree Gully is a place of growth and prosperity	75%	
I feel safe being out in parks and public spaces in my local community	86%	

Capital works indicators	2022–2023	2023–2024
	Result	Target
Capital works projects completed by 30 June 2023	79%	90%
I feel safe being out in parks and public spaces in my local community	86%	86%

Customer service indicators		
Overall resident satisfaction with Council communications	63%	66%
Enquiry resolution at the first point of contact	86%	86%





Flood mitigation works being carried out in a local street.





The my.teatreegully website give customers 24/7 access to our digital services, such as online rates and requests.



# Our Council

The City of Tea Tree Gully is divided into six wards and represented by the Mayor and 12 Elected Members, elected by the local community every four years.

The roles of the Mayor and Elected Members are specified within the *Local Government Act 1999*, the legislation that provides the framework for councils to operate in South Australia.

Elected Members play a vital leadership role in representing the interests of the community and setting the vision and strategic direction of Council.

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# Mayor and Elected Members

(as at 30 June 2023)



## Mayor

**Marijka Ryan**

[marijka.ryan@cttg.sa.gov.au](mailto:marijka.ryan@cttg.sa.gov.au) or 0408 656 362



## Balmoral Ward

**Cr Irena Zagladov**

[irena.zagladov@cttg.sa.gov.au](mailto:irena.zagladov@cttg.sa.gov.au) or 0493 376 325

**Cr Rob Unger (Deputy Mayor)**

[rob.unger@cttg.sa.gov.au](mailto:rob.unger@cttg.sa.gov.au) or 0416 116 654



## Pedare Ward

**Cr Bernie Keane**

[bernie.keane@cttg.sa.gov.au](mailto:bernie.keane@cttg.sa.gov.au) or 0407 560 215

**Cr Tammie Sinclair**

[tammie.sinclair@cttg.sa.gov.au](mailto:tammie.sinclair@cttg.sa.gov.au) or 0430 370 230



## Steventon Ward

**Cr Lucas Jones JP**

[lucas.jones@cttg.sa.gov.au](mailto:lucas.jones@cttg.sa.gov.au) or 0425 411 618

**Cr Jessica Hawkvelt**

[jessica.hawkvelt@cttg.sa.gov.au](mailto:jessica.hawkvelt@cttg.sa.gov.au) or 0432 170 364



## Drumminor Ward

**Cr Damian Wyld**

damian.wyld@cttg.sa.gov.au or 0402 751 889

**Cr Kimberley Drozdoff**

kimberley.drozdoff@cttg.sa.gov.au or 0413 830 392



## Hillcott Ward

**Cr Kristianne Foreman**

kristianne.foreman@cttg.sa.gov.au or 0419 608 661

**Cr Sandy Keane**

sandy.keane@cttg.sa.gov.au or 0419 850 779



## Water Gully Ward

**Cr Marina Champion**

marina.champion@cttg.sa.gov.au or 0402 741 897

**Cr Blake Lawrenson**

blake.lawrenson@cttg.sa.gov.au or 0493 283 615

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# Elector representation

## **Periodic review of elector representation**

Councils in South Australia are required (by section 12 of the *Local Government Act 1999*) to carry out a comprehensive review of all aspects of their elector representation arrangements to determine whether the community would benefit from an alteration to its composition or ward structure.

This review must be undertaken at least once in each relevant period, as prescribed by the *Local Government (General) Regulations 2013* and published by notice in the South Australian Government Gazette. The City of Tea Tree Gully last undertook a review between October 2016 and October 2017, with the next review scheduled for October 2024 to October 2025.

Sections 12, 26 and 33 of the *Local Government Act 1999* set out the requirements and processes that councils are required to follow when undertaking an elector representation review. Areas considered in this type of review include:

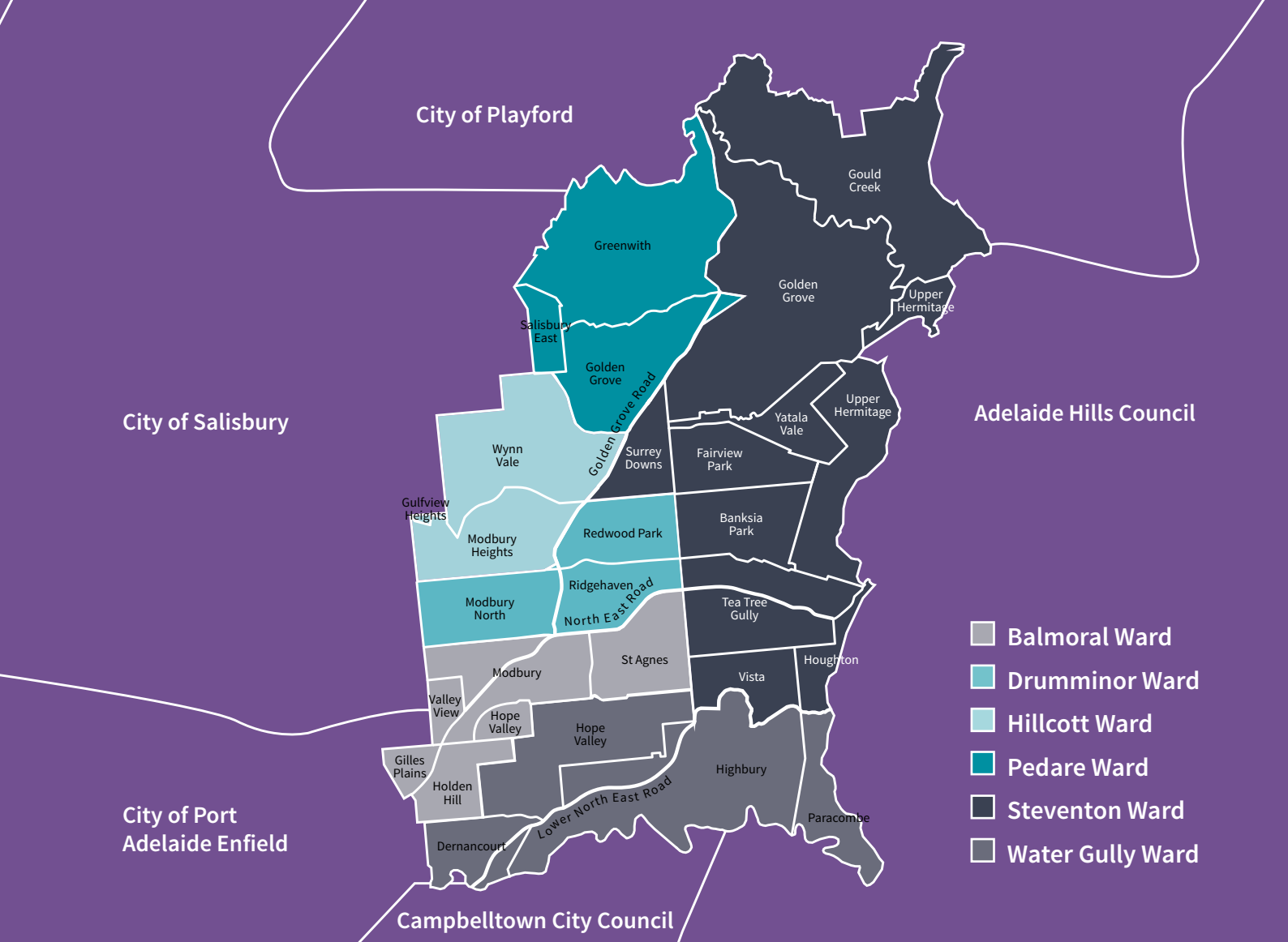
- whether the Council area should be divided into wards and/or whether existing wards should be abolished

- the number of councillors that should represent the community
- the boundaries or names of wards if there are to be any.

As part of the review process, Council must prepare a representation report that covers these areas, which will be subject to public consultation.

The Council must then make a decision on what the future representation structure and composition of Council would be. Depending on the nature of the representation report, it may be referred to the Electoral Commissioner of South Australia for consideration as per the requirements in the Act. Any changes made to Council's composition or structure as a result of the review would come into effect for the next periodic local government elections in November 2026.





The City of Tea Tree Gully is represented by 13 Elected Members, including the Mayor, who is elected by the whole community, and 12 Councillors representing six wards (two councillors per ward), who are elected by voters in their ward.

The Mayor and 12 Councillors positions represent a total of 74,704 electors across the City of Tea Tree Gully, with each Elected Member representing an average of approximately 5,746

electors. This continues to be one of the highest numbers of electors per elected member of all 68 South Australian councils.

The chart below compares the City of Tea Tree Gully's representation quota with neighbouring and other comparable councils. The representation quota has been determined by dividing the total number of electors for each council by the number of elected members.

Council name	Number of Elected Members	Number of electors	Representation quota
Onkaparinga	13	132,502	10,192
Salisbury	15	98,481	6,565
Tea Tree Gully	13	74,704	5,746
Charles Sturt	17	90,356	5,315
Marion	13	68,260	5,250
Port Adelaide Enfield	18	89,660	4,981
Playford	16	69,426	4,339
Campbelltown	11	37,038	3,367
Adelaide Hills	13	30,295	2,330

# Allowances, training, gifts and benefits

## Allowances

Elected Members receive an annual allowance to assist with the cost of performing their duties.

These allowances are set by the independent Remuneration Tribunal of South Australia in accordance with the provisions of section 76 of the *Local Government Act 1999*.

Elected Members may receive support in performing their duties as prescribed in the *Local Government Act 1999* and Council's Elected Member Support and Training Policy. The Policy, as well as a register that records all Elected Members' allowances and support, is available to view on our website.

## Other allowances

External independent members of two of Council's committees are paid a sitting fee to attend meetings.

Audit Committee	Allowance paid
Independent members	\$500 per meeting

Council Development	
Assessment Panel	Allowance paid
Presiding member	\$599.85 per meeting
Independent member	\$490.80 per meeting
Elected member	\$272.65 per meeting

Elected Member	Allowance paid Jul 2022–Jun 2023
Cr Rob Unger <i>(Presiding Member of Service Review Committee &amp; Deputy Mayor from 29 November 2022)</i>	\$25,168.51
Cr Damian Wyld <i>(Presiding Member of Governance &amp; Policy Committee)</i>	\$26,767.35
Cr Kristianne Foreman	\$21,464.56
Cr Sandy Keane	\$21,464.56
Cr Bernie Keane	\$21,464.56
Cr Lucas Jones <i>(Deputy Mayor until 9 November 2022 and Presiding Member of the CEO Performance Review Committee)</i>	\$26,767.35
Cr Jessica Hawkvelt	\$21,464.56

Newly Elected Member	Allowance paid 10 Nov 2022– Jun 2023
Mayor Marijka Ryan	\$56,309.04
Cr Irena Zagladov <i>(Presiding Member of Audit and Risk Committee)</i>	\$17,533.19
Cr Kimberley Drozdoff	\$14,077.24
Cr Tammie Sinclair	\$14,077.24
Cr Blake Lawrenson	\$14,077.24
Cr Marina Champion	\$14,077.24

**Previous Elected Members**

Allowance paid  
Jul 2022–9 Nov 2022

Mayor Kevin Knight	\$33,981.72
Cr Lyn Petrie	\$8,495.42
Cr Brett Rankine	\$8,495.42
Cr Peter Field	\$10,619.29
<i>(Presiding Member Audit Committee)</i>	
Cr Robin Coleman	\$10,619.29
<i>(Presiding Member Traffic Management Safety Committee)</i>	

**Gifts and benefits**

There was one gift above the value of \$50 declared as provided to members of the Council during the relevant financial year:

- Mayor Marijka Ryan – Adelaide 500 Tickets – Invitation from the Premier – estimated value \$150.

**Development and training**

The City of Tea Tree Gully is committed to providing training and development activities for Elected Members in accordance with the Elected Member Support and Training Policy.

During 2022–2023, the training and development program for Elected Members included the following professional learning opportunities, along with some relevant workshop discussion topics:

- Mandatory Training (in accordance with LGA Training Standards) and Induction
- Community Wellbeing
- White Ribbon Accreditation

- Community Wastewater Management System (CWMS) Update
- Community Grants
- Unsolicited Proposals
- Golden Grove Code Amendment

Council invested approximately \$32,500 to provide this training and development.

The following table provides a summary of the details of any interstate and international travel (excluding prescribed interstate travel) undertaken by members of the Council during the relevant financial year funded in whole or in part by the Council. The costings are as at 30 June 2023.

Name	Training	Cost
Mayor Marijka Ryan	Australian Local Government Association National General Assembly – Canberra	\$3,062.60

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Cr Rob Unger	Australian Local Government Association National General Assembly – Canberra	\$2,204.06
Cr Blake Lawrenson	Australian Local Government Association National General Assembly – Canberra	\$1,704.33

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# Behavioural management

## Elected Member Behavioural Standards

The following table provides a summary of complaints about Elected Member behaviour.

Complaint about	Number of contraventions	Costs incurred by Council for dealing with complaint
Member behaviour	1	\$0
Health and safety	0	\$0



# Confidentiality provisions

While Council and committee meetings are generally conducted in public, in the interest of the broader community it may be necessary to restrict public access to discussion and/or documents.

During 2022–2023, of the 417 agenda items, 18 were considered in accordance with section 90(3) of the *Local Government Act 1999*, where it was necessary to exclude the public from the discussion of a particular matter. This represents

approximately 4.3% of matters considered by Council and its committees.

The following table summarises the number of occasions that the provisions listed in section 90(2) (excluding the public during debate) or section 91(7) (documents to be kept confidential for a period of time) were used during the 2022–2023 financial year. The confidential status was current at 30 June 2023.

Date of meeting	Council / committee	Subject matter	Section 90(2)	Section 90(3)	Section 91(7)	Confidentiality status
30 May 2023	Special Meeting of Council	Expression of Interest – Strategic Land Purchase	1	(b)	1	Order remains
23 May 2023	Council	Strategic Land Purchase Investigation	1	(b)	1	Order remains
9 May 2023	Council	Expression of Interest – Strategic Land Purchase	1	(b)	1	Order remains
28 February 2023	Council	Harpers Field Community Building and Clubrooms Construction – Tender Recommendation	1	(b) and (k)	1	Order remains
13 December 2022	Council	Strategic Land Purchase	1	(b)	1	Released on 3 April 2023
13 December 2022	Council	2023 City of Tea Tree Gully Australia Day Awards	1	(o)	1	Released on 28 January 2023
13 December 2022	Council	Council Assessment Panel Independent Membership	1	(a)	1	Released on 24 January 2023
25 October 2022	Special Meeting of Council	Electricity Procurement	1	(b)	1	Released on 24 January 2023

<b>Date of meeting</b>	<b>Council / committee</b>	<b>Subject matter</b>	<b>Section 90(2)</b>	<b>Section 90(3)</b>	<b>Section 91(7)</b>	<b>Confidentiality status</b>
25 October 2022	Council	Third Party Final Report 2021/01843	1	(j)	1	Released on 14 November 2022
11 October 2022	Council	Third Party Provisional Report – 2022/00900	1	(j)	1	Order remains
11 October 2022	Council	Ooh Media Bus Shelter Agreement	1	(b) and (d)	1	Order remains
1 September 2022	Special Meeting of Council	Third Party Provisional Report – 2021/01843	1	(j)	1	Order remains
23 August 2022	Council	Disposal of 13 Australia Avenue – Tender Recommendation	1	(k)	1	Released on 17 October 2022
23 August 2022	Council	Playground and Reserve Upgrade Landscape Construction – Procurement Status	1	(b) and (k)	1	Released on 20 September 2022
23 August 2022	Council	Golden Grove Residential & Commercial Code Amendment and Infrastructure deeds	1	(d) and (m)	1	Order remains
26 July 2022	Council	Draft LGA Training Standards Consultation and Elected Member Training and Development Plan for 2022–2023	1	(j)	1	Released on 11 October 2022
12 July 2022	Council	Sale of Land for Non-Payment of Council Rates	1	(a)	1	Order remains

<b>Date of meeting</b>	<b>Council / committee</b>	<b>Subject matter</b>	<b>Section 90(2)</b>	<b>Section 90(3)</b>	<b>Section 91(7)</b>	<b>Confidentiality status</b>
12 July 2022	Council	Review of Confidential Orders	1	(b)	0	No retention
<b>Total orders</b>			<b>18</b>		<b>17</b>	

A total of 26 confidential retention orders expired, ceased to apply or were revoked (or partly revoked) during 2022–2023 (including 8 orders which were made in 2022–2023).

There were 27 confidential retention orders under section 91(7) that remained operative as at 30 June 2023 (made after 15 November 2010). Of these, 9 are listed in the above table, with the remaining 18 operative as at 30 June 2023 listed below.

<b>Date of meeting</b>	<b>Council/ committee</b>	<b>Subject matter</b>	<b>Section 90(3)</b>
14 June 2022	Council	Correspondence from Ombudsman – Complaint relating to the Investigation Process for Third Party Referrals	(j)
26 April 2022	Council	Golden Grove Residential and Commercial Code	(m)
28 September 2021	Council	Public Lighting	(i)
8 June 2021	Council	Notice of Motion – Apology to Edinburgh Reserve Petition Group	(i)
4 May 2021	Special Meeting of Council	Deputy Mayor Report – In relation to Council Resolution Number 780 from Special Meeting of Council 17 March 2021	(j)
17 March 2021	Special Meeting of Council	Deputy Mayor Report – Third Party Referral – Final Report 2020/005321	(j)
17 March 2021	Special Meeting of Council	Chief Executive Office Report – Third Party Referral – Final Report – 2020/005321	(j)
23 February 2021	Council	Third Party Referral – Final Report – 2020/003687	(a)

<b>Date of meeting</b>	<b>Council/ committee</b>	<b>Subject matter</b>	<b>Section 90(3)</b>
27 October 2020	Council	Deputy Mayor Report – Third Party Referral – Final Report – 2020/002486, 2020/003501, 2020/003535, 2020/003646, 2020/005321	(j)
27 October 2020	Council	Deputy Mayor Report – Third Party Referral – Final Report – 2020/002094	(a) (e) and (j)
25 August 2020	Council	Third Party Referral consideration	(j)
14 July 2020	Council	Third Party Referral	(j)
29 June 2020	Council	Complaint lodged by Mr Kevin Knight against Chief Executive Officer	(a) (h) and (j)
25 February 2020	Council	Third Party Referral – 2020/002094	(a) (e) (f) (g) and (j)
21 January 2020	Council	Sale of Land for Non-Payment of Council Rates	(a)
27 August 2019	Council	Sale of Land for Non-Payment of Council Rates	(a)

The following table identifies the grounds on which the Council considered the matters and determined to exclude the public from the discussion and the related documentation.

This differs from the total number of confidential orders as a number of confidential orders fell under more than one ground [subparagraph of section 90(3)(a)-(o)].

<b>Section 90(3) subparagraph – grounds on which the matter was considered</b>	<b>Total</b>
Section 90(3)(a) information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead)	2



<b>Section 90(3) subparagraph – grounds on which the matter was considered</b>	<b>Total</b>
Section 90(3)(b) information the disclosure of which – (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council, and (ii) would, on balance, be contrary to the public interest	9
Section 90(3)(c) information the disclosure of which would reveal a trade secret	0
Section 90(3)(d)(i) and (ii) commercial information of a confidential nature (not being a trade secret) the disclosure of which – (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party, and (ii) would, on balance, be contrary to the public interest	2
Section 90(3)(e) matters affecting the security of the council, members or employees of the council, or council property, or the safety of any person	0
Section 90(3)(f) information the disclosure of which could reasonably be expected to prejudice the maintenance of law, including by affecting (or potentially affecting) the prevention, detection or investigation of a criminal offence, or the right to a fair trial	0
Section 90(3)(g) matters that must be considered in confidence in order to ensure that the council does not breach any law, order or direction of a court or tribunal constituted by law, any duty of confidence, or other legal obligation or duty	0
Section 90(3)(h) legal advice	0
Section 90(3)(i) information relating to actual litigation, or litigation that council or council committee believes on reasonable grounds will take place, involving the council or an employee of the council	0

<b>Section 90(3) subparagraph – grounds on which the matter was considered</b>	<b>Total</b>
Section 90(3)(j) information the disclosure of which – (i) would divulge information provided on a confidential basis by or to a Minister of the Crown, or another public authority or official (not being an employee of the council, or a person engaged by the council); and (ii) would, on balance, be contrary to the public interest	4
Section 90(3)(k) tenders for the supply of goods, the provision of services or the carrying out of works	3
Section 90(3)(m) information relating to a proposal to prepare or amend a designated instrument under Part 5 Division 2 of the <i>Planning, Development and Infrastructure Act 2016</i> before the draft instrument or amendment is released for public consultation under that Act	1
Section 90(3)(n) information relevant to the review of a determination of council under the <i>Freedom of Information Act 1991</i>	0
Section 90(3)(o) information relating to a proposed award recipient before the presentation of the award	1
<b>Total instances of 90(3) subparagraph used</b>	<b>22</b>

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# Internal review of Council decisions

The *Local Government Act 1999* provides for any individual to ask for a review of a decision made by Council, its employees or other persons acting on behalf of the Council.

During the 2022–2023 period, Council received 2 applications for an internal review of a decision, as summarised in the table below.

The Internal Review of Council Decisions Policy is available on our website.

Subject matter	Number of applications	Decision outcome
Decision regarding the smoke from wood heater next door and resident feeding birds	1	Decision upheld
Decision regarding breach of volunteer code of conduct	1	Decision upheld
<b>Total number of applications</b>	<b>2</b>	

# Audit Committee activities report

## Requirements of the Audit and Risk Committee

This report provides a summary of the Audit & Risk Committee's activities for the Financial Year 1 July 2022 – 30 June 2023. The Committee has undertaken the discharge of its duties in accordance with the following:

- *Local Government Act 1999 and Local Government (Financial Management) Regulations 2011*
- Audit & Risk Committee's Terms of Reference (TOR)
- Audit & Risk Committee's works program.

## Audit & Risk Committee Meeting Attendance Summary July 2022 – June 2023

The following table indicates the number of meetings held from July 2022 to June 2023 and reports how many meetings Committee Members attended.

<b>Total meetings</b>	<b>6</b>
Cr Zagladov*	3
Cr Field	3
Cr Unger	6
Mr Haslam	6
Ms Bear	6
Mr Edgecombe	5

\*Cr Zagladov has attended all Audit & Risk Committee meetings since being elected (Dec–June). Former Cr Field attended the other 3 meetings (Jul–Dec).

## Audit & Risk Committee Summary of Activities

Activity	Audit & Risk Committee Commentary
<b>Financial management</b>	
Annual financial statements (TOR 2.1)	Audited Financial Statements 2021–2022 (September 2022)
Internal control assessment (TOR 2.6)	Presented at the May 2023 meeting
Financial management	<ul style="list-style-type: none"> <li>• Draft Annual Report for the Financial Year ending 30 June 2022 (September 2022)</li> <li>• Draft Long Term Financial Plan 2022-2023 (December 2022)</li> <li>• First quarter budget review for FYE 30 June 2023 (December 2022)</li> <li>• Second quarter budget review for FYE 30 June 2023 (May 2023)</li> </ul>
<b>Strategic management plans and business plans (TOR 2.2)</b>	
Strategic management plans	N/A
Business plans	Draft Annual Business Plan 2023-24 (May 2023)
<b>External Audit (TOR 2.5)</b>	
External Audit Plan and report	Annual External Audit Plan 2023 (May 2023)
Council's response to audit issues / matters raised by external auditors	N/A



Auditor appointment	N/A
<b>Internal Audit</b>	
Internal Audit work plan (TOR 2.7)	Status update on delivery of the internal audit work plan is provided at each meeting. Internal Audit Plan for 2022–2023 adopted July 2022 and updated September 2022.
Internal Audit reports (TOR 2.8)	<p>The following internal audit reports were presented to the Audit &amp; Risk Committee during this period:</p> <ul style="list-style-type: none"> <li>• Bushfire Prevention and Preparedness</li> <li>• Strategic Social Infrastructure Planning</li> <li>• Procurement Practices – Quotations</li> </ul>
Internal Audit Agreed Actions Status Update (TOR 2.3)	High and extreme risk rated agreed internal audit actions are reviewed at each meeting. All agreed actions are reviewed on a six-monthly basis, and were last reviewed in September 2022 and March 2023.
<b>Risk Management (TOR 2.9)</b>	
Strategic / organisational risk register – review (every 6 months)	Presented at the December 2022 and May 2023 meeting
Emerging key risks	Emerging strategic risks discussed at every meeting
Incident management (business continuity and emergency management)	<p>Council Incident Management arrangements – high risk weather season summary (May 2023).</p> <p>The following presentations have been received by the Audit &amp; Risk Committee during this period:</p> <ul style="list-style-type: none"> <li>• Small Tools Audit (September 2022)</li> <li>• Cyber Security related activities for 2023 (May 2023)</li> </ul>
Work, Health & Safety	2022 Risk Evaluation – LGA Workers Compensation Scheme (March 2023)
<b>Other</b>	
Prudential Reports (TOR 2.10)	N/A
Other investigations (section 130A) (TOR 2.4)	N/A

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**Policies**

The following policies have been reviewed by the Audit & Risk Committee during this period:

- Fraud and Corruption Policy (July 2022)
- Treasury Policy (March and May 2023)
- Disposal of Land and Assets and Acquisition of Land Policy (March 2023)
- Financial Sustainability Policy (March 2023)

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**Other**

- Council's Insurance Policy and Premiums Analysis 2022–2023 (September 2022)
  - Outcomes of the 2022 Aged Care Quality Standards Internal Audit
  - Status of Committee Resolutions (every meeting)
-



Library customers have benefitted from the installation of new shelving, which is more accessible and easy to move.

# Our organisation

We're a high-performing, progressive and dynamic organisation committed to making a positive difference in people's lives through the provision of quality services and infrastructure.

Our people are our greatest asset and are critical to achieving our vision for our City and community. We provide a safe and secure working environment and seek to develop our people and build on our service-based culture. Diversity and inclusion are encouraged, as is open, transparent and accountable decision making.



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# Organisational structure

Our organisational structure enables us to deliver varied and responsive services to meet the diverse needs of our community.

From July 2022 to October 2022 the organisation was structured into the following four portfolios, led by the Executive Leadership Team (Chief Executive Officer and three directors):

- Office of the Chief Executive Officer
- Organisational Services and Excellence
- Community and Cultural Development
- Assets and Environment.

Our organisation is now structured into the following five portfolios, each led by an Executive Leadership Team member (Chief Executive Officer and four general managers):

- Office of the Chief Executive Officer
- Strategy and Finance
- City Operations
- Corporate Services
- Community Services

Teams within each department perform specific functions, collaborate on projects and share their particular knowledge and expertise across the organisation.

# Staff profile

## Executive remuneration

As at 30 June 2023, the Executive Leadership Team consisted of the Chief Executive Officer and four general managers with remuneration packages in the range of \$250,000 to \$315,982, including legislated Superannuation Guarantee contributions. The Chief Executive Officer also receives a fuel allowance.

From July 2022 to October 2022 in line with the previous structure, the Executive Leadership Team consisted of the Chief Executive Officer and three directors with remuneration packages in the range of \$247,302 to \$346,514, including legislated Superannuation Guarantee contributions. Some executive team members were allocated mobile telephones, and the Chief Executive Officer also received a fuel allowance.

## Interstate and international travel

Two employees attended an interstate conference in October 2022 for one day. Total cost of attendance was approximately \$795, including travel.

Three employees attended an interstate conference in March 2023 for three days. The cost of attendance was approximately \$3,216, including travel, accommodation and conference fees.

## Gifts received

A summary of gifts received above the value of \$50 follows.

Position	Date offered or received	Name of organisation providing the gift or benefit	Description of gift or benefit	Reason for acceptance	Estimated value
Project Lead, Organisational Development	24 March 2023	LG Hub – one of the event sponsors trade booth at the LG Professionals annual conference	A bottle of Bollinger champagne	It was a prize won in a raffle held on the day	\$100
Manager City Development	3 May 2023	Customer	Scotch and chocolate	Provided verbal planning advice on a dwelling application at Salisbury Council	\$100





Community members planting trees at the Green Our City planting day at Dawson Reserve, Modbury in June 2023.



# Our reporting

Transparent and accountable governance underpins our business and demonstrates that we're operating in the best interests of our community.

Council has a number of legislative obligations for corporate reporting. Our ethical, transparent and accountable reporting framework ensures future sustainability, effective use of resources, and that we meet our legal obligations.



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# Policies, registers & codes

## Policies

All City of Tea Tree Gully policies, including those required by legislation, are available on our website.

## Registers

The *Local Government Act 1999* and the *Local Government (Elections) Act 1999* require Council to establish various registers.

The City of Tea Tree Gully has established the following registers in accordance with the provisions of the relevant legislation.

- Community Land Register
- Confidential and Released Documents for Council and Committee Meetings Register
- Delegations Register
- Elected Member Allowances and Benefits Register
- Elected Member Gifts Register
- Elected Member Information or Briefing Session Register
- Employee Gifts and Benefits Register
- Fees and Charges Register
- Register of Interests (Elected Members, Committee Members [where relevant], Staff [where relevant] and Council Assessment Panel members)
- Register of By-laws and Certified Copies. The City of Tea Tree Gully has the following by-laws:
  - Permits and penalties
  - Roads

- Local government land

- Dogs

- Moveable signs

- Waste management
- Register of Remuneration, Salaries and Benefits
- Road Register
- Voters roll
- Elected Member Training & Development Register

Note: Council does not have a Register of Building Upgrade Agreements as it has no such agreements in place.

## Codes

Codes of conduct or practice kept as required by the *Local Government (Elections) Act 1999* and the *Local Government Act 1999* include:

- Code of Practice – Access to Council and Committee Meetings and Documents
- Code of Practice for Meeting Procedures.

## Other public documents

A number of other Council documents (including Council's Annual Business Plan and Annual Report) are made available for public inspection at the Civic Centre, in accordance with section 132 and Schedule 5 of the *Local Government Act 1999*.

Many of these documents are available on our website.

# Freedom of information

The *Freedom of Information Act 1991* extends to every person the right to access information held by state and local government agencies.

To access information in accordance with the *Freedom of Information Act 1991*, a person must

submit an application clearly specifying the nature of the information required.

The City of Tea Tree Gully received 32 applications during the 2022–2023 financial year.

<b>Applications received</b>	<b>2021–2022</b>	<b>2022–2023</b>
Total applications received	45	32
Applications brought forward from the previous year	4	3
Applications determined	41	28
Applications transferred in full	0	0
Applications withdrawn	0	2
Lodgement by MP (no payment required)	14	9
Lodged by concession (fees waived)	6	4
Personal applications	16	18
Non-personal applications	25	14
<b>Determination outcomes</b>		
Full release	12	9
Partial release	16	10
Refused release	13	4
<b>Clauses and reasons for refusal referenced</b>		
Reason for restricted/refusal – exempt agencies	0	0
Reason for restricted/refusal – record does not exist/documents not held	6	3
Reason for restricted/refusal – personal affairs (clause 6)	11	7
Reason for restricted/refusal – business affairs (clause 7)	6	4
Reason for restricted/refusal – incomplete (section 15)	0	0
Reason for restricted/refusal – unreasonable diversion of resources (section 18(1))	2	0
Reason for restricted/refusal – abuse of rights/purpose (section 18(2))	1	0
Reason for restricted/refusal – fees not paid/no payment received (clause 18(3))	1	2
Reason for restricted/refusal – exempt (section 20(1))	18	0
Reason for restricted/refusal – documents otherwise accessible (section 20(1)(b))	1	0

<b>Applications received</b>	<b>2021–2022</b>	<b>2022–2023</b>
<b>Internal review</b>		
Applications for internal review	2	2
Internal review determined	2	2
Internal review transferred in full	0	0
Internal review withdrawn	0	0
Internal review decision confirmed	1	2
Internal review decision reversed	0	0
Internal review decision varied	1	0
<b>External review</b>		
Applications for external review	2	1
External review withdrawn	1	0
External review decision confirmed	1	1
External review decision reversed	0	0
External review decision varied	0	0

# Competitive tendering arrangements

In accordance with Australia's National Competition Policy (Clause 7) requirements, Council can report as follows:

1. While Council was engaged in many negotiations for the provision of goods and services to the public for the 2022–2023 financial year, some of which were of a business nature, it was concluded that none of these could be regarded as significant.
2. In relation to the complaints procedure, implemented in compliance with National Competition Policy, Council does not have any complaints pending. When complaints are received, they are dealt with according to Council's General Complaints Policy.

## Procurement Policy

For tendering and general procurement practices, Council has a Procurement Policy in place, which has been developed and adopted in accordance with section 49 of the *Local Government Act 1999*.

This policy is underpinned by the following key procurement principles:

- Value for money
- Open and fair competition
- Professional integrity and probity
- Client service provision
- Management of risk
- Accountability
- Simplicity
- Local industry sourcing.

Forty-five contracts were competitively tendered (24 awarded end June) in accordance with Council's Procurement Policy during 2022–2023. These included contracts for plant, services, consultants, maintenance, horticulture, construction and roadworks, with some works/ services bundled into one competitive tender process.

All tenders are evaluated fairly, equitably and transparently, using Council's adopted tender selection system to assess the quality of the tenderer and their ability to meet specification and performance requirements.

Where appropriate, and given an equal outcome of the evaluation process, preference is given to local companies over those based elsewhere in SA. In addition to our comprehensive tendering process, our Council's policy provides guidance on any requests for quotation for works/services valued at less than \$100,000. The works are typically quoted on a competitive basis, with assessment criteria aligned to our Procurement Policy.

Council participates in a number of regional procurement processes, including those of Procurement Australia and Local Government Association Procurement. These are governed by those organisations' independent procurement policies.

During the year Council did not terminate any business dealings bound by competitive neutrality provisions. Competitive neutrality provisions and full-cost attribution continue to be applied to all business reviews as part of Council's Continuous Improvement Program.

As at 30 June 2022, Council held a monopoly business undertaking in providing Community Wastewater Management System services to more than 4,600 residents. This business was regulated under the *Water Industry Act 2012*. As at 1 July 2022, the service was transitioned to SA Water.

## By-laws review

Council's by-laws were reviewed in 2021 and the review considered competitive neutrality provisions.



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# Community land & Council facilities

Council has 607 reserves under its care classified as community land, including sporting hubs and community buildings, open space, playgrounds and reserve furniture, creek lines and drainage reserves, screening reserves and plantations.

The *Local Government Act 1999* requires Council to prepare and adopt community land management plans.

These plans provide clarity and certainty to the community about the development and management of community land.

Changes to community land management plans during 2022–2023 are listed in the Register of Amendments on Council’s website.

A comprehensive review of all community land management plans commenced in early 2021 and continues into 2023–2024.

Community land management plans are available on our website.

## **Community Land Register**

Section 207 of the *Local Government Act 1999* requires Council to keep a register of all community land within its boundaries. This register is available on our website.

In 2022–2023, capital improvement works were carried out on a number of our properties. These are listed in our Annual Business Plan which is available on our website.

Facilities available for hire range from clubrooms and community halls to reserves and recreation centres. Most may be hired under a seasonal permit, casual hire application, or lease or licence arrangement.

Council has endorsed the Leases and Licences to Sporting and Community Organisations Policy. Currently there are 48 endorsed leases or licences to community groups and sporting clubs within the Council area.

# Local nuisance & littering complaints

The table below shows the number of complaints received under the *Local Nuisance and Litter Control Act 2016* for the 2022–2023 financial year.

	Litter	Nuisance
<b>Regulation 5(a)</b>		
Complaints of local nuisance or littering received by Council	1,301	244
<b>Regulation 5(b)</b>		
(i) Offences under the Act that were expiated	9	0
(ii) Offences under the Act that were prosecuted	0	0
(iii) Nuisance abatement notices or litter abatement notices issued	8	28
(iv) Civil penalties negotiated under section 34 of the Act	0	0
(v) Applications by the Council to the Court for orders for civil penalties under section 34 of the Act	0	0
And the number of orders made by the Court for those applications	0	0
<b>Regulation 5(c)</b>		
Any other function performed by the Council under the Act	0	0

## Event sponsorship

An estimated 65,000 people attended major and activation events staged by the City of Tea Tree Gully during the 2022–2023 financial year.

Events included Civic Park Carols, the Summer Garden Festival and Touch a Truck.

We thank our sponsors:

- Solo Resource Recovery
- Westfield Tea Tree Plaza (in-kind)
- Nine Entertainment (in-kind)
- Can:Do Group
- My Money House
- Bunnings
- Smooth FM (Nova Entertainment).



Tea Tree Gully Primary School students preparing panels to commemorate our armed forces as part of the Memorial Drive Storytelling Project.

# Our finances

**We're committed to strong and sustainable financial management.**

Achieving and maintaining financial sustainability is a key long-term objective. Financial sustainability enables the delivery of services and infrastructure to meet growing community needs. The financial statements included in this section provide information on the financial performance of Council.

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# Financial overview

Council manages approximately \$1.7 billion in assets. These assets include land, community buildings, library resources, recreation facilities, equipment, roads, footpaths, bridges, traffic control devices and stormwater drains.

To maintain our City's valuable assets and ensure continuous delivery of our services, Council collects revenue from ratepayers and receives some funding grants from both the Australian Government and the State Government of South Australia.

In setting annual rates, Council is always mindful of the need to keep rates affordable for householders and businesses.

Council's annual budget is guided by the Financial Sustainability Policy and the Long-Term Financial Plan (LTFP) 2023–2032. Our LTFP is underpinned by five guiding principles. These are as follows:

- Maintain existing assets at existing service levels
- Continue to review assets, with proceeds of any sales reinvested into the community
- Build capacity to lower existing debt over the period of three to five years
- Retain tight constraints on operating expenditure
- Ensure the capital works program includes a level of funding for new or unexpected projects.

The following information summarises our performance over the last financial year regarding our Financial Sustainability Policy.

## **Operating surplus**

According to our Financial Sustainability Policy, we should aim for our budget to be in surplus. Council recorded an operating surplus of \$9.652 million before new capital revenues for the 2022–2023 financial year, compared to a surplus of

\$8.985 million in 2021–2022. Council has therefore met this financial goal.

## **Funding asset renewal and depreciation**

A key measure of whether or not a council is renewing or replacing its assets at the same rate that its overall stock of assets is wearing out is the asset sustainability ratio (ASR). This is calculated by measuring expenditure on renewal or replacement of assets relative to the recorded rate of asset depreciation for the same period.

Council aims to have capital outlay on renewing or replacing assets (net of proceeds from the sale of replaced assets) as greater than 90% but less than 110% of depreciation over a rolling three-year period. The ASR for the 2022–2023 financial year was 62%. This was lower than target but will be within the targeted range over a rolling three-year period.

## **Debt limitation**

Council's LTFP includes a goal to reduce existing debt over a period of three to five years. The net financial liabilities ratio (NFLR) is the key measure to test whether Council is achieving this reduction.

Net financial liabilities (NFL) are defined as total liabilities less financial assets (excluding equity-accounted investments in Council businesses).

The NFL result of \$9.835 million (which gives an NFLR of 9.0%) for the end of financial year is below the Council's LTFP target for NFLR of 25–35%.

## **Review of assets**

Council has reviewed its assets actively and continuously, in line with planning objectives laid out in its Strategic Plan 2025, City Master Plan and infrastructure and asset management plans.



**Council rate increases**

In July 2012, Council adopted a differential rating system. This provides us with increased flexibility to moderate movements in valuations that occur periodically in the market and allows us to raise rates at different levels. It ensures that commercial and industrial sites continue to contribute appropriately to help fund Council services, regardless of property market fluctuations in those categories. Differential rates thus support economic development and capital growth.

In the 2022–2023 financial year, Council set a rate that covered the cost of existing service provision, both legislated and discretionary, and also costs projected in the LTFP and the adopted asset management plans.

Further information on our rating system is included in our Annual Business Plan.

**Financial statements**

A copy of the City of Tea Tree Gully's audited financial statements is provided with this Annual Report and is also published on our website.

**Auditor remuneration**

The remuneration payable to Council's auditor for the annual audit of the financial statements was \$31,000 (plus GST). No other remuneration was payable to the auditor for the 2022–2023 financial year.

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# Annual Business Plan

## 2022–2023 performance

Council adopted the Annual Business Plan 2022–2023 on 5 July 2022. This plan outlines goals for the financial year, including projections for services, programs and projects, our budget and changes to rates.

The table on page 53 summarises our financial performance in 2022–2023 compared with our original budget projections.

### **Credit cards**

To streamline financial processes, Council utilises credit cards. A total of \$3.81 million (ex GST) in payments were made via credit card in 2022–2023. There are detailed credit card procedures and extensive internal control processes in place around the reviewing and processing of credit card transactions.

Indicators	Formula	LGA suggested range	Council target	2022– 2023	2021– 2022	2020– 2021
Operating surplus	Operating income less operating expenses	Break even or better over 5 years	Break even or better over 3 years	\$9.652m	\$8,985m	\$8,087m
Adjusted operating surplus ratio	Operating surplus as a percentage of total operating revenue	0% – 15%	2.5% – 10%	9.3%	8.8%	8.2%
Net financial liabilities ratio including land held for sale	Total liabilities less financial assets divided by operating revenue	0% – 100%	25% – 35%	9.0%	17.7%	24.6%
Net financial liabilities including land held for sale	Total liabilities less financial assets divided by operating revenue	–	–	\$9.3m	\$17.5m	\$23.9m
Net financial liabilities ratio excluding land held for sale	Total liabilities less financial assets	–	–	9.0%	17.1%	24.3%
Net financial liabilities excluding land held for sale	Total liabilities less financial assets	–	–	\$9.8m	\$18.1m	\$24.5m
Asset sustainability ratio	Expenditure on renewal and replacement of assets less disposal proceeds from replaced assets/ depreciation expenses	90% – 110% over a rolling 3-year period	90% – 110% over a rolling 3-year period	62%	104.2%	104.5%
Fiscal balance	Net lending position or net borrowing requirement in the uniform presentation of finances table	–	–	\$8.4m	\$6.3m	\$4.3m

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# Financial statements

General purpose financial statements  
for the year ended 30 June 2023.

## General Purpose Financial Statements

for the year ended 30 June 2023

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## General Purpose Financial Statements

for the year ended 30 June 2023

### Certification of Financial Statements

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

**In our opinion:**

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2023 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Ryan McMahon  
Chief Executive Officer



Marijka Ryan  
Mayor

## Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Income</b>			
Rates	2a	85,581	85,972
Statutory charges	2b	1,971	2,290
User charges	2c	4,402	3,451
Grants, subsidies and contributions - capital	2g	203	519
Grants, subsidies and contributions - operating	2g	8,806	8,313
Investment income	2d	752	52
Reimbursements	2e	113	93
Other income	2f	2,234	1,978
<b>Total income</b>		<b>104,062</b>	<b>102,668</b>
<b>Expenses</b>			
Employee costs	3a	35,972	35,712
Materials, contracts and other expenses	3b	41,919	40,378
Depreciation, amortisation and impairment	3c	16,258	17,221
Finance costs	3d	261	372
<b>Total expenses</b>		<b>94,410</b>	<b>93,683</b>
<b>Operating surplus / (deficit)</b>		<b>9,652</b>	<b>8,985</b>
Physical resources received free of charge	2h	—	157
Asset disposal and fair value adjustments	4	(2,530)	(4,393)
Amounts received specifically for new or upgraded assets	2g	5,116	4,411
<b>Net surplus / (deficit)</b>		<b>12,238</b>	<b>9,160</b>
<b>Other comprehensive income</b>			
<b>Amounts which will not be reclassified subsequently to operating result</b>			
Changes in revaluation surplus - I,PP&E	9a	144,199	91,633
<b>Total amounts which will not be reclassified subsequently to operating result</b>		<b>144,199</b>	<b>91,633</b>
<b>Total other comprehensive income</b>		<b>144,199</b>	<b>91,633</b>
<b>Total comprehensive income</b>		<b>156,437</b>	<b>100,793</b>

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

## Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent assets	5a	18,337	8,432
Trade and other receivables	5b	5,744	4,690
Inventories	5c	127	43
<u>Subtotal</u>		<u>24,208</u>	<u>13,165</u>
Non-current assets held for sale	19	512	512
<u>Subtotal</u>		<u>512</u>	<u>512</u>
<b>Total current assets</b>		<u>24,720</u>	<u>13,677</u>
<b>Non-current assets</b>			
Other non-current assets	6	13,682	8,598
Infrastructure, property, plant and equipment	7a(i)	1,795,349	1,652,411
<b>Total non-current assets</b>		<u>1,809,031</u>	<u>1,661,009</u>
<b>TOTAL ASSETS</b>		<u>1,833,751</u>	<u>1,674,686</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8a	29,506	26,326
Provisions	8b	3,725	4,455
<b>Total current liabilities</b>		<u>33,231</u>	<u>30,781</u>
<b>Non-current liabilities</b>			
Provisions	8b	685	507
<b>Total non-current liabilities</b>		<u>685</u>	<u>507</u>
<b>TOTAL LIABILITIES</b>		<u>33,916</u>	<u>31,288</u>
<b>Net assets</b>		<u>1,799,835</u>	<u>1,643,398</u>
<b>EQUITY</b>			
Accumulated surplus		426,389	414,151
Asset revaluation reserves	9a	1,373,159	1,228,960
Other reserves	9b	287	287
<b>Total council equity</b>		<u>1,799,835</u>	<u>1,643,398</u>
<b>Total equity</b>		<u>1,799,835</u>	<u>1,643,398</u>

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

## Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
<b>2023</b>					
Balance at the end of previous reporting period		414,151	1,228,960	287	1,643,398
Net surplus / (deficit) for year		12,238	—	—	12,238
<b>Other comprehensive income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	144,199	—	144,199
<b>Other comprehensive income</b>		—	144,199	—	144,199
<b>Total comprehensive income</b>		12,238	144,199	—	156,437
<b>Balance at the end of period</b>		426,389	1,373,159	287	1,799,835
<b>2022</b>					
Balance at the end of previous reporting period		403,419	1,137,327	1,859	1,542,605
Net surplus / (deficit) for year		9,160	—	—	9,160
<b>Other comprehensive income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	91,633	—	91,633
<b>Other comprehensive income</b>		—	91,633	—	91,633
<b>Total comprehensive income</b>		9,160	91,633	—	100,793
Transfers between reserves		1,572	—	(1,572)	—
<b>Balance at the end of period</b>		414,151	1,228,960	287	1,643,398

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



## Statement of Cash Flows

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Rates Receipts		85,699	85,754
Statutory Charges		1,971	2,290
User Charges		4,402	3,451
Grants, Subsidies and Contributions		8,806	8,832
Investment Receipts		752	52
Reimbursements		113	93
Other Receipts		4,428	14,259
<u>Payments</u>			
Payments to Employees		(36,943)	(35,555)
Payments for Materials, Contracts & Other Expenses		(41,697)	(39,494)
Finance Payments		(261)	(372)
<b>Net cash provided by (or used in) operating activities</b>	11b	<u>27,270</u>	<u>39,310</u>
<b>Cash flows from investing activities</b>			
<u>Receipts</u>			
Grants utilised for capital purposes		203	—
Amounts Received Specifically for New/Upgraded Assets		5,116	4,411
Sale of Replaced Assets		252	857
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(16,180)	(16,283)
Expenditure on New/Upgraded Assets		(6,683)	(8,868)
<b>Net cash provided (or used in) investing activities</b>		<u>(17,292)</u>	<u>(19,883)</u>
<b>Cash flows from financing activities</b>			
<u>Receipts</u>			
Proceeds from Bonds & Deposits		—	97
<u>Payments</u>			
Repayment of Bonds & Deposits		(73)	—
Repayments of Borrowings		—	(15,000)
<b>Net cash provided by (or used in) financing activities</b>		<u>(73)</u>	<u>(14,903)</u>
<b>Net increase (decrease) in cash held</b>		<b>9,905</b>	<b>4,524</b>
plus: Cash & Cash Equivalents at beginning of period		8,432	3,908
<b>Cash and cash equivalents held at end of period</b>	11a	<u><b>18,337</b></u>	<u><b>8,432</b></u>

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

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

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

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

### Note 1. Summary of Significant Accounting Policies

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

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

#### (1) Basis of preparation

##### 1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared 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 XX September 2023.

##### 1.2 Critical accounting estimates

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

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

##### 1.3 Rounding

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

##### 1.4 Estimates and assumptions

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.

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

City of Tea Tree Gully is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 571 Montague Road, Modbury.

#### (3) Income recognition

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

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

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

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

### 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:

	Cash Payment Received	Annual Allocation	Difference
2020/21	\$3,865,290	\$3,847,133	- \$18,157
2021/22	\$5,068,633	\$4,016,655	+ \$1,051,968
2022/23	\$5,441,189	\$4,328,286	+ \$1,112,903

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

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

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

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

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

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

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

#### (5) 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

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

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

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

##### 6.1 Initial recognition

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

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



## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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

**6.2 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 given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$3,000
Fleet & Plant	\$3,000
Buildings - new construction/extensions	\$5,000
Information Technology	\$3,000

**6.3 Subsequent recognition**

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

**6.4 Depreciation of non-current assets**

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

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

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

*Plant, Furniture & Equipment*

Office Equipment	3 to 10 years
Office Furniture	4 to 20 years
Plant and Equipment	3 to 8 years
Technology	3 to 15 years

*Building & Other Structures*

Footings	60 years
Envelope	45 to 60 years
Fitout - Flooring	15 to 35 years
Fitout - Internal	30 to 60 years
Roof	10 to 60 years
Mechanical Services	15 to 40 years
Fire Services	40 years
Hydraulics	50 to 60 years
Electrical	50 to 60 years

*Infrastructure*

Road – Formation	Indefinite
Road – Pavement	40 to 250 years
Road – Seal	15 to 60 years
Kerb and Gutter	80 to 200 years
Footpaths	15 to 200 years
Bridges	30 to 250 years
Traffic Control	40 to 150 years
Stormwater	50 to 200 years

continued on next page ...

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

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

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CWMS	60 to 200 years
Signage	5 to 7 years

#### Other Assets

Wetlands	100 to 200 years
Irrigation Systems	25 to 40 years
Public Lighting	33 to 60 years
Playing Courts	10 to 200 years
Playgrounds	20 to 65 years

#### 6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if 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 the higher of the present value of future cash inflows or value in use).

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

#### 6.6 Borrowing costs

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

#### (7) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

The Council does not presently hold any properties that it considers investment properties

#### (8) Payables

##### 8.1 Goods and services

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

##### 8.2 Payments received in advance 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.

#### (9) Borrowings

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

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

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

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

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#### **(10) Employee benefits**

##### **10.1 Salaries, wages and compensated absences**

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

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

Weighted avg. discount rate 4.026% (2022, 2.901%)

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

##### **10.2 Superannuation**

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

#### **(11) Provisions for reinstatement, restoration and rehabilitation**

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. Council's policy to maximise recycling is extending the operational life of these facilities, and significant uncertainty exists in the estimation of the future closure date.

#### **(12) 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.

##### **12.1 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.

##### **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.

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

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

#### (13) GST implications

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

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

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

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. 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.

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

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2023, these standards have not been adopted by Council and will be included in the financial statements on their effective date. 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 2023

- *AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current* (amended by *AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current - Deferral of Effective Date*, *AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*)
- *AASB 2021-6 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*. (This Standard makes amendments to *AASB 1053 Application of Tiers of Australian Accounting Standards*, June 2010 and *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for Profit Tier 2 Entities*, March 2020)
- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates* (This standard amends a number of Standards as follows: *AASB 7 Financial Instruments: Disclosures* – to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements, *AASB 101 Presentation of Financial Statements* – to require entities to disclose their material accounting policy information rather than their significant accounting policies, *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* – to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates, *AASB 134 Interim Financial Reporting* – to identify material accounting policy information as a component of a complete set of financial statements, *AASB Practice Statement 2: Making Materiality Judgements* – to provide guidance on how to apply the concept of materiality to accounting policy disclosures)
- *AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*. (This Standard makes amendments to *AASB 1 First-time Adoption of Australian Accounting Standards*, July 2015 and *AASB 112 Income Taxes*, August 2015. These amendments arise from the issuance of International Financial Reporting Standard Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) by the International Accounting Standards Board (IASB) in May 2021)
- *AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*. (This standard amends a number of Standards as follows: *AASB 7 Financial Instruments: Disclosures*, August 2015, *AASB 116 Property, Plant and Equipment*, August 2015, *AASB 124 Related Party Disclosures*, July 2015, *AASB 128 Investments in Associates and Joint Ventures*, August 2015, *AASB 134 Interim Financial Reporting*, August 2015, *AASB 1054 Australian Additional Disclosures*, May 2011, *AASB Practice Statement 2: Making Materiality Judgements*, December 2017. This Standard repeals Australian Accounting Standards that have been superseded by other Standards but not formally repealed. It also repeals Standards that amend other Standards as their principal

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

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

purpose but which have not been formally repealed, provided their Parliamentary disallowance period and legal commencement date have passed)

- *AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments.* (This Standard amends: AASB 1 *First-time Adoption of Australian Accounting Standards*, July 2015, AASB 3 *Business Combinations*, August 2015, AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, August 2015, AASB 7 *Financial Instruments: Disclosures*, August 2015, AASB 9 *Financial Instruments*, December 2014, AASB 15 *Revenue from Contracts with Customers*, December 2014, AASB 17 *Insurance Contracts*, July 2017, AASB 119 *Employee Benefits*, August 2015, AASB 132 *Financial Instruments: Presentation*, August 2015, AASB 136 *Impairment of Assets*, August 2015, AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, August 2015, AASB 138 *Intangible Assets*, August 2015, AASB 1057 *Application of Australian Accounting Standards*, July 2015, AASB 1058 *Income of Not-for Profit Entities*, December 2016; to permit public sector entities to continue applying AASB 4 *Insurance Contracts* and AASB 1023 *General Insurance Contracts* to annual periods beginning on or after 1 January 2023 but before 1 July 2026. This Standard also amends AASB 17 to repeal AASB 1038 *Life Insurance Contracts*, July 2004 and supersede *Interpretation 1047 Professional Indemnity Claims Liabilities in Medical Defence Organisations* for annual periods beginning on or after January 2023)
- *AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information.* (This Standard makes amendments to AASB 17 *Insurance Contracts*, July 2017. These amendments arise from the issuance of International Financial Reporting Standard Initial Application of IFRS 9 – Comparative Information (Amendment to IFRS 17) by the International Accounting Standards Board (IASB) in December 2021)

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

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

#### Effective for NFP annual reporting periods beginning on or after 1 January 2026 for public sector

- *AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector.* (This Standard amends AASB 17 *Insurance Contracts*, July 2017 and AASB 1050 *Administered Items*, December 2007 to include modifications related to the application of AASB 17 by public sector entities. This Standard also amends the following Standards to remove the temporary consequential amendments set out in AASB 2022-8 *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments* since AASB 4 *Insurance Contracts*, August 2015 and AASB 1023 *General Insurance Contracts*, July 2004 do not apply to public sector entities for periods beginning on or after 1 July 2026: AASB 1 *First-time Adoption of Australian Accounting Standards*, July 2015, AASB 3 *Business Combinations*, August 2015, AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, August 2015, AASB 7 *Financial Instruments: Disclosures*, August 2015, AASB 9 *Financial Instruments*, December 2014, AASB 15 *Revenue from Contracts with Customers*, December 2014, AASB 119 *Employee Benefits*, August 2015, AASB 132 *Financial Instruments: Presentation*, August 2015, AASB 136 *Impairment of Assets*, August 2015, AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, August 2015, AASB 138 *Intangible Assets*, August 2015, AASB 1057 *Application of Australian Accounting Standards*, July 2015, AASB 1058 *Income of Not-for-Profit Entities*, December 2016)

### (15) 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.

### (16) Significant Asset Disposal - Community Wastewater Management Systems

During the financial year ended 30 June 2022, the Council entered into an agreement in which the ownership of the Community Wastewater Management Systems (CWMS) assets would transfer from Council to SA Water. As per the State Labor Party election commitment, this arrangement will enable SA Water to charge existing City of Tea Tree Gully CWMS customers SA Water Sewer rates from 1 July 2022. As a result, the assets were disposed of on 30 June 2022 when the control of the assets



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

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

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were transferred to SA Water. The assets were revalued to its fair value immediately prior to the transfer to assets held for sale, and the value decrement to the extent of any credit balance existing in the asset revaluation reserve in respect of the asset, was recognised in other comprehensive income. The remaining decrement was recognised in surplus or deficit for the financial year ended 30 June 2022.

#### **(17) Disclaimer**

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 2. Income

\$ '000	2023	2022
<b>(a) Rates</b>		
<b>General rates</b>		
General rates	85,445	82,171
Less: discretionary rebates, remissions and write-offs	(1,728)	(1,496)
<b>Total general rates</b>	<b>83,717</b>	<b>80,675</b>
<b>Other rates (including service charges)</b>		
Landscape levy	1,864	1,831
Community wastewater management systems	–	3,466
<b>Total other rates (including service charges)</b>	<b>1,864</b>	<b>5,297</b>
<b>Total rates</b>	<b>85,581</b>	<b>85,972</b>
<b>(b) Statutory charges</b>		
Development Act fees	849	979
Animal registration fees and fines	617	602
Parking fines / expiation fees	447	632
Other licences, fees and fines	58	77
<b>Total statutory charges</b>	<b>1,971</b>	<b>2,290</b>
<b>(c) User charges</b>		
Sundry	877	871
Admission Fees, Cemeteries and Rents	3,525	2,580
<b>Total user charges</b>	<b>4,402</b>	<b>3,451</b>
<b>(d) Investment income</b>		
Interest on investments		
- Local Government Finance Authority	135	34
- Banks and other	617	18
<b>Total investment income</b>	<b>752</b>	<b>52</b>

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

### Note 2. Income (continued)

\$ '000	2023	2022
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#### (e) Reimbursements

Other	113	93
<b>Total reimbursements</b>	<b>113</b>	<b>93</b>

#### (f) Other income

Insurance and other recoupments - infrastructure, property, plant and equipment	4	195
Rebates received	1,305	988
Sundry	925	795
<b>Total other income</b>	<b>2,234</b>	<b>1,978</b>

#### (g) Grants, subsidies and contributions

Amounts received specifically for new or upgraded assets	5,116	4,411
<b>Total</b>	<b>5,116</b>	<b>4,411</b>

#### Other grants, subsidies and contributions - capital

Other grants, subsidies and contributions - capital	203	519
<b>Total Other grants, subsidies and contributions - capital</b>	<b>203</b>	<b>519</b>

#### Other grants, subsidies and contributions - operating

Other grants, subsidies and contributions - operating	8,806	8,313
<b>Total other grants, subsidies and contributions - operating</b>	<b>8,806</b>	<b>8,313</b>

<b>Total grants, subsidies and contributions</b>	<b>14,125</b>	<b>13,243</b>
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The functions to which these grants relate are shown in Note 12.

#### (i) Sources of grants

Commonwealth Government	10,063	9,537
State Government	3,678	2,661
Other	384	1,045
<b>Total</b>	<b>14,125</b>	<b>13,243</b>

#### (h) Physical resources received free of charge

Other	—	157
<b>Total physical resources received free of charge</b>	<b>—</b>	<b>157</b>

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

### Note 3. Expenses

\$ '000	Notes	2023	2022
<b>(a) Employee costs</b>			
Salaries and wages		28,935	28,846
Employee leave expense		3,455	3,584
Superannuation - defined contribution plan contributions	18	2,544	2,309
Superannuation - defined benefit plan contributions	18	609	681
Workers' compensation insurance		1,369	1,479
Less: capitalised and distributed costs		(940)	(1,187)
<b>Total operating employee costs</b>		<b>35,972</b>	<b>35,712</b>
Total number of employees (full time equivalent at end of reporting period)		331	346
<b>(b) Materials, contracts and other expenses</b>			
<b>(i) Prescribed expenses</b>			
Auditor's remuneration			
- Auditing the financial reports		31	31
Bad and doubtful debts		13	32
Elected members' expenses		376	359
Election expenses		548	75
<b>Subtotal - prescribed expenses</b>		<b>968</b>	<b>497</b>
<b>(ii) Other materials, contracts and expenses</b>			
Contractors		14,316	16,074
Energy		3,318	2,977
Legal expenses		351	382
Levies paid to Government - NRM levy		1,836	1,816
Levies - other		141	65
Parts, accessories and consumables		6,254	5,724
Sundry		477	147
Contractors - Waste		5,286	4,126
Contractors - Consultants Fees		1,515	833
Advertising		142	63
Fringe Benefits		61	41
Insurance		1,596	1,468
Licence Fees		1,607	1,575
Water Rates		975	1,616
Levies - Solid Waste Levy		3,076	2,974
<b>Subtotal - Other material, contracts and expenses</b>		<b>40,951</b>	<b>39,881</b>
<b>Total materials, contracts and other expenses</b>		<b>41,919</b>	<b>40,378</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 3. Expenses (continued)

\$ '000	2023	2022
<b>(c) Depreciation, amortisation and impairment</b>		
<b>(i) Depreciation and amortisation</b>		
Buildings and other structures	2,215	2,070
Infrastructure		
- Stormwater drainage	1,937	1,935
- Roads	4,896	4,860
- Footpaths	1,244	1,226
- Bridges	69	64
- Traffic Control Devices	352	860
- Community Wastewater Management	—	457
- Lighting	263	212
Plant and equipment	1,897	2,062
Furniture and fittings	61	67
Technology	1,379	1,524
Playground Equipment	302	292
Irrigation Systems	455	434
Fencing and Other Landscaping	392	366
Sporting Courts, Facilities	427	420
Playing Field Formation	195	201
Carpark Facilities	174	171
<b>Subtotal</b>	<b>16,258</b>	<b>17,221</b>
<b>Total depreciation, amortisation and impairment</b>	<b>16,258</b>	<b>17,221</b>
<b>(d) Finance costs</b>		
Interest on loans	—	138
Bank Fees & Other Finance Charges	261	234
<b>Total finance costs</b>	<b>261</b>	<b>372</b>



## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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

\$ '000	2023	2022
Infrastructure, property, plant and equipment		
<b>(i) Assets renewed or directly replaced</b>		
Proceeds from disposal	252	857
Less: carrying amount of assets sold	(142)	(998)
<b>Gain (loss) on disposal</b>	<b>110</b>	<b>(141)</b>
<b>(ii) Assets surplus to requirements</b>		
Less: carrying amount of assets sold	(2,238)	(4,252)
<b>Gain (loss) on disposal</b>	<b>(2,238)</b>	<b>(4,252)</b>
<b>Fair value adjustments</b>		
Revaluation decrements expensed	(402)	—
<b>Total fair value adjustments</b>	<b>(402)</b>	<b>—</b>
<b>Net gain (loss) on disposal or revaluation of assets</b>	<b>(2,530)</b>	<b>(4,393)</b>

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

### Note 5. Current assets

\$ '000	2023	2022
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#### (a) Cash and cash equivalent assets

Cash on hand and at bank	18,337	8,432
<b><u>Total cash and cash equivalent assets</u></b>	<b><u>18,337</u></b>	<b><u>8,432</u></b>

#### (b) Trade and other receivables

Rates - general and other	2,016	2,134
Accrued revenues	133	2
Debtors - general	1,636	1,666
GST recoupment	1,356	796
Prepayments	717	204
<b><u>Subtotal</u></b>	<b><u>5,858</u></b>	<b><u>4,802</u></b>
Less: provision for expected credit losses	(114)	(112)
<b><u>Total trade and other receivables</u></b>	<b><u>5,744</u></b>	<b><u>4,690</u></b>

#### (c) Inventories

Stores and materials	127	43
<b><u>Total inventories</u></b>	<b><u>127</u></b>	<b><u>43</u></b>

### Note 6. Non-current assets

\$ '000	2023	2022
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#### Other non-current assets

Capital work in progress	13,682	8,598
<b><u>Total other non-current assets</u></b>	<b><u>13,682</u></b>	<b><u>8,598</u></b>

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

### Note 7. Infrastructure, Property, Plant & Equipment

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

	Fair Value Level	as at 30/06/22				Asset movements during the reporting period								as at 30/06/23			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	WIP Transfers	Adjustments & Transfers	Revaluation Decrements to P&L (Note 4)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
\$ '000																	
Land - community	3	686,254	480	-	686,734	717	-	-	-	351	-	-	105,066	792,868	-	-	792,868
Land - other	2	33,554	-	-	33,554	1,044	-	-	-	4	-	-	5,730	40,332	-	-	40,332
Buildings and other structures	3	93,364	34,944	(29,512)	98,796	2,448	70	(169)	(2,215)	2,309	(27,937)	(407)	(31,457)	99,103	-	(57,673)	41,430
Buildings and other structures	2	-	-	-	-	-	-	-	-	-	27,937	-	-	27,938	-	-	27,938
Infrastructure																	
- Stormwater drainage	3	212,382	3,405	(26,104)	189,683	112	22	-	(1,937)	536	-	-	27,085	262,697	-	(47,199)	215,498
- Roads	3	535,709	11,319	(85,710)	461,318	15	2,547	(125)	(4,896)	462	-	-	(2,872)	648,660	-	(192,196)	456,464
- Footpaths	3	95,202	11,032	(22,487)	83,747	929	177	-	(1,244)	755	-	-	30,804	141,263	-	(26,095)	115,168
- Bridges	3	6,620	457	(1,226)	5,851	73	-	(13)	(69)	38	-	-	1,188	9,536	-	(2,465)	7,071
- Traffic Control Devices	3	25,745	3,790	(9,165)	20,370	59	306	(1,841)	(352)	186	-	-	6,920	34,085	-	(8,437)	25,648
- Community Wastewater Management	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Lighting	3	4,457	5,502	(2,000)	7,959	4	-	(90)	(263)	548	-	-	1,735	13,574	-	(3,680)	9,894
Plant and equipment																	
Furniture and fittings		-	21,150	(13,938)	7,212	-	278	(142)	(1,897)	-	-	-	-	-	20,285	(14,833)	5,452
Technology		-	924	(482)	442	18	290	-	(61)	8	-	-	-	-	1,240	(543)	697
Playground Equipment	3	8,457	1,214	(2,692)	6,979	286	579	-	(1,379)	127	-	-	-	8,457	1,663	(2,994)	7,126
Irrigation Systems	3	12,618	2,926	(4,583)	10,961	620	2	-	(455)	179	-	-	-	12,618	3,727	(5,039)	11,306
Fencing and Other Landscaping	3	1,428	7,312	(2,630)	6,110	287	122	-	(392)	179	-	-	-	1,428	7,901	(3,023)	6,306
Sporting Courts, Facilities	3	15,781	2,005	(5,127)	12,659	29	191	-	(427)	369	-	-	-	15,781	2,594	(5,554)	12,821
Playing Field Formation	3	4,993	3,563	(2,289)	6,267	-	-	-	(195)	-	-	-	-	4,993	3,563	(2,484)	6,072
Carpark Facilities	3	10,367	1,922	(2,408)	9,881	-	8	-	(174)	41	-	-	-	10,367	1,972	(2,582)	9,757
Total infrastructure, property, plant and equipment		1,746,931	120,714	(215,234)	1,652,411	6,804	4,727	(2,380)	(16,258)	6,243	-	(407)	144,199	2,123,700	52,706	(381,057)	1,795,349
Comparatives		1,668,505	101,265	(211,217)	1,558,553	8,868	8,590	(5,250)	(17,221)	6,804	-	-	91,633	1,746,931	120,714	(215,234)	1,652,411

continued on next page ...

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

### Note 7. Infrastructure, Property, Plant & Equipment (continued)

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

##### Valuation of assets

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

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

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

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

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

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

##### Information on valuations

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

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

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

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

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

##### *Transfers between fair value hierarchy levels*

In the course of revaluing (name the asset classes), the nature of the inputs applied was reviewed in detail for each asset and where necessary, the asset reassigned to the appropriate fair value hierarchy level. Such transfers take effect as at the date of the revaluation.

##### Other information

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

##### Highest and best use

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

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

### Note 7. Infrastructure, Property, Plant & Equipment (continued)

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

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

#### Land & Land Improvements

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.

Freehold land and land over which Council has control, but does not have title, is recognised on the cost basis.

No capitalisation threshold is applied to the acquisition of land or interests in land.

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c) are reviewed annually (see Note 1).

During the year, a desktop valuation has been completed based on market evidence of valuations provided by the Valuer General in 2022-23 as at 30 June 2023. The property valuation data provided from the Valuer General in 2022-23 resulted in an average 15% increase in property valuations.

#### Buildings & Other Structures

Buildings and other structures are generally recognised at fair value, based on current market values. However, special purpose buildings (such as public toilets) for which there is no market are valued at depreciated current replacement cost. Buildings that Council does not intend to replace at the end of their useful life are valued at the market value of the "highest and best" use. These assets were valued as at 30 June 2023 by Liquid Pacific Asset Consultants.

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2023
- Valuer: Liquid Pacific Asset Consultants, 49 High Street, Kensington SA 5068

#### Infrastructure

Infrastructure assets were valued by APV Valuers and Asset Management as at 30 June 2023 to reflect their service potential.

##### *Stormwater Drainage*

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2023
- Valuer: APV Valuers & Asset Management, 3/97 Pirie St, Adelaide SA 5000

##### *Roads*

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2023
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

##### *Footpaths*

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2023
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

##### *Bridges*

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2023
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

##### *Traffic Control Devices*

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2023
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

##### *Lighting*

- Basis of valuation: Fair Value



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

### Note 7. Infrastructure, Property, Plant & Equipment (continued)

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- Date of valuation: 30 June 2023
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

#### Plant, Furniture & Equipment

These assets are recognised on the cost basis.

#### Playground Equipment

Playground equipment was revalued by APV Valuers and Asset Management in 2019 to reflect service potential. Condition based assessment was undertaken as part of the valuation on 30 June 2019.

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2019
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

#### Irrigation Systems

Irrigation assets were revalued by APV Valuers and Asset Management in 2019 to reflect service potential. Condition based assessment was undertaken as part of the valuation on 30 June 2019.

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2019
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

#### Fencing and Other Landscaping

Fencing assets were revalued by APV Valuers and Asset Management in 2019 to reflect service potential. Condition based assessment was undertaken as part of the valuation on 30 June 2019.

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2019
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

#### Sporting Courts and Facilities

Sporting Courts and Facilities were valued by APV Valuers to reflect their service potential as at 30 June 2019. Full condition based assessment was undertaken as part of the revaluation on 30 June 2019.

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2019
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

#### Playing Field Formation

Playing Field Formation were valued by APV Valuers and Asset Management in 2019 to reflect service potential.

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2019
- Valuer: APV Valuers & Asset Management, 3/97 Pirie Street, Adelaide SA 5000

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 8. Liabilities

\$ '000	2023 Current	2023 Non Current	2022 Current	2022 Non Current
<b>(a) Trade and other payables</b>				
Goods and services	815	—	174	—
Payments received in advance	20,414	—	17,561	—
Accrued expenses - employee entitlements	2,803	—	3,222	—
Accrued expenses - other	5,217	—	5,046	—
Deposits, retentions and bonds	170	—	243	—
Other	87	—	80	—
<b><u>Total trade and other payables</u></b>	<b><u>29,506</u></b>	<b><u>—</u></b>	<b><u>26,326</u></b>	<b><u>—</u></b>

### (b) Provisions

Employee entitlements (including oncosts)	3,725	685	4,455	507
<b><u>Total provisions</u></b>	<b><u>3,725</u></b>	<b><u>685</u></b>	<b><u>4,455</u></b>	<b><u>507</u></b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 9. Reserves

	as at 30/06/22				as at 30/06/23
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
<b>(a) Asset revaluation reserve</b>					
Land - community	586,836	105,066	—	—	691,902
Land - other	10,014	5,730	—	—	15,744
Buildings and other structures	31,457	(31,457)	—	—	—
Infrastructure					
- Stormwater drainage	134,530	27,085	—	—	161,615
- Roads	363,554	(2,872)	—	—	360,682
- Footpaths	57,218	30,804	—	—	88,022
- Bridges	3,880	1,188	—	—	5,068
- Traffic Control Devices	11,490	6,920	—	—	18,410
- Lighting	—	1,735	—	—	1,735
Plant and equipment	75	—	—	—	75
Playground Equipment	1,358	—	—	—	1,358
Irrigation Systems	1,549	—	—	—	1,549
Fencing and Other Landscaping	494	—	—	—	494
Sporting Courts, Facilities	2,008	—	—	—	2,008
Carpark Facilities	1,961	—	—	—	1,961
Other assets	22,536	—	—	—	22,536
<b>Total other assets</b>	<b>22,536</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>22,536</b>
<b>Total asset revaluation reserve</b>	<b>1,228,960</b>	<b>144,199</b>	<b>—</b>	<b>—</b>	<b>1,373,159</b>

	as at 30/06/22				as at 30/06/23
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
<b>(b) Other reserves</b>					
Developer Contribution Reserve	186	—	—	—	186
Pathways North East Reserve	101	—	—	—	101
<b>Total other reserves</b>	<b>287</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>287</b>

### 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).

#### Developer Contribution Reserve

The Developer Contribution Reserve is a reserve where contributions are made to fund infrastructure projects in particular areas.

#### Pathways North East Reserve

The Pathways North East Reserve is a reserve to fund youth projects.

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

### Note 10. Assets subject to restrictions

Council does not hold any assets subject to restrictions.

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

\$ '000	Notes	2023	2022
<b>(a) Reconciliation of cash</b>			
Cash assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:			
Total cash and equivalent assets	5	18,337	8,432
<b>Balances per Statement of Cash Flows</b>		<b>18,337</b>	<b>8,432</b>
<b>(b) Reconciliation of change in net assets to cash from operating activities</b>			
<b>Net surplus/(deficit)</b>		<b>12,238</b>	<b>9,160</b>
<b>Non-cash items in income statements</b>			
Depreciation, amortisation and impairment		16,258	17,221
Fair value adjustments		402	—
Non-cash asset acquisitions		—	(157)
Grants for capital acquisitions treated as investing activity		(5,319)	(4,930)
Net (gain)/loss on disposals		2,128	4,393
		<b>25,707</b>	<b>25,687</b>
<b>Add (less): changes in net current assets</b>			
Net (increase)/decrease in receivables		(1,056)	(235)
Change in allowances for under-recovery of receivables		(2)	(21)
Net (increase)/decrease in inventories		(84)	(10)
Net (increase)/decrease in other assets		4	42
Net increase/(decrease) in trade and other payables		3,253	13,297
Net increase/(decrease) in unpaid employee benefits		(552)	31
<b>Net cash provided by (or used in) operations</b>		<b>27,270</b>	<b>38,791</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 11. Reconciliation to Statement of Cash Flows (continued)

\$ '000	Notes	2023	2022
<b>(c) Non-cash financing and investing activities</b>			
<b>Acquisition of assets by means of:</b>			
Physical resources received free of charge	2h	—	157
Amounts recognised in income statement		—	157
<b>Total non-cash financing and investing activities</b>		—	157

### (d) Financing arrangements

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

Bank overdrafts	300	300
Corporate credit cards	900	900
LGFA cash advance debenture facility	42,000	42,000

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

Council has access to cash facilities of \$42 million and minimises interest expense by transferring funds between cash at bank and the debenture facility.



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

### Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
\$ '000	INCOME		EXPENSES		SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)
	2023	2022	2023	2022	2023	2022	2023	2022	
<b>Functions/Activities</b>									
Office of the CEO	2	43	2,731	1,912	(2,729)	(1,869)	—	—	—
City Operations	1,636	1,584	27,230	26,651	(25,594)	(25,067)	1,151	1,179	1,661,631
Community Services	8,062	7,376	15,128	14,539	(7,066)	(7,163)	2,198	2,057	1,586
Corporate Finance	126	90	11,828	10,088	(11,702)	(9,998)	—	—	—
Strategy & Finance	94,236	93,575	37,493	40,493	56,743	53,082	5,457	5,077	11,469
<b>Total Functions/Activities</b>	<b>104,062</b>	<b>102,668</b>	<b>94,410</b>	<b>93,683</b>	<b>9,652</b>	<b>8,985</b>	<b>8,806</b>	<b>8,313</b>	<b>1,833,751 1,674,686</b>

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

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

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

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The activities relating to Council functions are as follows:

#### OFFICE OF THE CEO

Office of the Chief Executive Officer, Corporate Governance.

#### CITY OPERATIONS

Technical & Engineering Services, Field Services, Operations Support Services, Project & Contract Delivery.

#### COMMUNITY SERVICES

City Development, Community Wellbeing, Community Safety, Library Services, Recreation & Leisure Services.

#### CORPORATE SERVICES

Customer and Communications, Procurement and Contract Management, People & Capability, Information Technology Solutions.

#### STRATEGY & FINANCE

City Strategy, Finance & Rating Services, Project Management Office.

### Note 13. Financial instruments

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#### Recognised financial instruments

##### Bank, deposits at call, short term deposits

###### Accounting Policy:

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

###### Terms & Conditions:

Deposits are returning fixed interest rates between 5.5% and 6.15% (2022: 0.3% and 0.6%).

###### Carrying Amount:

Approximates fair value due to the short term to maturity.

##### Receivables - rates and associated charges

###### Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

###### Terms & Conditions:

Secured over the subject land, arrears attract interest of 5.05% (2022: 5.05%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

###### Carrying Amount:

Approximates fair value (after deduction of any allowance).

##### Receivables - fees and other charges

###### Accounting policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

###### Terms and conditions:

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

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

### Note 13. Financial instruments (continued)

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**Carrying amount:**

Approximates fair value (after deduction of any allowance).

**Receivables - other levels of government****Accounting policy:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

**Terms and conditions:**

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

**Carrying amount:**

Approximates fair value.

**Liabilities - 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.

**Carrying amount:**

Approximates fair value.

**Liabilities - interest bearing borrowings****Accounting Policy:**

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

**Terms & Conditions:**

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at variable rates between 1.3% and 6.72% (2022: 1.3% and 6.72%).

**Carrying Amount:**

Approximates fair value.

**Liabilities - leases****Accounting Policy:**

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 13. Financial instruments (continued)

\$ '000	Due < 1 year	Due > 1 year and ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>Financial assets and liabilities</b>					
<b>2023</b>					
<b>Financial assets</b>					
Cash and cash equivalents	18,337	—	—	18,337	18,337
Receivables	2,893	—	—	2,893	3,011
<b>Total financial assets</b>	<b>21,230</b>	<b>—</b>	<b>—</b>	<b>21,230</b>	<b>21,348</b>
<b>Financial liabilities</b>					
Payables	9,092	—	—	9,092	9,092
<b>Total financial liabilities</b>	<b>9,092</b>	<b>—</b>	<b>—</b>	<b>9,092</b>	<b>9,092</b>
<b>Total financial assets and liabilities</b>	<b>30,322</b>	<b>—</b>	<b>—</b>	<b>30,322</b>	<b>30,440</b>
<b>2022</b>					
<b>Financial assets</b>					
Cash and cash equivalents	8,432	—	—	8,432	8,432
Receivables	2,352	—	—	2,352	2,352
<b>Total financial assets</b>	<b>10,784</b>	<b>—</b>	<b>—</b>	<b>10,784</b>	<b>10,784</b>
<b>Financial liabilities</b>					
Payables	8,765	—	—	8,765	8,765
<b>Total financial liabilities</b>	<b>8,765</b>	<b>—</b>	<b>—</b>	<b>8,765</b>	<b>8,765</b>
<b>Total financial assets and liabilities</b>	<b>19,549</b>	<b>—</b>	<b>—</b>	<b>19,549</b>	<b>19,549</b>

#### Net fair value

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

### Risk exposures

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

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

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

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 13. Financial instruments (continued)

#### Expected credit losses (ECL)

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

### Note 14. Capital Expenditure Commitments

\$ '000	2023	2022
<b>Capital commitments</b>		
<b>Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:</b>		
Buildings	11,844	1,713
City Beautification	253	2,493
Sporting courts/pitch renewal/Open Space	311	450
Other projects	867	453
	<b>13,275</b>	<b>5,109</b>
<b>These expenditures are payable:</b>		
Not later than one year	13,275	5,109
	<b>13,275</b>	<b>5,109</b>



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

### Note 15. Financial indicators

	Indicator 2023	2022	Indicators 2021	2020
Financial Indicators overview				
These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.				
1. Operating Surplus Ratio				
Operating surplus	9.3%	8.8%	8.4%	5.2%
Total operating income				
This ratio expresses the operating surplus as a percentage of total operating revenue.				
2. Net Financial Liabilities Ratio				
Net financial liabilities	9%	18%	25%	30%
Total operating income				
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.				
Adjusted Operating Surplus Ratio				
Operating surplus	9.3%	8.8%	8.4%	5.2%
Total operating income				
Adjustments to Ratios				
In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.				
Adjusted Net Financial Liabilities Ratio				
Net financial liabilities	9%	18%	25%	30%
Total operating income				
3. Asset Renewal Funding Ratio				
Asset renewals	62%	104%	104%	100%
Infrastructure and Asset Management Plan required expenditure				
Asset renewals expenditure is defined as capital expenditure on the renewal and replacement of existing assets relative to the optimal level planned, and excludes new capital expenditure on the acquisition of additional assets.				

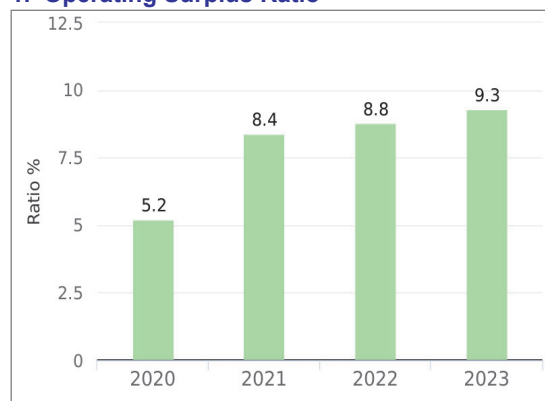
## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

## Note 15. Financial indicators (continued)

## Financial indicators - graphs

## 1. Operating Surplus Ratio



## Purpose of operating surplus ratio

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

## Commentary on 2022/23 result

2022/23 ratio 9.3%

Operating Surplus Ratio is the operating surplus (deficit) before capital. The Operating Surplus Ratio for 2022/23 is 9.0% which is within Council's target of 2.5% - 10%.

## 2. Net Financial Liabilities Ratio



## Purpose of net financial liabilities ratio

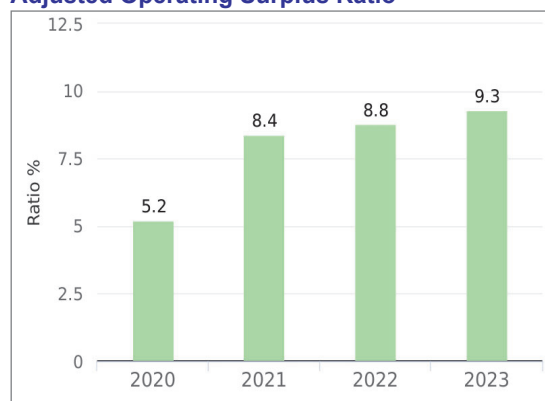
This indicator shows the significance of the net amount owed to others, compared to operating revenue

## Commentary on 2022/23 result

2022/23 ratio 9%

The Net Financial Liabilities Ratio (excluding Non-Current Assets Held for Sale) for 2022/23 is 10% which is under Council's target of 25% - 35%.

## Adjusted Operating Surplus Ratio



## Purpose of adjusted operating surplus ratio

This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

## Commentary on 2022/23 result

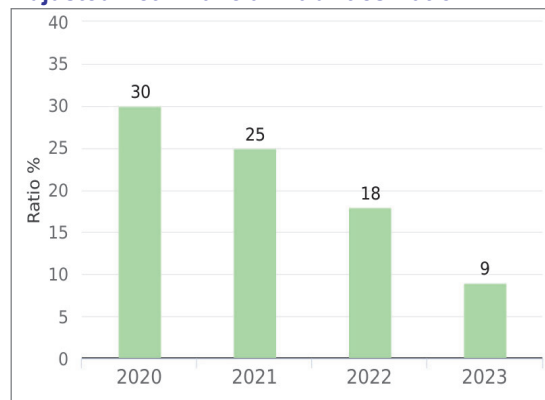
2022/23 ratio 9.3%

The Adjusted Operating Surplus Ratio is the operating surplus (deficit) before capital adjusted for timing differences from the Financial Assistance Grants and Supplementary Road Funding payments. The Adjusted Operating Surplus Ratio for 2022/23 is 9.0% which is within Council's target of 2.5% - 10%.

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

## Note 15. Financial indicators (continued)

### Adjusted Net Financial Liabilities Ratio



#### Purpose of adjusted net financial liabilities ratio

This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

#### Commentary on 2022/23 result

2022/23 ratio 9%

The Adjusted Net Financial Liabilities Ratio (excluding Non-Current Assets Held for Sale) for 2022/23 is 10% which is under Council's target of 25% - 35%.

### 3. Asset Renewal Funding Ratio



#### Purpose of asset renewal funding ratio

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

#### Commentary on 2022/23 result

2022/23 ratio 62%

The Asset Renewal Funding Ratio for 2022/23 is 99% within the target ratio of 90% - 110% over a three year rolling period.

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

### Note 16. Uniform presentation of finances

\$ '000	2023	2022
<p>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.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
<u>Income</u>		
Rates	85,581	85,972
Statutory charges	1,971	2,290
User charges	4,402	3,451
Grants, subsidies and contributions - capital	203	519
Grants, subsidies and contributions - operating	8,806	8,313
Investment income	752	52
Reimbursements	113	93
Other income	2,234	1,978
<b>Total Income</b>	<b>104,062</b>	<b>102,668</b>
<u>Expenses</u>		
Employee costs	35,972	35,712
Materials, contracts and other expenses	41,919	40,378
Depreciation, amortisation and impairment	16,258	17,221
Finance costs	261	372
<b>Total Expenses</b>	<b>94,410</b>	<b>93,683</b>
<b>Operating surplus / (deficit)</b>	<b>9,652</b>	<b>8,985</b>
<b>Adjusted Operating surplus / (deficit)</b>	<b>9,652</b>	<b>8,985</b>
<b>Net outlays on existing assets</b>		
Capital expenditure on renewal and replacement of existing assets	(16,180)	(16,283)
Add back depreciation, amortisation and impairment	16,258	17,221
Add back proceeds from sale of replaced assets	252	857
	<b>330</b>	<b>1,795</b>
<b>Net outlays on new and upgraded assets</b>		
Capital Expenditure on New and Upgraded Assets	(6,683)	(8,868)
Add back amounts received specifically for new and upgraded assets	5,116	4,411
	<b>(1,567)</b>	<b>(4,457)</b>
<b>Annual net impact to financing activities (surplus/(deficit))</b>	<b>8,415</b>	<b>6,323</b>

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 17. Leases

#### (i) Council as a lessee

Council does not have any Leases.

#### (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.

##### 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	2023	2022
<b>Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:</b>		
Not later than one year	230	181
Later than one year and not later than 5 years	697	592
Later than 5 years	651	683
	<b>1,578</b>	<b>1,456</b>

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

### Note 18. Superannuation

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

#### **Salarylink (Defined Benefit Fund) members**

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

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.34(a), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2021. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

#### **Contributions to other superannuation schemes**

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



## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 19. Non-current assets held for sale and discontinued operations

\$ '000	2023	2022
<b>Carrying Amounts of Assets and Liabilities</b>		
<b>Assets</b>		
Land	512	512
<b>Total assets</b>	<b>512</b>	<b>512</b>
<b>Net assets</b>	<b>512</b>	<b>512</b>

Council has resolved to dispose of a portion of Australia Avenue Reserve.

As the consideration expected to be received exceeds the carrying amount, this asset has been recognised at the carrying amount. Part of the proceeds will be used to upgrade the remaining reserve.

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

### Note 20. Contingencies and assets/liabilities not recognised in the balance sheet

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

#### 1. Land under roads

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

At reporting date, Council controlled **602** km of road reserves of average width **15** metres.

#### 2. Potential insurance losses

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

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

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

#### 3. Bank guarantees

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$243,705 (2022: \$264,957) at reporting date.

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

#### 4. Legal expenses

Council is the planning consent authority for its area under the Planning, Development and Infrastructure Act 2016 (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 three 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.

#### 5. Other events

Council has a comprehensive Safety First Strategy in place to ensure compliance with the Work, Health and Safety Legislation and the WorkCover Performance Standards for Self-Insured Employers. Our Council is also a member of the Local Government Workers Compensation Scheme.

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

### Note 21. Events after the balance sheet date

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

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

Council is aware of the following "non adjusting events" that merit disclosure;

Insurance claim against Greenplay Australia Pty Ltd insurer for losses contributed to a new playing surface not being able to achieve certification.

Recovery of costs associated with dealing with matters attributed to the conduct of the previous mayor.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

### Note 22. Related party transactions

#### Key management personnel

##### Transactions with key management personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 66 persons were paid the following total compensation:

\$ '000	2023	2022
<b>The compensation paid to key management personnel comprises:</b>		
Executive Staff (4 FTE)	1,044	992
Non-Executive Staff (19 FTE)	3,267	3,140
Elected Members (13)	378	359
<b>Total</b>	<b>4,689</b>	<b>4,491</b>

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

##### Receipts from key management personnel comprise:

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received the following amounts in total:

Contributions for Fringe Benefits Tax purposes	7	8
<b>Total</b>	<b>7</b>	<b>8</b>

Council's Executive and Management staff have access to enter into a salary sacrificed arrangement for the private use of a motor vehicle. Any Fringe Benefits tax liability that arises for such use is calculated and deducted from their salary to fully offset the Fringe Benefits Tax payable.

Council contains some key management personnel that have relationships with parties that Council may transact with on a regular basis. Relationships include: Adelaide University Sport and Fitness Association Inc., ALGWA SA Branch, Animal Welfare League, Ardtornish Primary School, Australian Labor Party SA, Australian Services Union, Australian Universities Sailing Association, Banksia Park International School, Beautique Catering, City of Tea Tree Gully City Soccer Club, Modbury Football Club, Community Centres SA, Every Life Matters Salisbury Suicide Prevention Network, Golden Grove High School, Golden Grove High School Governing Council, Golden Grove Homestead Childcare Centre, Golden Grove Recreation and Arts Advisory Group, Highbury Primary School, Justice of Peace for State of SA, Liberal Party of Australia (Various Branches), Lions Club (Various Branches), Lobethal Netball Club, Modbury High School, Murray Darling Association, Neighbourhood Watch (Various Branches), Percy Sovereign Chapter #255, Progressive Left Unions and Sub-Branched, Public Libraries SA, Rotary Club of Salisbury, Royal Association of Justices, Sferas Parks Suites and Convention Centre, St John Ambulance, Tea Tree Gully Community Services Forum, Wynn Vale Community Kindergarden, Wynn Vale Primary School.

The nature of these organisation's activities with Council typically include the provision of services to Council, and lease property from Council; they may also be the recipient of grants from Council. Transactions with these organisations are immaterial in amount and nature, with the exception of:

Sfera's Parks Suites and Convention Centre: \$14,465 (Funds Paid)  
 Sfera's Parks Suites and Convention Centre: \$14,454 (Funds Received)  
 City of Tea Tree Gully City Soccer Club \$14,833 (Funds Received)

Key management personnel and their close family members may either have an employment relationship or committee role with these organisations and/or access their services. All matters when addressed by Council staff are covered by Council's conflict-of-interest procedures.

## INDEPENDENT AUDITOR'S REPORT TO THE PRINCIPAL MEMBER OF CITY OF TEA TREE GULLY

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of City of Tea Tree Gully (the Council), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

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

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Council in accordance with the *Local Government Act 1999* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (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 confirm that the independence declaration required by the *Local Government Act 1999*, which has been given to the Council, would be in the same terms if given to the Council as at the time of this auditor's report.

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

#### Council's Responsibility for the Financial Report

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

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



### **Auditor's responsibilities for the audit of the Financial Report**

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

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

This description forms part of our auditor's report.

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

**BDO Audit Pty Ltd**

A handwritten signature in blue ink that reads 'Andrew Tickle'.

Andrew Tickle  
Director

Adelaide, 13 September 2023



## INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE CITY OF TEA TREE GULLY

### Opinion

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls established by City of Tea Tree Gully ('the Council') in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2022 to 30 June 2023 relevant to ensuring such transactions have been conducted properly and in accordance with law.

In our opinion, in all material respects:

- (a) The controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- (b) The controls operated effectively as designed throughout the period from 1 July 2022 to 30 June 2023.

### Basis for opinion

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

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

### The Council's responsibilities for the internal controls

The Council is responsible for:

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

### Our independence and quality control

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



### **Assurance practitioner's responsibilities**

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

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

### **Limitations of controls**

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

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

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

**BDO Audit Pty Ltd**

A handwritten signature in blue ink that appears to read 'Andrew Tickle'.

Andrew Tickle  
Director

Adelaide, 13 September 2023

## General Purpose Financial Statements

for the year ended 30 June 2023

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### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Tea Tree Gully for the year ended 30 June 2022, the Council's Auditor, BDO Audit Pty Ltd 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*.



Ryan McMahon  
Chief Executive Officer



Irena Zagladov  
Presiding Member Audit & Risk Committee

Date:



C I T Y O F  
**TEA TREE GULLY**  
*Naturally Better*

571 Montague Road, Modbury 5092  
PO Box 571, Modbury 5092  
**[cttg.sa.gov.au](http://cttg.sa.gov.au)**