

SRWRA

Annual Report

2016-17





SRWRA is a regional subsidiary established by the Cities of Onkaparinga, Marion and Holdfast Bay, pursuant to Section 43 of the Local Government Act, 1999.

Under our Charter, SRWRA is responsible for providing and operating waste management services on behalf of our constituent Councils.

At a practical level, our core business activity is the management of our wholly-owned SRWRA Landfill and Recycling Operation employing innovative resource recovery approaches in managing all products and materials as valuable and finite resources. This is one of the State's major landfill operations currently receiving over 100,000 tonnes of waste annually.

Since 1996 the Authority has been extracting landfill gas (methane) through its gas management plant. On average, the Authority generates over 18,000MWh per annum from the SRWRA Landfill facility, equivalent to powering more than 2,500 local homes. As a result, more than 6.8m cubic metres of methane from the SRWRA's Landfill Gas site is consumed, CO2 abatement equivalent to taking 26,000 cars off the road.

The SRWRA's joint venture operation with Integrated Waste Services (IWS) has developed through 2016/17 with significant improvements in the recycling programme through the jointly operated Southern Recycling Centre (SRC) realising significant improvements in the reduction of waste to landfill.

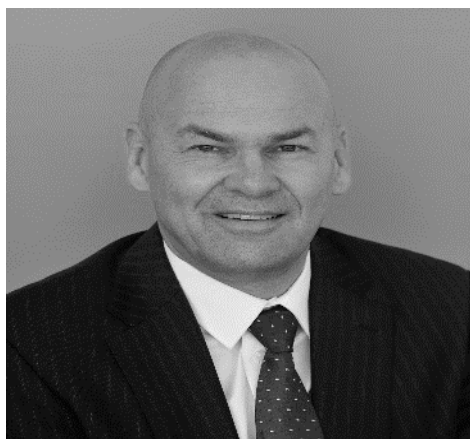
Joint Venture Partner:



Constituent Councils:



Chairman's Message



On behalf of the Board of the Southern Region Waste Resource Authority, it is my pleasure to present the Annual Report for the 2017 financial year which demonstrates that the Authority continues to meet the objectives and responsibilities outlined in its Charter in a fiscally and environmentally sustainable manner.

The work of the Board is guided by its strategic vision *“to be a leader in employing innovative resource recovery approaches, and in managing all products and materials as valuable and finite resources”*, and by the following four strategies within the SRWRA Strategic Plan.

- Operate in a financially, environmentally and socially sustainable manner.
- Maximise the life of the landfill through the exploration and adoption of efficient and cost-effective disposal services and technology. To consider and evaluate alternative technology solutions to provide enhanced environmental, economic and social benefit.
- Ensure our facilities are operated to meet the requirements of the EPA license.
- Apply the principles of good governance to all of our operations.

While each of these strategies has been advanced over the course of the past year, it is particularly pleasing to be able to report that the Southern Recycling Centre, a joint venture between the Authority and Integrated Waste Services, was opened in December 2016. This is an important project for the responsible management of waste

in southern Adelaide providing a significant advancement in our efforts to minimise waste to landfill.

The Authority supports the avoidance of waste generation initiatives while recognising that landfill currently remains central to responsible waste management in Australia. As the operator of one of South Australia's largest landfills we accept our responsibility to manage this valuable infrastructure in a financially, environmentally and socially sustainable manner.

The Authority continues to be fiscally responsible in balancing the provision of a reasonable commercial return to its owners, the Constituent Councils, with the need to ensure there are adequate financial reserves for the capital expenditures associated with future site development plans and our post closure obligations.

We are fortunate to have the very capable leadership of Mark Hindmarsh, who with our dedicated team have enabled the Board to progress our strategic aims and objectives.

We are also fortunate to have a Board who continue to work tirelessly and passionately in the interests of the Authority, and an Audit Committee who play an invaluable role supporting the Board in the assessment and management of the Authority's risk profile.

In extending my thanks to each member of the Board and the Audit Committee for their contribution and continued support, it is important to recognise the service of Mr Paul Harwood who retired as a Board member during the year.

The success of the Authority would not be possible without the efforts of this very dedicated group of people.

I confirm the Authority is well placed strategically and financially to continue to deliver a sustainable waste management solution for the southern region of Adelaide on behalf of its Constituent Councils.



*Board of Management
as at June 30th 2017*

Chairperson



Mark Booth

Members



Vincent Mifsud
City of Marion



Kirk Richardson
City of Onkaparinga



Trish Aukett
City of Holdfast Bay



Ian Crossland
City of Marion



Lynda Yates
City of Holdfast Bay

Deputy Members



Heidi Greaves
City of Onkaparinga



Nick Kerry
City of Marion



John Smedley
City of Holdfast Bay

Chief Executive Officer's Message



The foundations developed by the Authority over the past few years and specifically over the past year has seen the Southern Region Waste Resource Authority (SRWRA) play a significant role for its Constituent Councils in achieving its vision of an integrated waste and resource recovery operation.

It has been a year of investigation and exploration, working with new technologies to enhance the operation of the waste management and resource recovery systems at the Authority. Consultation and planning has played a significant role this year with the introduction of a new Master Plan that aligns with the goals and directions of the State-wide Waste and Resource Recovery Infrastructure Plan. The Master Plan supports the direction of the Authority in reducing waste to landfill and exploring advances in technologies such as energy from waste and opportunities to reduce greenhouse emissions associated with the waste sector to meet the requirements of our developing communities.

A major achievement for 2016 has been the introduction of an organics separation treatment process for kerbside municipal waste (MSW). The treatment process has been realised through the Authority's joint venture partnership with Integrated Waste Services (IWS). The joint venture operation known as the Southern Recycling Centre (SRC) recovers organic waste from the kerbside MSW which is then treated through a further process to make a usable recovered product that can be used in several applications as a recycled product.

These are exciting times for the waste and resource recovery Industry. Looking forward, we will be focused on further education and exploring advances in technologies with all our stakeholders and Constituent Councils, making continued advances towards a step change in resource recovery and the continued reduction of waste sent to landfill.

The Authority's achievements for 2016 have been considerable and I would like to thank all the SRWRA staff and the Board for their hard work and contribution this year, strengthening the Authority's commitment and responsibilities for environmental and waste management on behalf of its Constituent Councils.

This is further complimented by the support and guidance received by the SRWRA Audit Committee which consists of external representation from each of the Constituent Councils. The Audit Committee adds a valuable support function to the SRWRA Board and Chief Executive Officer in the management of the Authority's risk profiles.

In the continued development of the SRWRA's community educational initiatives each year the Authority writes to all the local primary schools in the Constituent Council areas promoting the Les Perry Memorial Grant Programme. Schools in the Constituent Council areas are encouraged to apply to the Authority for a grant of approximately \$500 each to focus on recycling and educating children on the importance of recycling and re-use of common household waste materials. A total of 5 schools were successfully awarded the grant this year.

I am pleased to report that the 2016 financial period for the Authority showed an operating surplus of \$1.2M for the year ended 30th June 2017. This is an excellent result, built around the improvements, developments and efficiencies of the operations over the past twelve months. The Authority continues to operate a reasonable commercial return to the Constituent Councils whilst ensuring there are adequate financial reserves to meet future developments and post closure requirements of its operations. A complete copy of the Audited Financial Statements for 2016/17 forms part of this report.

As the waste sector continues to evolve and develop, I look forward to leading the Authority through the challenges and opportunities in the year ahead.



FINANCIAL REPORT

For the Financial Year Ended 30 June 2017

SOUTHERN REGION WASTE RESOURCE AUTHORITY

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SOUTHERN REGION WASTE RESOURCE AUTHORITY

ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2017

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Southern Region Waste Resource Authority Board to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards.*
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2017 and the results of its operations and cashflows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.



.....
Mark Booth
Chairman



.....
Mark Hindmarsh
Executive Officer

Dated the 29th day of AUGUST 2017

SOUTHERN REGION WASTE RESOURCE AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME for the financial year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
INCOME			
User charges	2	11,617	9,294
Investment income	2	552	622
Other Income	2	244	631
Net gain - equity accounted Joint Venture	15	265	-
Total Income		<u>12,678</u>	<u>10,547</u>
EXPENSES			
Employee costs	3	1,194	1,025
Materials, contracts & other expenses	3	9,240	6,848
Depreciation, amortisation & impairment	3	949	784
Other Expenses	3	78	75
Net loss - equity accounted Joint Venture	15	-	20
Total Expenses		<u>11,461</u>	<u>8,752</u>
OPERATING SURPLUS / (DEFICIT)		1,217	1,795
Net gain (loss) on disposal or revaluation of assets	4	18	5
Amounts received specifically for new or upgraded assets		140	-
NET SURPLUS / (DEFICIT)		<u>1,375</u>	<u>1,800</u>
transfer to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - property, plant & equipment		-	-
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		<u>1,375</u>	<u>1,800</u>

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

SOUTHERN REGION WASTE RESOURCE AUTHORITY

STATEMENT OF FINANCIAL POSITION as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	19,940	19,069
Trade & other receivables	5	2,025	867
Inventories	5	-	48
		<u>21,965</u>	<u>19,984</u>
Total Current Assets		21,965	19,984
Non-current Assets			
Equity Accounted Joint Venture	14	709	164
Property, Plant & Equipment	6	15,081	14,461
		<u>15,790</u>	<u>14,625</u>
Total Non-current Assets		15,790	14,625
Total Assets		37,755	34,609
LIABILITIES			
Current Liabilities			
Trade & Other Payables	7	2,529	1,365
Provisions	7	149	136
		<u>2,678</u>	<u>1,501</u>
Total Current Liabilities		2,678	1,501
Non-current Liabilities			
Provisions	7	15,174	14,580
		<u>15,174</u>	<u>14,580</u>
Total Non-current Liabilities		15,174	14,580
Total Liabilities		17,852	16,081
NET ASSETS		19,903	18,528
EQUITY			
Accumulated Surplus		19,903	18,528
TOTAL EQUITY		19,903	18,528

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

SOUTHERN REGION WASTE RESOURCE AUTHORITY

STATEMENT OF CHANGES IN EQUITY for the financial year ended 30 June 2017

2017	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
Balance at end of previous reporting period		18,528	-	-	18,528
Adjustments due to compliance with revised Accounting Standards		-	-	-	-
Adjustments to give effect to changed accounting policies		-	-	-	-
Restated Opening Balance		18,528	-	-	18,528
Net Surplus/ (Deficit) for Year		1,375	-	-	1,375
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	-	-	-
Transfers between reserves		-	-	-	-
Distributions to Member Councils		-	-	-	-
Balance at end of period		19,903	-	-	19,903

2016	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
Balance at end of previous reporting period		16,728	-	-	16,728
Adjustments due to compliance with revised Accounting Standards		-	-	-	-
Adjustments to give effect to changed accounting policies		-	-	-	-
Restated Opening Balance		16,728	-	-	16,728
Net Surplus/ (Deficit) for Year		1,800	-	-	1,800
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	-	-	-
Transfers between reserves		-	-	-	-
Distributions to Member Councils		-	-	-	-
Balance at end of period		18,528	-	-	18,528

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

SOUTHERN REGION WASTE RESOURCE AUTHORITY

STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

		2017	2016
	Notes	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		11,927	10,869
Investment receipts		552	621
<u>Payments</u>			
Operating payments to suppliers & employees		(10,279)	(8,898)
Net Cash provided by (or used in) Operating Activities	8 (b)	<u>2,200</u>	<u>2,592</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		-	-
Sale of surplus assets		163	5
Distributions received from equity accounted Joint Venture	14	125	150
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(754)	(39)
Expenditure on new/upgraded assets		(863)	(2,739)
Capital contributed to equity accounted Joint Venture	14	-	(145)
Net Cash provided by (or used in) Investing Activities		<u>(1,329)</u>	<u>(2,768)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Cash provided by (or used in) Financing Activities		<u>-</u>	<u>-</u>
Net Increase (Decrease) in cash held		871	(176)
Cash & cash equivalents at beginning of period		<u>19,069</u>	<u>19,245</u>
Cash & cash equivalents at end of period	8 (a)	<u>19,940</u>	<u>19,069</u>

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

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group Interpretations (UGIs) and relevant South Australian legislation.

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of City of Onkaparinga, City of Marion and the City of Holdfast Bay.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

2 The Local Government Reporting Entity

Southern Region Waste Resource Authority operates as a regional subsidiary pursuant to Section 43 of the SA Local Government Act 1999 and Section 25 of the Local Government Implementation Act 1999, and has its principal place of business at 112 Bakewell Dr, Seaford Heights SA 5169.

3 Income recognition

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

4 Cash, Cash Equivalents and other Financial Instruments

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

Receivables are generally unsecured and do not bear interest.

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 10.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017**

Note 1 - Significant Accounting Policies (cont)

5 Infrastructure, Property, Plant & Equipment

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use".

5.1 Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Authority includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

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

5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. No capitalisation threshold is applied to the acquisition of land or interests in land.

Capitalisation threshold applied of \$1,000 for all asset classes. Any purchases greater than this amount are capitalised and depreciated on the Authority's asset register.

5.3 Depreciation of Non-Current Assets

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

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are shown below. Depreciation on Landfill Construction assets are amortised proportionately to the rate of filling based upon the projected remaining airspace of landfill cells as at the beginning of the reporting period. The Authority annually assesses the remaining airspace of landfill cells and accordingly, depreciation and amortisation rates are adjusted to reflect these estimates. Depreciation periods for infrastructure assets have been estimated based on the best information available to the Authority, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Furniture & Equipment	3 to10 years
Buildings	30 - 50 years
Waste Facility	10 to 15 years
Landfill Construction	Amortised proportionately to rate of filling

6 Payables

6.1 Goods & Services

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

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 1 - Significant Accounting Policies (cont)

7 Employee Benefits

7.1 Salaries, Wages & Compensated Absences

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

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

The Authority recognises all presently entitled liabilities as current liabilities regardless of whether it is expected to be paid within the preceding 12 months of reporting date.

7.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to Statewide Super. The Scheme has two types of membership, each of which is funded differently.

Accumulation Fund Members

Accumulation fund members receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9.5% in 2016/17; 9.5% in 2015/16). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit Members

Defined benefit scheme is where the benefit payable is based on a formula determined by the member's contribution rate, number of years of contribution and final average salary. The Authority makes employer contributions as determined by the scheme's Trustee based on advice from the Scheme's Actuarial. The most recent full actuarial investigation conducted by the Scheme's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.

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

8 Rehabilitation

Expenditures relating to ongoing rehabilitation and restoration reduce any provision previously established.

The Authority annually monitors the liability recorded for landfill rehabilitation and restoration estimates and makes adjustments to the liability as required to ensure an accurate projected cost of the liability is showing in the balance sheet. The Authority will be undertaking further detailed reviews of all rehabilitation and restoration liability costs in future years with the assistance of external consultants to ensure all projected costs have been independently verified.

9 Inventory

Inventory held by the Authority reflect materials stored on site which have either been purchased or gifted which will be used for future Cell and Capping construction works to be undertaken in future years.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 1 - Significant Accounting Policies (cont)

10 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax". Receivables and Creditors include GST receivable and payable. Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable. Non-current assets and capital expenditures include GST net of any recoupment.

Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

11 Comparative Information

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

12 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2017 reporting period and have not been used in preparing these reports.

The Authority is of the view that none of the new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

13 Valuation of Land and Building Assets

Land and Building assets held by the Authority were valued by Opteon (South Australia) Pty Ltd with an effective valuation date of 30 June 2014 applied for financial reporting purposes. Assets were valued to their market value based on the current zoning of the Onkaparinga Council Development Plan and Environmental Protection Agency (EPA) constraints and assessed market values based on highest and best use. All purchases made post 30 June 2014 have been recorded at Cost.

14 Consolidation of Asset Classes

During the 2016/17 financial year, the Authority undertook a consolidation of a number of asset classes in Note 6 of the Financial Statements. There was no impact to the financial performance or position of the Authority as a result of the consolidating asset classes.

The Authority undertook a review of the recognition basis for each constructed landfill cell to determine the most appropriate and reliable method to measure the consumption of constructed landfill airspace and recognition of capital works for asset depreciation purposes. It was determined that consolidating all existing landfill sites into a single cell is the most reliable and accurate method of measuring landfill activities given that the site is now operated as one large single cell site. As a result, the WDV of all landfill cell assets was consolidated as at 1 July 2016 and renamed 'Super Cell' in Note 6.

A review of the ongoing capping obligations for the site is being undertaken in the 2017/18 financial year. Any changes to key assumptions or estimates will be applied in the 2017/18 financial year once the review has been completed.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 2 - INCOME

	Notes	2017 \$'000	2016 \$'000
USER CHARGES			
Landfill Operations		11,617	9,294
		<u>11,617</u>	<u>9,294</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		488	552
Banks & other		22	27
Investment property rental income		42	43
		<u>552</u>	<u>622</u>
OTHER INCOME			
Movement in Landfill Liabilities		-	228
Other Income		88	307
Southern Recycling Centre		156	96
		<u>244</u>	<u>631</u>

Note 3 - EXPENSES

EMPLOYEE COSTS			
Salaries and Wages		1,042	951
Employee leave expense		26	11
Superannuation		90	77
Workers' Compensation Insurance		50	43
Less: Capitalised and distributed costs		(14)	(57)
Total Operating Employee Costs		<u>1,194</u>	<u>1,025</u>
Total Number of Employees		11	10
		<i>(Full time equivalent at end of reporting period)</i>	
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		16	19
Board Expenses		37	43
Operating Lease Rentals - cancellable leases		-	3
Subtotal - Prescribed Expenses		<u>53</u>	<u>65</u>
<u>Other Materials, Contracts & Expenses</u>			
Contractors		238	227
Fuel		135	104
Equipment Hire		19	12
Maintenance		299	391
Legal Expenses		14	55
Levies paid- EPA Levy		8,018	5,582
Professional services		20	41
Southern Recycling Centre		60	10
Sundry		384	361
Subtotal - Other Materials, Contracts & Expenses		<u>9,187</u>	<u>6,783</u>
		<u>9,240</u>	<u>6,848</u>

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 3 - EXPENSES (cont)

	Notes	2017 \$'000	2016 \$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Landfill Construction		488	401
Buildings & Waste Facility		99	45
Plant & Equipment		362	338
Impairment	6	-	-
		<u>949</u>	<u>784</u>
OTHER EXPENSES			
Transfer to Provision of Cell 3-1 & 3-2 Capping		<u>78</u>	<u>75</u>
		<u>78</u>	<u>75</u>

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

PROPERTY, PLANT & EQUIPMENT			
Proceeds from disposal		163	5
Less: Carrying amount of assets sold		<u>(145)</u>	<u>-</u>
Gain (Loss) on disposal		<u>18</u>	<u>5</u>
NET GAIN (LOSS) ON DISPOSAL OF ASSETS			
		<u>18</u>	<u>5</u>

Note 5 - CURRENT ASSETS

CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		3,787	1,304
Short Term Deposits & Bills, etc		<u>16,153</u>	<u>17,765</u>
		<u>19,940</u>	<u>19,069</u>
TRADE & OTHER RECEIVABLES			
Accrued Revenues		19	25
Debtors - general		1,994	823
Prepayments		<u>12</u>	<u>19</u>
		<u>2,025</u>	<u>867</u>
INVENTORIES			
Stores & Materials		-	48
		<u>-</u>	<u>48</u>

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 6 - PROPERTY, PLANT & EQUIPMENT

	2016				2017			
	\$'000				\$'000			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	1,427	400	-	1,827	1,427	400	-	1,827
Buildings	560	780	(41)	1,299	560	3,825	(351)	4,034
Waste Facility	-	312	(211)	101	-	-	-	-
Plant & Equipment	-	4,220	(2,720)	1,500	-	4,150	(2,358)	1,792
Motor Vehicles	-	74	(13)	61	-	-	-	-
Office Equipment	-	126	(113)	13	-	132	(102)	30
Landfill Construction:								
Landfill Cell 3-1 & 3-2	-	5,293	(5,293)	-	-	-	-	-
Landfill Cell's 3-1 & 3-2 Capping	-	828	(828)	-	-	-	-	-
Cell 3-3 & 3-4 (Lower)	-	3,705	(3,264)	441	-	-	-	-
Cell 3-3 & 3-4 (Lower) Capping	-	2,755	(588)	2,167	-	-	-	-
Cell 4	-	3,607	(1,432)	2,175	-	-	-	-
Cell 4 (Capping)	-	1,727	(991)	736	-	-	-	-
Super Cell	-	-	-	-	-	7,436	(4,867)	2,569
Super Cell Capping	-	-	-	-	-	4,737	(1,777)	2,960
Post Clsoure Rehabilitation	-	5,733	(5,733)	-	-	5,851	(5,740)	111
Future Restoration Costs	-	4,028	(2,384)	1,644	-	4,159	(2,495)	1,664
Work in Progress	-	2,497	-	2,497	-	94	-	94
TOTAL PROPERTY, PLANT & EQUIPMENT	1,987	36,085	(23,611)	14,461	1,987	30,784	(17,690)	15,081
<i>Comparatives</i>	1,987	33,320	(18,693)	16,614	1,987	33,320	(18,693)	16,614

This Note continues on the following pages.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 6 - PROPERTY, PLANT & EQUIPMENT

	2016 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR							2017 \$'000
		\$'000							
		Additions		Disposals	Depreciation	Impairment	Adjustments	Transfer	
Capital	Renewals								
Land	1,827	-	-	-	-	-	-	-	1,827
Buildings	1,299	714	-	-	(99)	-	2,120	-	4,034
Waste Facility	101	-	-	-	-	-	(101)	-	-
Plant & Equipment	1,500	-	732	(145)	(356)	-	61	-	1,792
Motor Vehicles	61	-	-	-	-	-	(61)	-	-
Office Equipment	13	-	23	-	(6)	-	-	-	30
Landfill Construction:									
Landfill Cell 3-1 & 3-2	-	-	-	-	-	-	-	-	-
Landfill Cell's 3-1 & 3-2 Capping	-	-	-	-	-	-	-	-	-
Cell 3-3 & 3-4 (Lower)	441	-	-	-	-	-	(441)	-	-
Cell 3-3 & 3-4 (Lower) Capping	2,167	-	-	-	-	-	(2,167)	-	-
Cell 4	2,175	-	-	-	-	-	(2,175)	-	-
Cell 4 (Capping)	736	-	-	-	-	-	(736)	-	-
Super Cell	-	126	-	-	(173)	-	2,616	-	2,569
Super Cell Capping	-	254	-	-	(197)	-	2,903	-	2,960
Post Closure Rehabilitation	-	118	-	-	(7)	-	-	-	111
Future Restoration Costs	1,644	131	-	-	(111)	-	-	-	1,664
Work in Progress	2,497	-	-	-	-	-	(2,019)	(384)	94
TOTAL PROPERTY, PLANT & EQUIPMENT	14,461	1,343	755	(145)	(949)	-	-	(384)	15,081
<i>Comparatives</i>	16,614	3,068	39	(60)	(784)	-	(4,416)	-	14,461

This Note continues on the following pages.

* Work in Progress transfer of \$0.384 million relates to asset contributed to the Southern Recycling Centre Joint Venture.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the financial year ended 30 June 2017

Note 7 - LIABILITIES

	Notes	2017 \$'000		2016 \$'000	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		2,469	-	1,190	-
Accrued expenses - other		60	-	175	-
		2,529	-	1,365	-
PROVISIONS					
Annual Leave		78	-	74	-
Long Service Leave		71	32	62	20
Post Closure Rehabilitation		-	3,772	-	3,654
Cell Capping - 3-1 & 3-2		-	2,474	-	2,396
Cell Capping - 3-3 & 3-4 (Lower)		-	2,845	-	2,755
Cell 4 Capping		-	1,892	-	1,727
Future Restoration Costs		-	4,159	-	4,028
		149	15,174	136	14,580

<i>Movements in Provisions - 2017 year only (current & non-current)</i>	<i>Opening Balance</i>	<i>Additional Amounts Recognised/ (Derecognised)</i>	<i>Payments</i>	<i>Closing Balance</i>
<i>Post Closure Rehabilitation</i>	3,654	118	-	3,772
<i>Cell Capping -3-1 & 3-2</i>	2,396	78	-	2,474
<i>Cell Capping - 3-3 & 3-4 (Lower)</i>	2,755	90	-	2,845
<i>Cell 4 Capping</i>	1,727	165	-	1,892
<i>Future Restoration Costs</i>	4,028	131	-	4,159
<i>Total</i>	14,560	582	-	15,142

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 8 - RECONCILIATION OF CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2017 \$'000	2016 \$'000
Total cash & equivalent assets	5	19,940	19,069
Less: Short-term borrowings		-	-
Balances per Cash Flow Statement		<u>19,940</u>	<u>19,069</u>

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

Net Surplus (Deficit)		1,375	1,800
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		949	784
Net (Gain) loss in Equity Movement Joint Venture		(265)	20
Net (Gain) Loss on Disposals		(45)	(5)
		<u>2,014</u>	<u>2,599</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(1,018)	182
Net (increase) decrease in inventories		48	1
Net (increase) decrease in other current assets		-	-
Net increase (decrease) in trade & other payables		1,166	(49)
Net increase (decrease) in other provisions		(10)	(141)
Net Cash provided by (or used in) operations		<u>2,200</u>	<u>2,592</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge		-	-
- Non-cash grants & contributions		-	-
<i>Amounts recognised in Income Statement</i>		-	-
- Finance Leases		-	-
		<u>-</u>	<u>-</u>

(d) Financing Arrangements

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

Corporate Credit Cards	18	18
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The Authority has no bank overdraft facility.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 9 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned. Terms & conditions: Deposits are returning fixed interest rates of 1.25 - 2.5% (2016: 1.5 - 2.8%). Short term deposits have an average maturity of 90 days (2016: 90 days). Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Gate Fees & Associated Charges	Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable. Carrying amount: approximates fair value (after deduction of any allowance).
Liabilities - Creditors and Accruals	Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority. Terms & conditions: Liabilities are normally settled on 30 day terms. Carrying amount: approximates fair value.

Net Fair Value

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

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any provision for doubtful debts. All investments are made with the SA Local Government Finance Authority and the ANZ Bank. There is no material exposure to any individual debtor.

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

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of the Authority's financial instruments are at fixed rates. Any such variations in future cash flows will not be material in effect on either the Authority's incomes or expenditures.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 9 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2017	Floating	Fixed interest maturing in			Non-interest bearing	Total
	Interest Rate	≤ 1 year	> 1 year ≤ 5 years	> 5 years		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Fair Value through P&L						
Cash Assets	3,787	16,153	-	-	-	19,940
Loans & Receivables						
Receivables	-	-	-	-	2,025	2,025
Total	3,787	16,153	-	-	2,025	21,965
<i>Weighted Average Interest Rate</i>	<i>1.25%</i>	<i>2.50%</i>				
Financial Liabilities						
Payables	-	-	-	-	2,529	2,529
Total	-	-	-	-	2,529	2,529
EXCESS OF FINANCIAL ASSETS OVER LIABILITIES	3,787	16,153	-	-	(504)	19,436
<hr/>						
2016	Floating	Fixed interest maturing in			Non-interest bearing	Total
	Interest Rate	≤ 1 year	> 1 year ≤ 5 years	> 5 years		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Fair Value through P&L						
Cash Assets	1,304	17,765	-	-	-	19,069
Loans & Receivables						
Receivables	-	-	-	-	867	867
Total	1,304	17,765	-	-	867	19,936
<i>Weighted Average Interest Rate</i>	<i>1.50%</i>	<i>2.80%</i>				
Financial Liabilities						
Payables	-	-	-	-	1,365	1,365
Total	-	-	-	-	1,365	1,365
EXCESS OF FINANCIAL ASSETS OVER LIABILITIES	1,304	17,765	-	-	(498)	18,571

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the financial year ended 30 June 2017

Note 10 - COMMITMENTS FOR EXPENDITURE

	Notes	2017 \$'000	2016 \$'000
Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Resource Recovery Facility		-	527
		<u>-</u>	<u>527</u>
These expenditures are payable:			
Not later than one year		-	527
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
		<u>-</u>	<u>527</u>
Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		55	73
		<u>55</u>	<u>73</u>
These expenditures are payable:			
Not later than one year		18	18
Later than one year and not later than 5 years		37	55
Later than 5 years		-	-
		<u>55</u>	<u>73</u>

NOTE 11 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL PERFORMANCE

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

1. Potential Insurance Losses

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

2. Legal Expenses

All known costs have been recognised.

Note 12 - EVENTS OCCURRING AFTER REPORTING DATE

There were no events subsequent to 30 June 2017 that need to be disclosed in the financial statements.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 13 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Authority prepared on a uniform and consistent basis. The uniform presentation represents a simplified version of reporting under the Government Finance Statistics (GFS) framework of the Australian Bureau of Statistics.

	2017 \$'000	2016 \$'000
Income	12,678	10,547
<i>less</i> Expenses	<u>(11,461)</u>	<u>(8,752)</u>
Operating Surplus / (Deficit)	<u>1,217</u>	<u>1,795</u>
<i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	754	39
Depreciation, Amortisation, Impairment and Movement in Landfill Provisions	(1,027)	(859)
Proceeds from Sale of Replaced Assets	-	-
	<u>(273)</u>	<u>(820)</u>
<i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	863	2,739
Amounts received specifically for New and Upgraded Assets	-	-
Proceeds from Sale of Surplus Assets	(163)	(5)
	<u>700</u>	<u>2,734</u>
Net Lending / (Borrowing) for Financial Year	<u><u>790</u></u>	<u><u>(119)</u></u>

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 14 - DISCLOSURES OF RELATED PARTY TRANSACTIONS

The Key Management Personnel include the Chair of the Board, Chief Executive and other officers prescribed under Section 112 of the *Local Government Act 1999*. In all, 4 persons were paid the following total compensation:

	2017 \$'000
Salaries, allowances & other short term benefits	420
Post-employment benefits	-
Long term benefits	39
Termination Benefits	-
TOTAL	459

Transactions with Related Parties:

The following transactions occurred with Related Parties:

Related Party Entity	Sale of Goods and Services (\$'000)	Amounts Outstanding from Related Parties (\$'000)	Description of Services Provided to Related Parties
City of Onkaparinga	4,080	343	Provision of waste disposal services
City of Holdfast Bay	697	35	Provision of waste disposal services
City of Marion	1,776	167	Provision of waste disposal services

Amounts recorded as outstanding from Related Parties are recorded in Trade and other receivables in Note 5.

The Related Parties disclosed above are equity owners of the Authority and are referred to as Member Councils. Member Councils have equal representation on the Board of the Authority and accordingly have significant influence on the financial and operating decisions of the Authority. No one Member Council individually has control of those policies.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the financial year ended 30 June 2017

Note 15 - EQUITY ACCOUNTED JOINT VENTURE

Southern Recycling Centre (SRC)

The Authority has entered into a joint venture arrangement with Integrated Waste Services Pty Ltd to operate the Southern Recycling Centre located on the Authority's landfill site.

	2017	2016
	\$'000	\$'000
The Authority's respective interests are:		
- interest in operating result:	49.99%	49.99%
- ownership of equity	49.99%	49.99%
the proportion of voting power	50.00%	50.00%

Movement in Investment in Joint Operation:

Opening Balance	164	189
New Capital Contributions	405	145
Share in Operating Result	71	124
Equity Adjustment	194	(144)
Distributions Received	(125)	(150)
Share in Equity of Joint Operation	<u>709</u>	<u>164</u>

Expenditure Commitments

There were no expenditure commitments at reporting date that required to be recognised in the financial statements.

Contingent Liabilities

There were no contingent liabilities at reporting date that required to be recognised in the financial statements.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 16 - FAIR VALUE MEASUREMENTS

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

- Land assets.

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

(a) **Fair value hierarchy**

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

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

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

Valuation techniques

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

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

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

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 16 - FAIR VALUE MEASUREMENTS (Cont.)

The following tables provide the fair values of the Authority's assets measured and recognised on a recurring basis after initial recognition, categorised within the fair value hierarchy.

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2017					
Recurring fair value measurements					
Infrastructure, Property, Plant & Equipment					
- Land	6	-	1,427	-	1,427
- Buildings	6	-	560	-	560
Total financial assets recognised at fair value		-	1,987	-	1,987

2016					
Recurring fair value measurements					
Infrastructure, Property, Plant & Equipment					
- Land	6	-	1,427	-	1,427
- Buildings	6	-	560	-	560
Total financial assets recognised at fair value		-	1,987	-	1,987

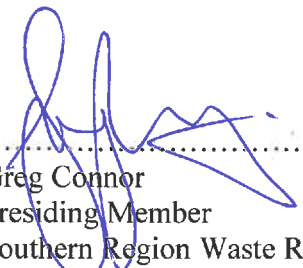
(b) **Disclosed fair value measurements**

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used.

	Fair Value Hierarchy Level	Valuation Technique	Inputs Used
There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.	2	Market Value	Observable sales of similar properties – both vacant land and land with improvements

**Presiding Member Southern Region Waste Resource Authority
Audit Committee – Auditor Independence**

I, Greg Connor the person occupying the position of Presiding Member of the Southern Region Waste Resource Authority's Audit Committee, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the Southern Region Waste Resource Authority, Galpins, has not been engaged by the Southern Region Waste Resource Authority to provide services to the Southern Region Waste Resource Authority outside of the scope of the audit functions under the Local Government Act 1999.


.....
Greg Connor
Presiding Member
Southern Region Waste Resource Authority Audit Committee

21/8/17
.....
Dated

David Chant FCPA
Simon Smith FCPA
David Sullivan CPA
Jason Seidel CA
Renaë Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CPA

SOUTHERN REGION WASTE RESOURCE AUTHORITY

GENERAL PURPOSE FINANCIAL STATEMENTS For the year ended 30 June 2017

Statement by Auditor

I confirm that, for the audit of the financial statements of the Southern Region Waste Resource Authority for the year ended 30 June 2017, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Luke Williams CPA Registered Company Auditor
Partner

31 / 08 / 2017

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under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOUTHERN REGION WASTE RESOURCE AUTHORITY

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE SOUTHERN REGION WASTE RESOURCE AUTHORITY

We have audited the compliance of the Southern Region Waste Resource Authority ("the Authority") with the requirements of *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Authority to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2016 to 30 June 2017 have been conducted properly and in accordance with law.

The Authority's Responsibility for Internal controls

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

Auditor's responsibility

Our responsibility is to express an opinion on the Authority's compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Authority to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with the law, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Authority has complied with Section 125 of the Local Government Act 1999 in relation only to the internal controls specified above for the period 1 July 2016 to 30 June 2017. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

Limitation of Use

This report has been prepared for the members of the Authority in Accordance with *Section 129 of the Local Government Act 1999* in relation to the Internal Controls Specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Authority, or for any purpose other than which it was prepared.

Inherent Limitation.

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

Independence

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

Opinion

In our opinion, the Authority has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal controls established by the Authority relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the authority have been conducted properly and in accordance with law for the year ended 30 June 2017.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Luke Williams CPA Registered Company Auditor
Partner

31 / 08 / 2017

David Chant FCPA
Simon Smith FCPA
David Sullivan CPA
Jason Seidel CA
Renaë Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CPA

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INDEPENDENT AUDITOR'S REPORT

To the members of the Southern Region Waste Resource Authority

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of the Southern Region Waste Resource Authority ("the Authority"), which comprises the balance sheet as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by the Executive Officer and the Chairman.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Authority as at 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

Basis for Opinion

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

Responsibility for the Financial Report

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

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

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Luke Williams CPA Registered Company Auditor
Partner

31 / 08 / 2017



Your Ref:

**Chief Executive Officer's Certificate of Compliance – Auditor Independence
Southern Region Waste Resource Authority**

I, Mark Dowd the person for the time being occupying the position of Chief Executive Officer of the City of Onkaparinga, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside of the scope of the audit functions under the Local Government Act 1999.

Mark Dowd
Chief Executive Officer
City of Onkaparinga

31/08/2017
Dated



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Chief Executive Officer's Certificate of Compliance – Auditor Independence Southern Region Waste Resource Authority

I, Adrian Skull, the person for the time being occupying the position of Acting Chief Executive Officer of the City of Marion, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside of the scope of the audit functions under the Local Government Act 1999.



.....
Adrian Skull
Chief Executive Officer
City of Marion

30.8.17
.....

Dated

The City of Marion acknowledges it is part of Kaurna land and recognises the Kaurna people
as the traditional and continuing custodians of the land.



holdfast.sa.gov.au

Brighton Civic Centre 24 Jetty Road, Brighton SA 5048

PO Box 19 Brighton SA 5048

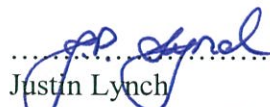
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Glenelg Customer Service Centre and Library

2 Colley Terrace, Glenelg SA 5045

**Chief Executive Officer's Certificate of Compliance – Auditor Independence
Southern Region Waste Resource Authority**

I, Justin Lynch, the person for the time being occupying the position of Chief Executive Officer of the City of Holdfast Bay, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside of the scope of the audit functions under the Local Government Act 1999.


.....
Justin Lynch
Chief Executive Officer
City of Holdfast Bay

31 / 8 / 17
Dated



Attendance at Board Meetings

July 2016 – June 2017

BOARD MEETINGS	A	B
BOARD MEMBERS		
Chairman Mark Booth	6	5
Trish Aukett	6	4
Kirk Richardson	6	4
Vincent Mifsud	6	4
Paul Harwood (resigned May 2017)	6	6
Lynda Yates	6	4
Ian Crossland	6	4
DEPUTY BOARD MEMBERS		
Please Note: Deputy Board Members are only required to attend a Board Meeting when the Board Member is an apology.		
Nick Kerry		0
John Smedley		3
Heidi Greaves		1

A = Number of meetings held during the period 1 July 2016 to 30 June 2017 during the time the Board Member or the Deputy Board Member was a member of the Board.

B = Number of meetings attended by the Board Member or Deputy Board Member from 1 July 2016 to 30 June 2017.

Attendance at Audit Committee Meetings

July 2016 – June 2017

AUDIT COMMITTEE MEETINGS	A	B
Chairman Greg Connor	4	4
Vicki Brown	4	4
David Powell	4	4
Mark Booth	4	4
Paul Harwood (SRWRA Deputy Representative) (resigned May 2017)	4	1

A = Number of meetings held during the period 1 July 2016 to 30 June 2017 during the time the Audit Committee Member was a member of the Committee.

B = Number of meetings attended by the Audit Committee Board Member from 1 July 2016 to 30 June 2017.

Performance Against Business Plan

Each year SRWRA prepares an Annual Business Plan that is submitted to the Constituent Councils detailing its aims and objectives.

Aims and objectives	
Operating Surplus is maintained	Achieved
Meet all legislative requirements (WHS, EPA, Zero Waste)	Achieved
Asset Management plans are in place	Achieved
Grow the revenue (to offset a reduction in the forecast SRWRA revenue)	Achieved
Capital works program is planned and funded i.e. cell construction (link to LTFP).	Achieved
Development of a Bio-Pad, Bailing field and Hard-Stand/Capped operational area	In Progress





SRWRA Constituent Councils

