



ANNUAL REPORT

2019 *to* 2020

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. SRWRA is one of the State's major landfill operations currently receiving over 100,000 tonnes of waste annually.

SRWRA's joint venture operation with Integrated Waste Services (IWS) has developed through 2019–2020 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.

SRWRA CONSTITUENT
COUNCILS



JOINT VENTURE
PARTNER



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CHAIRPERSON'S MESSAGE

It gives me great pleasure to present to you the FY2020 Annual Report.

It is somewhat of an understatement to say that the past few years have been a period of profound change for the waste management sector. The bans on the import of contaminated recycling by China and other Asian countries have forced government and industry to look inwards to find solutions to meet the ever growing waste management needs of our community.

The Council of Australian Governments' (COAG) ban on the export of waste glass, mixed plastics, tyres, paper and cardboard over the next two years is certainly galvanising industry to reduce waste to landfill while we look to maximise domestic capability to reuse and recover recyclable commodities.

Over the past 12 months we completed an extensive planning process and late in the financial year we moved into the implementation phase for the construction of a large scale Materials Recovery Facility that will have the capability to receive, separate and prepare recyclable materials for marketing to end-use manufacturers both in Australia and to the new export standard. Our Constituent Councils are to be congratulated for their support and commitment to this bold initiative. This is an important part of the

journey to support the development of new circular economy industries on the SRWRA landholdings to create a fully integrated vibrant waste management precinct which generates economic activity and employment in southern Adelaide. This will be a significant expansion of our business activity and will present its own challenges but I am confident we are well prepared to meet them.

Our landfill activities continue to focus on the diversion, recovery, and productive use of materials. Over the past twelve months the Southern Recycling Centre (SRC) has successfully diverted 23,256 tonnes of material from landfill which is an increase of 5,793 tonnes over the previous year. Given the substantial investment we made in FY2020 to increase the size of the SRC facility we are confident that this level of diversion will only increase over time.

Our financial performance over the past twelve months was again very sound and, while we continued to maintain highly competitive waste disposal costs, we recorded an Operating Surplus of \$0.658 million for the year ended 30 June 2020. This surplus will assist us to provide for our future post closure costs and to invest in future opportunities to enhance the operations of SRWRA as they arise.



FY2020 has been an extraordinary one, marked firstly by devastating bushfires and then by the health and economic effects of the COVID-19 pandemic, the effects of which will continue to be felt for some time to come. Waste management is of course very much an essential service and I am pleased to say our staff continued to provide the same high level of service as always.

I would like to thank my fellow Board members for their unfailing dedication to guiding SRWRA and in doing so recognise the contribution made by Adrian Skull whose second term as a Board member ended this year. On behalf of the Board I also wish to thank our dedicated team, led ably by CEO Chris Adams, for it is their efforts that ensure our success.

In closing while much was achieved in FY2020 it was also a year in which the foundations were put in place for a further step change in the scope of the waste management activities undertaken by SRWRA . These are undoubtedly exciting and challenging times to be in the waste industry and I am very much looking forward to the journey ahead.

Mark Booth
CHAIRPERSON



CHIEF EXECUTIVE OFFICER'S MESSAGE

SRWRA has embarked on a significant period of transformation and growth. Over the last 12 months a new strategic plan capitalising on and promoting the circular economy has been adopted, the first wave of key projects delivered, and fundamental internal change to ensure we are leaders in delivering innovative and sustainable waste management solutions for the benefit of our southern Adelaide communities and the environment has commenced.

A new enterprise structure has been implemented with a key focus on operational delivery and improving governance, risk management, business and IT systems. The new structure supports the delivery of the Board's strategy to improve and increase the diversity of materials accepted at SRWRA and maximise waste avoidance, re-use, recycling and recovery opportunities prior to landfill disposal by operating a financially sustainable, well managed and appropriately governed enterprise. The changes will continue to be embedded into our practices during the new financial year.

The Authority has continued to provide a financially sustainable, cost effective and environmentally responsible waste management solution for its Constituent Councils and their communities. Our focus on our operations resulted in a full-year Operating Surplus of \$0.658 million. The Authority is in a strong financial position with net assets of \$21.513 million ensuring that we can meet all current and future landfill liabilities without the need for additional funding from our Constituent Councils.

During the second half of the year we implemented a response to the threat of COVID-19 which included a raft of arrangements to ensure our staff are protected and the site can continue to operate for the benefit of our Constituent Councils and their communities. The pace and professionalism of implementation of these arrangements is a testament to the commitment and positive attitude of the SRWRA staff and I acknowledge their contribution and thank them for their efforts.



The SRWRA site is changing rapidly with several key projects delivered during the year, including:

- Construction of a 3MW Biogas facility that converts landfill methane gas into energy, providing power to 3,000 houses. This facility commenced operation in December 2019 and is owned and operated by LMS Energy.
- Construction of 600ML Recycled Water Dam by Willunga Basin Water Company on land leased from SRWRA. The recycled water from this dam will be used to service the McLaren Vale area.
- Extension of the Southern Recycling Centre Shed to support resource recovery activities and diversion of waste from landfill.
- Completion of Stages 1 & 2 of the Western Sideliner Project to better manage our landfill operations.
- Purchase of a new landfill compactor equipped with GPS technology that will provide improved data on the management of our landfill.

Key projects that have completed their planning and approval phase this year and are scheduled for delivery in 2020-2021 include:

- Materials Recovery Facility for the processing of kerbside comingled recycling.
- 600KW Solar Farm, the largest to be constructed on a capped landfill in South Australia.

Over the last 12 months, the Authority invested in the education of schoolchildren within our communities through the Les Perry Memorial Grants Program. This year, 11 schools from our three Constituent Council areas received a total of \$6,877 in grant funding to support them learning about environmentally responsible waste management.

The outcomes achieved this year are a testament to the commitment and focus of our Board, Audit Committee, staff and Joint Venture Partners. I look forward to the next 12 months as we continue to deliver innovative and sustainable waste management solutions for the benefit of our southern Adelaide communities and the environment.

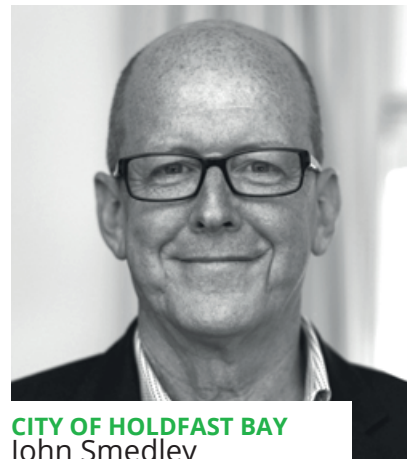
Chris Adams
CHIEF EXECUTIVE OFFICER

BOARD OF MANAGEMENT

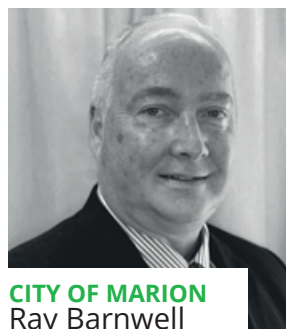
AS AT JUNE 30TH 2020



MEMBERS



DEPUTY MEMBERS



FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED **30 JUNE 2020**



SOUTHERN REGION WASTE RESOURCE AUTHORITY

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SOUTHERN REGION WASTE RESOURCE AUTHORITY

ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2020

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 2020 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



.....
Chris Adams
Chief Executive Officer

Dated the 7th day of September 2020

SOUTHERN REGION WASTE RESOURCE AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME for the financial year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
INCOME			
User charges	2	10,746	10,578
Investment income	2	501	647
Other Income	2	493	464
Net gain - equity accounted Joint Venture	15	745	437
Total Income		12,485	12,126
EXPENSES			
Employee costs	3	1,248	1,301
Materials, contracts & other expenses	3	9,719	9,445
Depreciation, amortisation & impairment	3	860	868
Other Expenses	3	-	-
Net loss - equity accounted Joint Venture	15	-	-
Total Expenses		11,827	11,614
OPERATING SURPLUS / (DEFICIT)		658	512
Net gain (loss) on disposal of assets	4	-	(9)
Amounts received specifically for new or upgraded assets		-	-
NET SURPLUS / (DEFICIT)		658	503
Other Comprehensive Income			
Changes in revaluation surplus - property, plant & equipment		1,222	-
Total Other Comprehensive Income		1,222	-
TOTAL COMPREHENSIVE INCOME		1,880	503

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 2020

		2020	2019
	Notes	\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	15,506	17,497
Trade & other receivables	5	2,230	1,666
Inventories	5	-	-
		<u>17,736</u>	<u>19,163</u>
Total Current Assets		<u>17,736</u>	<u>19,163</u>
Non-current Assets			
Equity Accounted Joint Venture	15	677	832
Property, Plant & Equipment	6	19,319	15,440
		<u>19,996</u>	<u>16,272</u>
Total Non-current Assets		<u>19,996</u>	<u>16,272</u>
Total Assets		<u>37,732</u>	<u>35,435</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	7	2,339	2,201
Provisions	7	145	126
		<u>2,484</u>	<u>2,327</u>
Total Current Liabilities		<u>2,484</u>	<u>2,327</u>
Non-current Liabilities			
Provisions	7	13,735	13,475
		<u>13,735</u>	<u>13,475</u>
Total Non-current Liabilities		<u>13,735</u>	<u>13,475</u>
Total Liabilities		<u>16,219</u>	<u>15,802</u>
NET ASSETS		<u>21,513</u>	<u>19,633</u>
EQUITY			
Accumulated Surplus		20,291	19,633
Asset Revaluation Reserve		1,222	-
TOTAL EQUITY		<u>21,513</u>	<u>19,633</u>

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 2020

2020	Notes	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Total Equity \$'000
Balance at end of previous reporting period		19,633	-	19,633
Net Surplus/ (Deficit) for Year		658		658
Other Comprehensive Income				
Gain on revaluation of infrastructure, property, plant & equipment			1,222	1,222
Transfers between reserves		-	-	-
Distributions to Member Councils		-	-	-
Balance at end of period		20,291	1,222	21,513

2019	Notes	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Total Equity \$'000
Balance at end of previous reporting period		19,130	-	19,130
Net Surplus/ (Deficit) for Year		503		503
Other Comprehensive Income				
Gain on revaluation of infrastructure, property, plant & equipment		-	-	-
Transfers between reserves		-	-	-
Distributions to Member Councils		-	-	-
Balance at end of period		19,633	-	19,633

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 2020

	Notes	2020 \$'000	2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Operating receipts		11,743	12,337
Investment receipts		501	647
Payments			
Operating payments to suppliers & employees		(11,886)	(11,965)
Net Cash provided by (or used in) Operating Activities	8 (b)	358	1,019
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Amounts specifically for new or upgraded assets		-	-
Sale of surplus assets		-	21
Distributions received from equity accounted Joint Venture	15	900	490
Payments			
Expenditure on renewal/replacement of assets		(759)	(256)
Expenditure on new/upgraded assets		(2,490)	(120)
Capital contributed to equity accounted Joint Venture	15	-	-
Net Cash provided by (or used in) Investing Activities		(2,349)	135
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Distribution to Member Councils		-	-
Net Cash provided by (or used in) Financing Activities		-	-
Net Increase (Decrease) in cash held		(1,991)	1,154
Cash & cash equivalents at beginning of period		17,497	16,343
Cash & cash equivalents at end of period	8 (a)	15,506	17,497

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 2020

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 (UIGs) 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 9.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

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 are shown below. Depreciation of Landfill Construction and Future Capping, Rehabilitation and Restoration costs 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 estimated.

Plant, Furniture & Equipment	3-10 years
Buildings	30-50 years
Waste Facility	10-15 years
Landfill construction	Amortised proportionately to rate of filling
Future capping costs	Amortised proportionately to rate of filling
Future rehabilitation and restoration costs	Amortised proportionately to rate of filling

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

Note 1 - Significant Accounting Policies (cont)

6 Payables

6.1 Goods & Services

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

7 Employee Benefits

7.1 Salaries, Wages & Compensated Absences

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

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

The Authority recognises 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 2019/20 (9.5% in 2018/19). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Defined benefit scheme is where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. The Authority makes employer contributions as determined by the scheme's Trustee based on advice from the Scheme's Actuarial. The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2020. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to 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.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2020

Note 1 - Significant Accounting Policies (cont)

8 Provisions for Landfill Capping, Rehabilitation and Restoration Costs

The Authority's provision for landfill capping, post closure rehabilitation costs and restoration costs are calculated based on the net present value of the future cash outflows expected to be incurred to remediate the landfill which will include the costs of capping, rehabilitating and restoring the landfill site. The measurement of the provisions requires significant estimates and assumptions such as discount rate, inflation rate, assessment of the requirements of the Environment Protection Authority (EPA) or other government authorities, the timing, extent and costs of activities required and the area of the landfill to be remediated, which is determined by volumetric aerial surveys. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Expenditure relating to ongoing rehabilitation and restoration will reduce any provision previously established.

The Authority monitors the remaining airspace, the airspace consumption efficiency (compaction) ratio, the discount rate and the inflation rate used to calculate the net present value of the future landing capping, rehabilitation and restoration costs on an annual basis and makes adjustments to the liability as required to ensure an accurate projected cost of the liability is showing in the balance sheet.

A complete review of all future capping, rehabilitation and restoration costs including a review of all the key assumptions and estimates in relation to the measurement of these costs is performed on a regular basis with the assistance of external consultants to ensure all projected costs have been independently verified.

The dates of the last review of the key assumptions and estimates in relation to the measurement of the future capping, rehabilitation and restoration costs are shown below:

Costs	Effective Date	Independent Assessor
Capping costs	30 June 2019	Golder Associates
Restoration costs	30 June 2018	Golder Associates
Rehabilitation costs	30 June 2016	Katalyse Pty Ltd

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.

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.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

Note 1 - Significant Accounting Policies (cont)

12 New Accounting Standards

As a result of the introduction of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income of Not-for-Profit Entities* which came into effect as from 1 July 2019 for the Authority, an assessment of these new accounting standards determined that these standards do not have an impact on the existing accounting policies of the Authority. The Authority has no deferred revenue arrangements nor entered into any long-term lease arrangements.

13 Valuation of Land and Building Assets

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 highest and best use. All purchases made post 30 June 2014 have been recorded at cost.

Land assets held by the Authority were valued by AssetVal with an effective valuation date of 30 June 2020 applied for financial reporting purposes. Where there is an active and liquid market as evidenced by sales transactions of similar property types, a Market approach by way of Direct Comparison or Income methods were utilised. Some parcels of land are subject to restrictions as to use and sale and the value of these land assets has been determined after considering suitable market evidence and making necessary adjustment to account for these restrictions.

14 Valuation of Landfill Assets

Landfill assets comprise the acquisition of landfills, cell development costs, landfill improvements costs and the assets related to future landfill capping, rehabilitation and restoration costs.

Assets related to future landfill capping, rehabilitation and restoration costs are valued based on the net present value of the future cash outflows expected to remediate the landfill which will include the costs of capping, rehabilitating and restoring the landfill asset. The assumptions used to estimate these costs and details of their regular review are described in item 8 – Provision for Landfill Capping, Rehabilitation and Restoration Costs.

All landfill assets are amortised proportionately to the rate of filling as described in item 5.3 Depreciation of Non-Current Assets.

15 COVID-19

Given the nature of the business activities undertaken by the Authority, there has been no restrictions imposed on waste processing operations of the Authority due to government enforced restrictions introduced as a result of the COVID-19 pandemic event.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

Note 2 - INCOME

	Notes	2020 \$'000	2019 \$'000
USER CHARGES			
Landfill Operations		10,746	10,578
		<u>10,746</u>	<u>10,578</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		249	421
Banks & other		12	18
investment property rental income		240	208
		<u>501</u>	<u>647</u>
OTHER INCOME			
Other Income		204	63
Southern Recycling Centre		289	401
		<u>493</u>	<u>464</u>

Note 3 - EXPENSES

EMPLOYEE COSTS			
Salaries and Wages		1,151	1,146
Employee leave expense		10	12
Superannuation		102	95
Workers' Compensation Insurance		58	48
Less: Capitalised and distributed costs		(73)	-
Total Operating Employee Costs		<u>1,248</u>	<u>1,301</u>
Total Number of FTE Employees		13	13
MATERIALS, CONTRACTS & OTHER EXPENSES			
Prescribed Expenses			
Auditor's Remuneration		19	19
Board Expenses		39	41
Subtotal - Prescribed Expenses		<u>58</u>	<u>60</u>
Other Materials, Contracts & Expenses			
Contractors		271	418
Fuel		161	132
Equipment Hire		18	-
Maintenance		217	270
Legal Expenses		32	16
Levies paid- EPA Levy		8,542	8,010
Professional services		12	36
Southern Recycling Centre		183	255
Sundry		225	248
Subtotal - Other Materials, Contracts & Expenses		<u>9,661</u>	<u>9,385</u>
		<u>9,719</u>	<u>9,445</u>

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

Note 3 - EXPENSES (cont)

	Notes	2020 \$'000	2019 \$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Landfill Construction		439	374
Buildings & Waste Facility		138	143
Plant & Equipment		283	351
Impairment	6	-	-
		<u>860</u>	<u>868</u>
OTHER EXPENSES			
Transfer to Provision of Cell 3-1 & 3-2 Capping		-	-
		<u>-</u>	<u>-</u>

Note 4 - ASSET DISPOSALS

PROPERTY, PLANT & EQUIPMENT			
Proceeds from disposal		-	21
Less: Carrying amount of assets sold		-	(30)
Gain (Loss) on disposal		<u>-</u>	<u>(9)</u>

Note 5 - CURRENT ASSETS

CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		1,601	1,755
Short Term Deposits & Bills, etc		13,905	15,742
		<u>15,506</u>	<u>17,497</u>
TRADE & OTHER RECEIVABLES			
Accrued Revenues		23	37
Debtors - general		2,207	1,626
Prepayments		-	3
		<u>2,230</u>	<u>1,666</u>
INVENTORIES			
Stores & Materials		-	-
		<u>-</u>	<u>-</u>

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

Note 6 - PROPERTY, PLANT & EQUIPMENT

	2019				2020			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
	\$'000							
Land	1,427	2,556	-	3,983	5,205	-	-	5,205
Buildings	560	4,044	(634)	3,970	560	4,081	(772)	3,869
Plant & Equipment	-	4,600	(2,980)	1,620	-	5,350	(3,252)	2,098
Office Equipment	-	153	(123)	30	-	160	(133)	27
Super Cell	-	7,565	(5,195)	2,370	-	8,202	(5,391)	2,811
Super Cell Capping	5,269	-	(2,183)	3,086	5,426	-	(2,395)	3,031
Post Closure Rehabilitation	6,064	-	(5,774)	290	6,143	-	(5,799)	344
Future Restoration Costs	4,196	-	(4,161)	35	4,228	-	(4,165)	63
Work in Progress	-	56	-	56	-	1,871	-	1,871
TOTAL PROPERTY, PLANT & EQUIPMENT	17,516	18,974	(21,050)	15,440	21,562	19,664	(21,907)	19,319
Comparatives	1,987	33,787	(20,194)	15,580	17,516	18,974	(21,050)	15,440

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2020

Note 6 - PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR											2020 \$'000 CARRYING AMOUNT
	\$'000										2020 \$'000 CARRYING AMOUNT	
	2019 \$'000 CARRYING AMOUNT	Additions		Disposals	Depreciation	Revaluation	Adjustments	Transfer	2020 \$'000 CARRYING AMOUNT			
	Capital	Renewals										
Land	3,983	-	-	-	-	1,222	-	-	-	-	-	5,205
Buildings	3,970	37	-	-	(138)	-	-	-	-	-	-	3,869
Plant, Equipment & Motor Vehicles	1,620	-	752	-	(274)	-	-	-	-	-	-	2,098
Office Equipment	30	-	7	-	(9)	-	-	-	(1)	-	-	27
Super Cell	2,370	637	-	-	(196)	-	-	-	-	-	-	2,811
Super Cell Capping	3,086	157	-	-	(215)	-	-	3	-	-	-	3,031
Post Closure Rehabilitation	290	79	-	-	(24)	-	-	-	(1)	-	-	344
Future Restoration Costs	35	32	-	-	(4)	-	-	-	-	-	-	63
Work in Progress	56	1,851	-	-	-	-	-	-	1	-	(37)	1,871
TOTAL PROPERTY, PLANT & EQUIPMENT	15,440	2,793	759	-	(860)	1,222	-	2	(37)	-	(127)	19,319
Comparatives	15,580	629	256	(30)	(868)	-	-	-	-	-	-	15,440

This Note continues on the following pages.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the financial year ended 30 June 2020

Note 7 - LIABILITIES

	Notes	2020 \$'000		2019 \$'000	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		2,323	-	2,139	-
Payments received in advance		16	-	16	-
Accrued expenses - other		-	-	46	-
		2,339	-	2,201	-
PROVISIONS					
Annual Leave		80	-	66	-
Long Service Leave		65	17	60	25
Super Cell Capping		-	7,980	-	7,823
Post Closure Rehabilitation		-	4,064	-	3,985
Future Restoration Costs		-	1,674	-	1,642
		145	13,735	126	13,475

Movements in Provisions	Opening Balance	Additional Amounts Recognised/ (Derecognised)	Transfers	Closing Balance
Super Cell Capping	7,823	157	-	7,980
Post Closure Rehabilitation	3,985	79	-	4,064
Future Restoration Costs	1,642	32	-	1,674
Total	13,450	268	-	13,718

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

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 Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Notes	2020 \$'000	2019 \$'000
Total cash & equivalent assets	5	15,506	17,497
Less: Short-term borrowings		-	-
Balances per Cash Flow Statement		<u>15,506</u>	<u>17,497</u>

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

Net Surplus (Deficit)		658	503
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		860	868
Net (Gain) loss in Equity Movement Joint Venture		(745)	(437)
Movement in Landfill Provisions		-	-
Work in Progress Write-Off		-	127
Net (Gain) Loss on Disposals		-	9
		<u>773</u>	<u>1,070</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(564)	173
Net increase (decrease) in trade & other payables		138	(235)
Net increase (decrease) in other provisions		11	11
Net Cash provided by (or used in) operations		<u>358</u>	<u>1,019</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge		-	-
- Non-cash grants & contributions		-	-
Amounts recognised in Income Statement		-	-
- 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
------------------------	----	----

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 2020

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 0.25 - 1.15% (2019: 1.25 - 2.25%). Short term deposits have an average maturity of 90 days (2019: 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 2020

Note 9 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

	Maturity				Non-interest bearing	Total
	≤ 1 year	> 1 year ≤ 5 years	> 5 years			
2020						
Financial Assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash & Equivalents	15,506	-	-	-	-	15,506
Receivables	-	-	-	2,230	-	2,230
Total	15,506	-	-	2,230	-	17,736
Financial Liabilities						
Payables	-	-	-	2,339	-	2,339
Total	-	-	-	2,339	-	2,339
2019						
Financial Assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash & Equivalents	17,497	-	-	-	-	17,497
Receivables	-	-	-	1,666	-	1,666
Total	17,497	-	-	1,666	-	19,163
Financial Liabilities						
Payables	-	-	-	2,201	-	2,201
Total	-	-	-	2,201	-	2,201

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the financial year ended 30 June 2020

Note 10 - COMMITMENTS FOR EXPENDITURE

	2020 \$'000	2019 \$'000
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Committed Projects	12,580	-
	<u>12,580</u>	<u>-</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	-	19
	<u>-</u>	<u>19</u>
These expenditures are payable:		
Not later than one year	-	19
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>-</u>	<u>19</u>

Note 11 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF

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 2020 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 2020

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.

	2020 \$'000	2019 \$'000
Income	12,485	12,126
less Expenses	<u>(11,827)</u>	<u>(11,614)</u>
Operating Surplus / (Deficit)	<u>658</u>	<u>512</u>
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(759)	(256)
Depreciation, Amortisation, Impairment and Movement in Landfill Provisions	860	868
Proceeds from Sale of Replaced Assets	-	-
	<u>101</u>	<u>612</u>
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	(2,490)	(120)
Amounts received specifically for New and Upgraded Assets	-	-
Proceeds from Sale of Surplus Assets	-	21
	<u>(2,490)</u>	<u>(99)</u>
Net Lending / (Borrowing) for Financial Year	<u>(1,731)</u>	<u>1,025</u>

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

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*. The following payments were made to Key Management Personnel during the year:

	2020 \$'000
Salaries, allowances & other short term benefits	404
Post-employment benefits	-
Long term benefits	-
Termination Benefits	37
TOTAL	441

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	5,329	747	Provision of waste disposal services
City of Holdfast Bay	969	101	Provision of waste disposal services
City of Marion	2,409	339	Provision of waste disposal services
Southern Recycling Centre	7,030	591	Provision of waste disposal services

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

The Authority has a total amount outstanding of \$0.303m to the Southern Recycling Centre as at 30 June 2020

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 2020

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.

	2020 \$'000	2019 \$'000
The Authority's respective interests are:		
- interest in operating result:	50.00%	50.00%
- ownership of equity	49.99%	49.99%
- the proportion of voting power	50.00%	50.00%
 <u>Movement in Investment in Joint Operation:</u>		
Opening Balance	832	885
New Capital Contributions	-	-
Share in Operating Result	745	437
Equity Adjustment	-	-
Distributions Received	(900)	(490)
Share in Equity of Joint Operation	<u>677</u>	<u>832</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 2020

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

Audit Committee – Auditor Independence

Presiding Member Certification

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 21 (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 the scope of the audit functions under the Local Government Act 1999.


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

26/8/2020
.....
Dated

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renae Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA



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SOUTHERN REGION WASTE RESOURCE AUTHORITY

GENERAL PURPOSE FINANCIAL STATEMENTS For the year ended 30 June 2020

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 2020, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

A handwritten signature in blue ink, appearing to read 'Simon Smith'.

Simon Smith FCPA, Registered Company Auditor

Partner

08 / 09 / 2020

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
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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

Opinion

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 2019 to 30 June 2020 have been conducted properly and in accordance with law.

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 in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Authority have been conducted properly and in accordance with law for the period 1 July 2019 to 30 June 2020.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagement on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the 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 2019 to 30 June 2020. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Authority's Responsibility for Internal Control

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.

Our Independence and Quality Control

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

Auditor's responsibility

Our responsibility is to express an opinion on the 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 receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the 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 2019 to 30 June 2020. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

Limitations of Controls

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

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

Limitations 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.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Simon Smith FCPA, Registered Company Auditor

Partner

08 / 09/ 2020

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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 2020, 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 2020, 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Simon Smith FCPA, Registered Company Auditor

Partner

08 / 09 / 2020



**Southern Region Waste Resource Authority
Board Chairperson – Auditor Independence**

I, Mark Booth, the person occupying the position of Chairperson of the Southern Region Waste Resource Authority's Board, 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.


.....
Mark Booth
Chairperson
Southern Region Waste Resource Authority Board

7 / 9 / 20
Dated

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

I, Scott Ashby 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*.



Scott Ashby
Chief Executive Officer
City of Onkaparinga

15/9/20
Dated



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South Australia 5168
www.onkaparingacity.com

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Facsimile (08) 8382 8744

Woodcroft office
175 Bains Road
Morphett Vale
Telephone (08) 8384 0666
Facsimile (08) 8382 8744

**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 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

3/9/2020
.....
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

P 08 8229 9999 F 08 8298 4561

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, Roberto Bria, 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.


.....
Roberto Bria
Chief Executive Officer
City of Holdfast Bay

4 / 9 / 2020
.....
Dated

ATTENDANCE AT BOARD MEETINGS

BOARD MEMBERS	MEETINGS HELD WHILST MEMBER	MEETINGS ATTENDED
CHAIRMAN Mark Booth	8	7
CITY OF ONKAPARINGA Kirk Richardson	8	8
CITY OF ONKAPARINGA Richard Peat	8	5
CITY OF MARION Adrian Skull	8	3
CITY OF MARION Ian Crossland	8	4
CITY OF HOLDFAST BAY Roberto Bria	8	8
CITY OF HOLDFAST BAY John Smedley	8	7
DEPUTY BOARD MEMBERS		
Please Note: Deputy Members are only required to attend a Meeting when the Member is an apology		
CITY OF ONKAPARINGA Heidi Greaves	8	2
CITY OF MARION Bruce Hull	8	1
CITY OF MARION Ray Barnwell	8	4
CITY OF MARION Sorana Dinmore <i>Proxy Representative for Adrian Skull</i>	3	3
CITY OF HOLDFAST BAY Clare Lindop	8	5

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

	MEETINGS HELD WHILST MEMBER	MEETINGS ATTENDED
Please Note: Deputy Members are only required to attend a Meeting when the Member is an apology		
PRESIDING MEMBER Greg Connor	4	4
David Powell	4	4
Sam Spadavecchia	4	4
Mark Booth	4	4
John Smedley <i>Deputy SRWRA Representative</i>	4	0

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, OBJECTIVES AND KEY MEASURES	STATUS
RESOURCE RECOVERY OBJECTIVES	
Complete recycling shed extension	Achieved
Progress Materials Recovery Facility and Solar Farm	Achieved
Identify and assess the feasibility of advanced waste treatments opportunities as they arise	Achieved
Assess the feasibility of a bio-pad for either 'organics' from SRC or clean greens	Achieved
Identify and support potential markets/business opportunities for recovered resources	Achieved
Seek expert advice regarding the impact of planning and zoning to determine the best use of the buffer land	Achieved
RESOURCE RECOVERY KEY MEASURES	
Diversion of incoming waste material from landfill >25%	Achieved 39%
Future landfill airspace = 30 years	Achieved
Carbon emission offset >100,000 tonnes pa	Achieved
Deliver agreed projects on time and on budget	Achieved
STAKEHOLDER RELATIONSHIPS OBJECTIVES	
Establish and maintain consistent communication with stakeholders and communities to ensure SRWRA's role and capabilities are understood	Achieved
Provide information to Constituent Councils to support them with waste avoidance and positive waste behaviours and initiatives	Achieved
Identify industry initiatives and outcomes that are locally relevant and provide to Constituent Councils	Achieved



AIMS, OBJECTIVES AND KEY MEASURES	STATUS
STAKEHOLDER RELATIONSHIPS KEY MEASURES	
One presentation to Elected Members in each Constituent Council per annum	Achieved
Bi-monthly communication with Constituent Councils	Achieved
OPERATIONAL EXCELLENCE OBJECTIVES	
EPA Licence is renewed by 31 July 2019	Achieved
Update LEMP to reflect new EPA Licence	In Progress
Conduct review of Charter (due 2019)	In Progress
Review and update Governance Manual	In Progress
Review and update Policies and Procedures	Achieved
Implement 2019 Risk Evaluation Action Plan (WHS&IM)	Achieved
Future landfill rehabilitation and capping is assessed and funded over the lifetime of the site	Achieved
Deliver operating surplus	Achieved
Review fill plan and program supercell construction	Achieved
Establish strategic and operational KPI's	In Progress
OPERATIONAL EXCELLENCE MEASURES	
Maintain EPA Licence	Achieved
Reduction in the number of lost time injuries from the previous year	Achieved
Achieve or surpass operating surplus budget	Achieved

WORK HEALTH AND SAFETY

LOST TIME INJURIES

At SRWRA safety is part of our culture, a value considered with each decision made by management and staff. SRWRA is committed to providing a healthy and safe work environment that minimises the risk of injury or illness arising from work activities.

SRWRA's Key Measure for lost time injuries for 2019-2020 is a reduction in the number of lost time injuries from the previous year.

SRWRA recorded zero lost time injuries in 2019-2020 which represents a 100% reduction over the previous twelve months which meets the Annual Business Plan Key Measure for 2019-2020.

ANNUAL LOST TIME INJURIES

(Lost time injuries represent one complete shift or more of lost time)

2018-2019	2019-2020
1	0

INJURY MANAGEMENT

SRWRA received one new workers compensation claim during 2019-2020. This is a 66.67% decrease in claims lodged this year compared to the previous year.



PROCUREMENT

SRWRA is committed to a fair, transparent and accountable process when acquiring goods and services, consistent with Section 49 of the Local Government Act 1999.

Each year goods and services are procured to support the delivery of the Annual Business Plan and Budget. The SRWRA Board has adopted the Procurement Policy to govern all procurement activities, excluding the purchase and disposal of land and other assets owned by the Authority.

In certain circumstances, the Authority may, after approval from its Board, waive application of this Policy and pursue a method which will bring the best outcome for the SRWRA. The Authority must record its reasons in writing for waiving application of this Policy.

Annual procurement performance:

NUMBER OF PROCUREMENT EVENTS	NUMBER OF PROCUREMENT POLICY WAIVERS
393	5

Key reasons for the granting of Procurement Policy waivers in the last 12 months include:

- the best value for money outcome for SRWRA
- the limited size of the market and the number of credible suppliers
- the proprietary nature of specialised products
- expert knowledge and technical capability in a specific field
- leveraging existing infrastructure owned by third parties





SRWRA CONSTITUENT
COUNCILS



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