



AUDIT COMMITTEE

AGENDA & REPORTS

for the Special meeting

Wednesday 15 September 2021
at 9.30 am

in the Colonel Light Room
Adelaide Town Hall



Special Meeting Agenda, Wednesday 15 September 2021 at 9.30 am

| | |
|-------------------------|---|
| Membership: | The Lord Mayor 1 Council Member 3 External Independent Members 2 Proxy Council Members |
| Quorum: | 3 |
| Presiding Member | Mr David Powell |
| Members | The Right Honourable the Lord Mayor [Sandy Verschoor] Ms Paula Davies Councillor Hyde 1 vacant position |
| Proxy Members | <i>Councillor Knoll [proxy for the Lord Mayor]</i> <i>Councillor Couros (Deputy Lord Mayor) [proxy for Councillor Hyde].</i> |

1. Acknowledgement of Country

'Council acknowledges that we are meeting on traditional Country of the Kaurna people of the Adelaide Plains and pays respect to Elders past and present. We recognise and respect their cultural heritage, beliefs and relationship with the land. We acknowledge that they are of continuing importance to the Kaurna people living today.

And we also extend that respect to other Aboriginal Language Groups and other First Nations who are present today.'

2. Reports

2.1. ACMA Financial Statements [2021/00122] [Page 2]

2.2. Audit & Risk Committee Terms of Reference [2019/02483] [Page 70]

3. Closure

ACMA Financial Statements

ITEM 2.1 15/09/2021
Audit Committee

Strategic Alignment - Enabling Priorities

Program Contact:

Grace Pelle, Manager, Finance & Procurement 8203 7343

2021/00122
 Public

Approving Officer:

Amanda McIlroy, Chief Operating Officer, Corporate Services

EXECUTIVE SUMMARY

As governed by the *Local Government (Financial Management) Regulations 2011 (SA)* (the Regulations), the Annual Financial Statements of Adelaide Central Market Authority must include a statement signed by the Chief Executive Officer and the Presiding Member of the ACMA Audit Committee.

The purpose of this report is to consider and approve for certification the Audited Financial Statements of ACMA for the year ended 30 June 2021.

RECOMMENDATION

THAT THE AUDIT COMMITTEE RECOMMENDS TO COUNCIL

That Council

1. Notes the audited Adelaide Central Market Authority Financial Statements for 2020-21 as contained in Attachment A to Item 2.1 on the Agenda for the Special meeting of the Audit Committee held on 15 September 2021, have been audited. These financial results have been included in the Consolidated Financial Statements of the City of Adelaide and:
 - 1.1. Considers the Financial Statements for 2020-21 present fairly the financial position of the Adelaide Central Market Authority.
 - 1.2. Notes the representation letter requested by the external auditor of the Adelaide Central Market Authority, contained in Attachment B to Item 2.1 on the Agenda for the Special meeting of the Audit Committee held on 15 September 2021, is signed by management.
 - 1.3. Notes the Certification of Auditor Independence in relation to Adelaide Central Market Authority, contained in Attachment C to Item 2.1 on the Agenda for the Special meeting of the Audit Committee held on 15 September 2021 is signed by the Chief Executive Officer and the Presiding Member of the Audit Committee.
 - 1.4. Notes the 2020-21 Report on the financial results for the Adelaide Central Market Authority, contained in Attachment D to Item 2.1 on the Agenda for the Special meeting of the Audit Committee held on 15 September 2021.
 - 1.5. Notes the Annual Report in relation to Adelaide Central Market Authority, contained in Attachment E to Item 2.1 on the Agenda for the Special meeting of the Audit Committee held on 15 September 2021 is signed by the Chief Executive Officer and the Presiding Member of the Audit Committee.
 - 1.6. Notes the representation letter requested by the external auditor of the Central Market Marketing Fund, contained in Attachment F to Item 2.1 on the Agenda for the Special meeting of the Audit Committee held on 15 September 2021, is signed by management.
 - 1.7. Notes the audited Central Market Marketing Fund (CMMF) Financial Statements for 2020-21 as contained in Attachment G to Item 2.1 on the Agenda for the Special meeting of the Audit Committee held on 15 September 2021, have been audited and present fairly the position of the CMMF.

IMPLICATIONS AND FINANCIALS

| | |
|--|---|
| City of Adelaide 2020-2024 Strategic Plan | Strategic Alignment – Enabling Priorities Financial sustainability is critical to achieving our vision and Council will carefully manage its revenue, costs, debts, and assets. |
| Policy | Not as a result of this report |
| Consultation | Not as a result of this report |
| Resource | Not as a result of this report |
| Risk / Legal / Legislative | <i>Local Government Act 1999 (SA) and the Local Government (Financial Management) Regulations 2011 (SA)</i> |
| Opportunities | Not as a result of this report |
| 21/22 Budget Allocation | Not as a result of this report |
| Proposed 22/23 Budget Allocation | Not as a result of this report |
| Life of Project, Service, Initiative or (Expectancy of) Asset | Not as a result of this report |
| 21/22 Budget Reconsideration (if applicable) | Not as a result of this report |
| Ongoing Costs (eg maintenance cost) | Not as a result of this report |
| Other Funding Sources | Not as a result of this report |

DISCUSSION

1. The Financial Statements of the Adelaide Central Market Authority (ACMA) for the year ended 30 June 2021 have been audited by the appointed auditor BDO. The Financial Statements are included in **Attachment A** for presentation to Council in accordance with the Act and the Regulations.
2. The Financial Statements for the year ended 30 June 2021 have been prepared in accordance with the *Local Government Act 1999 (SA)* (the Act) and the *Local Government (Financial Management) Regulations 2011 (SA)* (the Regulations) and all applicable Australian Accounting Standards. The format used in these statements is prescribed by legislation to be in accordance with the Model Financial Statements, approved by the Minister for Local Government in June 2021.
3. ACMA is a subsidiary under division 3, section 42 and schedule 2 of the Act.
4. ACMA was formed as a subsidiary of the City of Adelaide (CoA) in May 2012 with CoA holding a 100% equity share. The ACMA charter was updated and approved by Council on 8 June 2021 which took effect from the date of gazettal on 8 July 2021.

Summary of Financial Results

5. The 2020-21 Financial Statements for ACMA reflect a net deficit of \$926k for the year.
6. Given the intent of the amended Charter was also to ensure a 'clean' starting point, an equity transfer of \$649k between CoA and ACMA to offset the negative equity and ensure ACMA commences under the "One Market" operating model with a nil starting balance.
7. Additionally, to recognise the transfer of assets back to CoA due to the amended Charter, the assets have been transferred to current assets held for distribution and provisions for distributions have been declared of \$2,531k. These will all resolve in the next financial year and no impact to the income statement will be incurred, therefore recognise the transaction as equity based rather than income based.
8. Regulation 10 of the *Local Government (Financial Management) Regulations 2011 (SA)* requires a separate report on financial results to be presented to Council, including the audited financial results for the previous financial year compared with the estimated financial results set out in the budget. These must be presented in a manner consistent with the Model Financial Statements.
9. The final operating result varies from the approved budget by approximately \$1m. This is favourable to budget due to better than expected revenues and cost savings. Further detail of this variance is provided in the explanatory statement report in **Attachment D**.

Annual Report

10. The 2020-21 Annual Report for Adelaide Central Market Authority is presented for the Audit Committee and Council receipt as approved by the AMCA board in **Attachment E**.

Representation Letter requested by the External Auditor

11. As per the Audit Committee's Terms of Reference and consistent with the LGA Model Terms of Reference for an Audit Committee, it is recommended that the Audit Committee review any representation letter(s) requested by the external auditor before they are signed by management. The copy of the representation letter required by the external auditors, BDO is included as **Attachment B**.
12. The presentation of this representation letter is standard practice of any audit and provides the auditor confirmation from management, that, amongst other matters, accounting standards have been consistently applied, that all matters that need to be disclosed have been so disclosed and that the valuation of assets has been consistently applied. It is planned that this representation letter be signed by relevant parties, following approval of the Audit Committee.

Certification Statement of Independence of Council Auditor

13. Section 21(2) of the Regulations requires the Council's Chief Executive Officer and the Presiding Member of the Audit Committee to provide a statement, on an annual basis, that the Council auditor is independent of the Council for the relevant financial year (**Attachment C**).
14. Section 22(5) of the Regulations requires the auditor of the Council to provide a written statement attesting to their independence. Council's Auditor, BDO, have provided a statement of Audit Independence in the Audit Completion Report, as prescribed in the Regulations.

Central Market Marketing Fund (CMMF)

15. The CMMF collects funds from traders to be utilised for the purposes of marketing the Central Market.
16. The funds are audited by the external auditor and financial statements are prepared (**Attachment F**).

17. A separate representation letter is prepared for the CMMF and is attached for the Audit Committee review (**Attachment G**).
18. Following delivery of the external auditor BDO's final Audit Completion Report, discussions with the Auditors without management present and review of the Annual Financial Statements, it is considered appropriate for the Audit Committee to recommend that the CMMF Financial Statements together with any Letter of Representation be signed by the relevant parties and approved by the Adelaide Central Market Authority Board.

Other Items

19. It is considered that the Financial Statements give a true and fair view of the ACMA's financial position as at 30 June 2021.
 20. The 2020-21 Financial Statements for ACMA will be presented and approved by the board at the Annual General Meeting of the Adelaide Central Market Authority on 30 September 2021.
 21. In addition, it is proposed that the Audit Committee recommends the presentation of the Financial Statements of the ACMA to Council on 12 October 2021.
-

ATTACHMENTS

Attachment A – Audited Financial Statements ACMA 2020-21

Attachment B - Audit Representation Letter ACMA 2020-21

Attachment C – Certification of Auditor Independence

Attachment D – Explanatory Statement 2020-21

Attachment E – Annual Report ACMA 2020-21

Attachment F – Audit Representation Letter CMMF 2020-21

Attachment G – Audited Financial Statements CMMF 2020-21

- END OF REPORT -

Adelaide Central Market Authority

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

Adelaide Central Market Authority

General Purpose Financial Statements for the year ended 30 June 2021

Table of Contents

Page

1. Authority Certificate

2

2. Primary Financial Statements:

- Statement of Comprehensive Income 3
- Statement of Financial Position 4
- Statement of Changes in Equity 5
- Statement of Cash Flows 6

3. Notes to the Financial Statements

7

4. Independent Auditor's Report - Financial Statements

29

5. Certificates of Audit Independence

- Adelaide Central Market Authority Certificate of Audit Independence 31
- Audit Certificate of Audit Independence 32

Adelaide Central Market Authority

General Purpose Financial Statements

for the year ended 30 June 2021

Certification of Financial Statements

We have been authorised by the Adelaide Central Market Authority (the Authority) to certify the financial statements in their final form.

In our opinion:

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

Clare Mockler
CITY OF ADELAIDE
CHIEF EXECUTIVE OFFICER

Theo Maras AM
CHAIRMAN

Date:

Adelaide Central Market Authority

Statement of Comprehensive Income

for the year ended 30 June 2021

| \$ '000 | Notes | 2021 | 2020 |
|---|-------|--------------|--------------|
| Income | | | |
| User Charges | 2a | 8,783 | 8,386 |
| Grants, Subsidies and Contributions | 2d | - | 945 |
| Investment Income | 2b | 4 | 9 |
| Other Income | 2c | 31 | 31 |
| Total Income | | 8,818 | 9,371 |
| Expenses | | | |
| Materials, Contracts & Other Expenses | 3a | 8,073 | 7,775 |
| Depreciation, Amortisation & Impairment | 3b | 1,329 | 1,277 |
| Finance Costs | 3c | 342 | 332 |
| Total Expenses | | 9,744 | 9,384 |
| Operating Surplus / (Deficit) | | (926) | (13) |
| Asset Disposal & Fair Value Adjustments | 4 | (14) | - |
| Net Surplus / (Deficit) ¹ | | (940) | (13) |
| Total Comprehensive Income | | (940) | (13) |

¹ Transferred to Statement of Changes in Equity

Adelaide Central Market Authority

Statement of Financial Position

as at 30 June 2021

| \$ '000 | Notes | 2021 | 2020 |
|---|-------|---------------|---------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 5a | 729 | 242 |
| Trade & Other Receivables | 5b | 292 | 332 |
| Inventories | 5c | 31 | 43 |
| Other Current Assets | 5d | 191 | 295 |
| Non-Current Assets Held for Distribution | 14 | 18,078 | - |
| Total Current Assets | | 19,321 | 912 |
| Non-Current Assets | | | |
| Infrastructure, Property, Plant & Equipment | 7 | - | 17,115 |
| Other Non-Current Assets | 6a | 224 | 395 |
| Total Non-Current Assets | | 224 | 17,510 |
| TOTAL ASSETS | | 19,545 | 18,422 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade & Other Payables | 8a | 3,998 | 1,230 |
| Borrowings | 8b | 15,547 | 718 |
| Subtotal | | 19,545 | 1,948 |
| Total Current Liabilities | | 19,545 | 1,948 |
| Non-Current Liabilities | | | |
| Borrowings | 8b | - | 13,822 |
| Total Non-Current Liabilities | | - | 13,822 |
| TOTAL LIABILITIES | | 19,545 | 15,770 |
| Net Assets | | - | 2,652 |
| EQUITY | | | |
| Accumulated Surplus | | (3,069) | 402 |
| Other Reserves | 9a | 3,069 | 2,250 |
| Total Equity | | - | 2,652 |

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

Page 4

Adelaide Central Market Authority

Statement of Changes in Equity

for the year ended 30 June 2021

| \$ '000 | Accumulated Surplus | Other Reserves | Total Equity |
|--|------------------------|-------------------|-----------------|
| 2021 | | | |
| Balance at the end of previous reporting period | 402 | 2,250 | 2,652 |
| Net Surplus / (Deficit) for Year | (940) | - | (940) |
| Other Comprehensive Income | | | |
| - Parent Contribution | - | 649 | 649 |
| - Deemed contribution | - | 170 | 170 |
| - Deemed Distribution to Owners | (2,531) | - | (2,531) |
| Other Comprehensive Income | (2,531) | 819 | (1,712) |
| Total Comprehensive Income | (3,471) | 819 | (2,652) |
| Balance at the end of period | (3,069) | 3,069 | - |
| 2020 | | | |
| Balance at the end of previous reporting period | 415 | 1,811 | 2,226 |
| Net Surplus / (Deficit) for Year | (13) | - | (13) |
| Other Comprehensive Income | | | |
| - Deemed contribution | - | 439 | 439 |
| Other Comprehensive Income | - | 439 | 439 |
| Total Comprehensive Income | (13) | 439 | 426 |
| Balance at the end of period | 402 | 2,250 | 2,652 |

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

Page 5

Adelaide Central Market Authority

Statement of Cash Flows

for the year ended 30 June 2021

| \$ '000 | Notes | 2021 | 2020 |
|---|-------|----------------|----------------|
| Cash Flows from Operating Activities | | | |
| <u>Receipts</u> | | | |
| Operating Receipts | | 9,004 | 9,203 |
| Investment Receipts | | 4 | 9 |
| <u>Payments</u> | | | |
| Operating Payments to Suppliers and Employees | | (7,050) | (8,746) |
| Finance Payments | | (114) | (130) |
| Net Cash provided by (or used in) Operating Activities | 10b | 1,844 | 336 |
| Cash Flows from Investing Activities | | | |
| <u>Receipts</u> | | | |
| Nil | | | |
| <u>Payments</u> | | | |
| Nil | | | |
| Expenditure on Renewal/Replacement of Assets | | (2,308) | (3,459) |
| Net Cash provided by (or used in) Investing Activities | | (2,308) | (3,459) |
| Cash Flows from Financing Activities | | | |
| <u>Receipts</u> | | | |
| Proceeds from Borrowings | | 1,668 | 3,500 |
| <u>Payments</u> | | | |
| Repayment of Lease Liabilities | | (717) | (702) |
| Net Cash provided by (or used in) Financing Activities | | 951 | 2,798 |
| Net Increase (Decrease) in Cash Held | | 487 | (325) |
| plus: Cash & Cash Equivalents at beginning of period | | 242 | 567 |
| Cash & Cash Equivalents at end of period | 10a | 729 | 242 |

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

Page 6

Adelaide Central Market Authority

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

Contents of the Notes accompanying the Financial Statements

| Note | Details | Page |
|------|---|------|
| 1 | Significant Accounting Policies | 8 |
| 2 | Income | 13 |
| 3 | Expenses | 14 |
| 4 | Asset Disposal & Fair Value Adjustments | 15 |
| | Current Assets | |
| 5a | Cash & Cash Equivalent Assets | 16 |
| 5b | Trade & Other Receivables | 16 |
| 5c | Inventories | 16 |
| 5d | Other Current Assets | 16 |
| | Non-Current Assets | |
| 6a | Other Non-Current Assets | 16 |
| | Fixed Assets | |
| 7 | Infrastructure, Property, Plant & Equipment | 17 |
| | Liabilities | |
| 8a | Trade & Other Payables | 18 |
| 8b | Borrowings | 18 |
| | Reserves | |
| 9a | Other Reserves | 19 |
| 10 | Reconciliation to Statement of Cashflows | 20 |
| 11 | Financial Instruments | 21 |
| 12 | Uniform Presentation of Finances | 23 |
| 13 | Leases | 24 |
| 14 | Non Current Assets Held for Distribution | 26 |
| 15 | Events After the Statement of Financial Position Date | 27 |
| 16 | Related Party Transactions | 28 |

Adelaide Central Market Authority

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

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by the Adelaide Central Market Authority (the Authority) in the preparation of these financial statements are set out below.

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

1 Basis of Preparation

On 8th June 2021 Council resolved to amend the ACMA Charter so that the focus of the Authority is to deliver a 'One Market' approach, amalgamating the management of Adelaide Central Market and the Central Market Arcade. Notice of the amendment was subsequently placed in the Government Gazette on 8th July 2021. Effective from this date, ACMA is responsible for operating the Market with the market assets and car park operation transferred to and operated by the City Of Adelaide. As a result, the Authority's property, plant and equipment was classified as held for distribution to owners at 30 June 2021 and measured at the lower of its carrying amount and fair value less costs to distribute. The borrowings with City of Adelaide and lease liabilities associated with the Star Carpark have been classified as current as the Authority expects to settle the liability in its normal operating cycle.

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and

requires management to exercise its judgement in applying the Authority's accounting policies.

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

1.3 Rounding

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

2 The Local Government Reporting Entity

The Adelaide Central Market Authority is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 44-60 Gouger Street, Adelaide.

The Authority was enacted on 3 May 2012 as a subsidiary of the Corporation of the City of Adelaide with its primary role being to oversee the management and operation of the Adelaide Central Market.

3 Income Recognition

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

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

In other cases, AASB 1058 applies when the Authority enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the Authority to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been

Adelaide Central Market Authority

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

Note 1. Summary of Significant Accounting Policies (continued)

received to enable the Authority to acquire or construct a recognisable non-financial asset that is to be controlled by the Authority. In this case, the Authority recognises the excess as a liability that is recognised over time in profit and loss when (or as) the Authority satisfies its obligations under the transfer.

4 Cash, Cash Equivalents and other Financial Instruments

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

Most receivables relate to stall holder leases and are secured in part by bank or director's guarantees.

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.

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised at cost.

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

The cost of non-current assets constructed by the Authority includes the cost of all materials used in construction, direct labour on the project and an

appropriate proportion of variable and fixed overhead.

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority. Items of property, plant and equipment with a total value less than \$5,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

6.3 Depreciation of Non-Current Assets

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

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

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

Plant, Furniture & Equipment

| | |
|-------------------|---------------|
| Plant & Equipment | 2 to 20 years |
|-------------------|---------------|

Buildings & Other Structures

| | |
|--------------------------------|---------------|
| Buildings – other construction | 5 to 50 years |
|--------------------------------|---------------|

Other Assets

| | |
|---------------------|----------|
| Right-of-Use Assets | 10 years |
|---------------------|----------|

6.4 Impairment

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

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if the Authority were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable

Adelaide Central Market Authority

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

Note 1. Summary of Significant Accounting Policies (continued)

assumption is made that the current replacement cost exceeds the original cost of acquisition.

7 Non-Current Assets Held for Distribution

A non-current asset is classified as held for distribution to owners when the Authority is committed to distribute the asset to City of Adelaide. For this to be the case, the assets must be available for immediate distribution in their present condition and the distribution must be highly probable.

The Authority measures a non-current asset (or disposal group) classified as held for distribution to owners at the lower of its carrying amount and fair value less costs to distribute.

8 Payables

8.1 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.

8.2 Payments Received in Advance & Deposits

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

9 Borrowings

The loan from the City of Adelaide to the Adelaide Central Market Authority has not been formalised however, per AASB 9, it is recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost.

Any difference between the proceeds (net of transaction costs) and the fair value is recognised through the Statement of Changes in Equity.

Deemed interest, which is the effective unwinding of the discount applied to the fair value recognition, is recognised in the Statement of Comprehensive

Income. The City of Adelaide's Long-Term Financial Plan has been referenced to determine the timing of the principal repayment.

10 Employee Benefits

The Authority does not have any employees. All employees are engaged through the parent entity, the City of Adelaide.

11 Leases

The Authority assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

11.1 The Authority as a lessee

The Authority recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i.) Right-of-Use-Assets

The Authority recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

ii.) Lease Liabilities

At the commencement date of the lease, the Authority recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Authority uses its incremental borrowing rate or the interest rate implicit in the lease.

Adelaide Central Market Authority

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

Note 1. Summary of Significant Accounting Policies (continued)

iii.) Short-term leases and leases of low-value assets

The Authority applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (ie, those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

iv.) Leases with a variable value

The Authority leases the Central Market Complex from the Corporation of the City of Adelaide under a lease which commenced 1 October 2012 for a period of 21 years. This lease contains variable payment terms that are linked to the Authority's gross revenue for the year and net surplus at the reporting date. Variable lease payments for this lease are recognised in the Statement of Comprehensive Income in the period in which the condition that triggers those payments occurs.

11.2 The Authority as a lessor

Leases in which the Authority does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the Statement of Comprehensive Income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

12 GST Implications

In accordance with UIG Interpretation 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.

13 New and amended accounting standards and interpretations

In the current year, the Authority adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The impact of the new and revised Standards and Interpretations on the Authority's accounting policies has been disclosed below.

Adelaide Central Market Authority has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

14. Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021. The Authority does not anticipate that new and amended Australian Accounting Standards, and Interpretations, issued but not yet effective at the time of compiling these illustrative statements will apply to the Authority's future reporting periods.

15 Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

Adelaide Central Market Authority

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

Note 1. Summary of Significant Accounting Policies (continued)

16 Disclaimer

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

Item 2.1 - Attachment A

Adelaide Central Market Authority

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

Note 2. Income

| \$ '000 | 2021 | 2020 |
|--|--------------|--------------|
| (a). User Charges | | |
| Property Lease | 3,072 | 3,445 |
| Off-Street Parking | 4,978 | 4,186 |
| Property Recovery | 733 | 755 |
| Total User Charges | 8,783 | 8,386 |
| (b). Investment Income | | |
| - Banks & Other | 4 | 9 |
| Total Investment Income | 4 | 9 |
| (c). Other Income | | |
| Merchandise Sales | 10 | 12 |
| General Sales | 21 | 19 |
| Total Other Income | 31 | 31 |
| (d). Grants, Subsidies, Contributions | | |
| Other Grants, Subsidies and Contributions | - | 945 |
| Total Other Grants, Subsidies and Contributions | - | 945 |
| Total Grants, Subsidies, Contributions | - | 945 |

In the prior year, an amount of \$944,785 was received by the Authority as a grant from the City of Adelaide.

Subsequent to the Reporting Period, effective from 8th July 2021, the ACMA Charter has been amended. This will significantly reduce the Income for ACMA going forward through the loss of Off-Street Parking. Refer to Note 15.

(i) Sources of grants

| | | |
|--------------|----------|------------|
| Other | - | 945 |
| Total | - | 945 |

Adelaide Central Market Authority

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

Note 3. Expenses

| \$ '000 | Notes | 2021 | 2020 |
|--|-------|--------------|--------------|
| (a). Materials, Contracts and Other Expenses | | | |
| (i) Prescribed Expenses | | | |
| Auditor's Remuneration | | 9 | 11 |
| Bad and Doubtful Debts | | 9 | 34 |
| Board Fees | | 113 | 117 |
| Lease Expense - Variable Payments | | 2,724 | 2,352 |
| Subtotal - Prescribed Expenses | | 2,855 | 2,514 |
| (ii) Other Materials, Contracts and Expenses | | | |
| Contractors | | 943 | 987 |
| Energy | | 602 | 721 |
| Maintenance | | 410 | 412 |
| Legal Expenses | | 35 | 21 |
| Levies Paid to Government - including Landscape levy | | 39 | 36 |
| Parts, Accessories & Consumables | | 39 | 48 |
| Professional Services | | 182 | 60 |
| Advertising and Promotion | | 231 | 239 |
| Bank Charges and Cash Collection | | 94 | 100 |
| Catering | | 4 | 12 |
| Cleaning | | 982 | 938 |
| Water | | 94 | 121 |
| Insurance | | 102 | 101 |
| Minor Plant and Equipment | | 11 | 5 |
| Printing, Freight and Postage | | 3 | 4 |
| Rates and Taxes | | 37 | 52 |
| Security | | 600 | 616 |
| Subscriptions | | 2 | 2 |
| Training and Development | | 2 | 1 |
| Waste Services | | 267 | 266 |
| Off Street Parking Management Fee | | 505 | 493 |
| Other | | 34 | 26 |
| Subtotal - Other Material, Contracts & Expenses | | 5,218 | 5,261 |
| Total Materials, Contracts and Other Expenses | | 8,073 | 7,775 |

Adelaide Central Market Authority

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

Note 3. Expenses (continued)

| \$ '000 | 2021 | 2020 |
|--|--------------|--------------|
| (b). Depreciation, Amortisation and Impairment | | |
| (i) Depreciation and Amortisation | | |
| Buildings | 435 | 377 |
| Right-of-Use Assets | 760 | 760 |
| Plant & Equipment | 132 | 139 |
| Furniture & Fittings | 2 | 1 |
| Subtotal | 1,329 | 1,277 |
| Total Depreciation, Amortisation and Impairment | 1,329 | 1,277 |
| (c). Finance Costs | | |
| Interest on Loans | 228 | 202 |
| Interest on Leases | 114 | 130 |
| Total Finance Costs | 342 | 332 |

Subsequent to the Reporting Period, effective from 8th July 2021, the ACMA Charter has been amended. The existing loan from the City of Adelaide, and the lease liability has been transferred to City of Adelaide in 2021-22.

Note 4. Asset Disposal & Fair Value Adjustments

| \$ '000 | Notes | 2021 | 2020 |
|---|-------|-------------|----------|
| Infrastructure, Property, Plant & Equipment | | | |
| (i) Assets Surplus to Requirements | | | |
| Loss on disposal of assets | | (14) | - |
| Gain (Loss) on Disposal | | (14) | - |
| Net Gain (Loss) on Disposal or Revaluation of Assets | | (14) | - |

Adelaide Central Market Authority

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

Note 5. Current Assets

| \$ '000 | 2021 | 2020 |
|--|------------|------------|
| (a). Cash & Cash Equivalent Assets | | |
| Cash on Hand at Bank | 729 | 242 |
| Total Cash & Cash Equivalent Assets | 729 | 242 |
| (b). Trade & Other Receivables | | |
| Accrued Revenues | 106 | 105 |
| Debtors - General | 118 | 64 |
| GST Recoupment | 67 | 160 |
| Prepayments | 1 | 3 |
| Subtotal | 292 | 332 |
| Total Trade & Other Receivables | 292 | 332 |
| (c). Inventories | | |
| Trading Stock | 31 | 43 |
| Total Inventories | 31 | 43 |
| (d). Other Current Assets | | |
| Rent Receivable | 191 | 295 |
| Total Other Current Assets | 191 | 295 |

In the prior year the Authority resolved to provide three month's rent relief to its tenants as a consequence of the COVID-19 pandemic. The rent concession has been recognised as a lease modification under AASB 16 *Leases*, and the revised consideration is recognised over the remaining lease term. The non-current portion of the modification is shown at Note 6. Non-Current Assets (i) Other.

Note 6. Non-Current Assets

| \$ '000 | 2021 | 2020 |
|---------------------------------------|------------|------------|
| (a). Other Non-Current Assets | | |
| (i) Other | | |
| Rent Receivable | 224 | 395 |
| Total Other | 224 | 395 |
| Total Other Non-Current Assets | 224 | 395 |

Adelaide Central Market Authority

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

Note 7. Infrastructure, Property, Plant & Equipment

| | as at 30/6/2020 | | | Asset movements during the reporting period | | | | | | as at 30/6/2021 | | |
|--|-----------------|----------------------|-------------------|---|---------------------------|--------------------------------------|----------------------------|--|--|-----------------|----------------------|-------------------|
| | At Cost | Accumulated Dep'n | Carrying Value | Asset Additions | WDV of Asset Disposals | Depreciation Expense (Note 3c) | Adjustments & Transfers | Projected Related Expenditure (Note 3b) | Tfrs from/(to) "Held for Distribution to Owners" category | At Cost | Accumulated Dep'n | Carrying Value |
| \$ '000 | | | | | | | | | | | | |
| Capital Work in Progress | 350 | - | 350 | 2,316 | - | - | (1,534) | (7) | (1,125) | - | - | - |
| Buildings | | | | | | | | | | | | |
| Buildings | 10,741 | (986) | 9,755 | - | (14) | (435) | 1,485 | - | (10,790) | - | - | - |
| Other | | | | | | | | | | | | |
| Right-of-Use Assets | 6,084 | (760) | 5,324 | - | - | (760) | - | - | (4,564) | - | - | - |
| Plant & Equipment | 2,099 | (435) | 1,664 | - | - | (132) | - | - | (1,532) | - | - | - |
| Furniture & Fittings | 23 | (1) | 22 | - | - | (2) | 49 | - | (67) | - | - | - |
| Total Infrastructure, Property, Plant & Equipment | 19,297 | (2,182) | 17,115 | 2,316 | (14) | (1,329) | - | (7) | (18,078) | - | - | - |
| Comparatives | 9,754 | (905) | 8,849 | 9,548 | - | (1,277) | - | (5) | - | 19,297 | (2,182) | 17,115 |

Subsequent to the Reporting Period, effective from 8th July 2021, the ACMA Charter has been amended. All Infrastructure, Property, Plant & Equipment and Right-of-Use Assets have been transferred to City of Adelaide subsequent to the reporting date and were presented as Assets Held for Distribution as at 30 June 2021.

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

Note 8. Liabilities

| \$ '000 | Notes | 2021 Current | 2021 Non Current | 2020 Current | 2020 Non Current |
|---------------------------------------|-------|-----------------|---------------------|-----------------|---------------------|
| (a). Trade and Other Payables | | | | | |
| Payments Received in Advance | | 165 | - | 13 | - |
| Accrued Expenses - Other | | 81 | - | 259 | - |
| Inter-Entity Creditor | | 2,929 | - | 323 | - |
| Trade Payables | | 823 | - | 635 | - |
| Total Trade and Other Payables | | 3,998 | - | 1,230 | - |
| (b). Borrowings | | | | | |
| Lease Liabilities | 13 | 4,664 | - | 718 | 4,664 |
| Loan from City of Adelaide | | 10,883 | - | - | 9,158 |
| Total Borrowings | | 15,547 | - | 718 | 13,822 |

The Loan from City of Adelaide liability is secured over the future revenues of the Authority

Subsequent to the Reporting Period, effective from 8th July 2021, the ACMA Charter has been amended. The existing loan from the City of Adelaide, and the lease liability have been transferred to City of Adelaide in 2021-22.

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

Note 9. Reserves

| \$ '000 | 30/6/2020 | Tfrs to Reserve | Tfrs from Reserve | Other Movements | 30/6/2021 |
|-------------------------------|--------------|--------------------|----------------------|--------------------|--------------|
| (a). Other Reserves | | | | | |
| Fair Value Loan Adjustment | 2,250 | 170 | - | - | 2,420 |
| City of Adelaide Contribution | - | 649 | - | - | 649 |
| Total Other Reserves | 2,250 | 819 | - | - | 3,069 |
| Comparatives | 1,811 | 439 | - | - | 2,250 |

OTHER RESERVES

Fair Value Loan Adjustment

The loan from the City of Adelaide to the Adelaide Central Market Authority has not been formalised and as such no commercial terms exist. AASB 9 *Financial Instruments* requires the loan be recognised at fair value. The difference between the loan amount (face value) and its fair value has been determined by the differential in the interest charged by Council (2021: 1.35% to 2.75%) and the rate offered by the Local Government Finance Authority (2021: 1.35%).

Subsequent to the Reporting Period, effective from 8th July 2021, the ACMA Charter has been amended. The existing loan from the City of Adelaide has been discharged in 2021-22.

City of Adelaide Contribution

During the period an amount of \$649,000 was committed to the Authority as a contribution from the City of Adelaide. The contribution supports the ongoing operations of the Authority to continue as a going concern.

Adelaide Central Market Authority

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

Note 10. Reconciliation to Statement of Cash Flows

| \$ '000 | Notes | 2021 | 2020 |
|--|-------|---------------|---------------|
| (a). Reconciliation of Cash | | | |
| Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows: | | | |
| Total Cash & Equivalent Assets | 5 | 729 | 242 |
| Balances per Statement of Cash Flows | | 729 | 242 |
| (b). Reconciliation of Change in Net Assets to Cash from Operating Activities | | | |
| Net Surplus/(Deficit) | | (940) | (13) |
| Non-Cash Items in Income Statements | | | |
| Depreciation, Amortisation & Impairment | | 1,329 | 1,277 |
| Net (Gain) Loss on Disposals | | 14 | - |
| Notional Interest Charged | | 228 | 202 |
| | | 631 | 1,466 |
| Add (Less): Changes in Net Current Assets | | | |
| Net (Increase)/Decrease in Receivables | | 40 | (76) |
| Net (Increase)/Decrease in Inventories | | 12 | 38 |
| Net (Increase)/Decrease in Other Current Assets | | 275 | (690) |
| Net Increase/(Decrease) in Trade & Other Payables | | 886 | (402) |
| Net Cash provided by (or used in) operations | | 1,844 | 336 |
| (c). Non-Cash Financing and Investing Activities | | | |
| Borrowings | | | |
| - Opening Balance | | 9,158 | 7,461 |
| - Borrowings Advanced During the Year | | 1,668 | 3,500 |
| - Fair Value Adjustment | | 57 | (1,803) |
| Closing Balance | | 10,883 | 9,158 |
| - Leases | | 4,664 | 5,382 |
| Total Liabilities from Financing Activities | | 15,547 | 14,540 |

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

Note 11. Financial Instruments

| \$ '000 | Due < 1 year | Due > 1 year & ≤ 5 years | Due > 5 years | Total Contractual Cash Flows | Carrying Values |
|------------------------------------|-----------------|-----------------------------|------------------|---------------------------------|--------------------|
| 2021 | | | | | |
| Financial Assets | | | | | |
| Cash & Equivalents | 729 | - | - | 729 | 729 |
| Receivables | 224 | - | - | 224 | 224 |
| Total Financial Assets | 953 | - | - | 953 | 953 |
| Financial Liabilities | | | | | |
| Payables | 3,833 | - | - | 3,833 | 3,833 |
| Current Borrowings | 12,628 | - | - | 12,628 | 10,883 |
| Lease Liabilities | 4,990 | - | - | 4,990 | 4,664 |
| Total Financial Liabilities | 21,451 | - | - | 21,451 | 30,263 |

| \$ '000 | Due < 1 year | Due > 1 year & ≤ 5 years | Due > 5 years | Total Contractual Cash Flows | Carrying Values |
|------------------------------------|-----------------|-----------------------------|------------------|---------------------------------|--------------------|
| 2020 | | | | | |
| Financial Assets | | | | | |
| Cash & Equivalents | 242 | - | - | 242 | 242 |
| Receivables | 169 | - | - | 169 | 169 |
| Total Financial Assets | 411 | - | - | 411 | 411 |
| Financial Liabilities | | | | | |
| Payables | 1,217 | - | - | 1,217 | 1,217 |
| Non-Current Borrowings | - | - | 10,961 | 10,961 | 9,158 |
| Lease Liabilities | 832 | 4,158 | 832 | 5,822 | 5,382 |
| Total Financial Liabilities | 2,049 | 4,158 | 11,793 | 18,000 | 15,757 |

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

| | 30 June 2021 | | 30 June 2020 | |
|----------------------|-------------------------------|-------------------|-------------------------------|-------------------|
| | Weighted Avg Interest Rate | Carrying Value | Weighted Avg Interest Rate | Carrying Value |
| Fixed Interest Rates | 2.13% | 10,883 | 2.26% | 9,158 |
| | | 10,883 | | 9,158 |

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.

Adelaide Central Market Authority

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

Note 11. Financial Instruments (continued)

\$ '000

Risk Exposures

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

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

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

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

Adelaide Central Market Authority

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

Note 12. Uniform Presentation of Finances

| \$ '000 | 2021 | 2020 |
|--|----------------|----------------|
| <p>The following is a high level summary of both operating and capital investment activities of the Authority prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p> | | |
| Income | 8,818 | 9,371 |
| less Expenses | (9,744) | (9,384) |
| Operating Surplus / (Deficit) | (926) | (13) |
| Net Outlays on Existing Assets | | |
| Capital Expenditure on Renewal and Replacement of Existing Assets | (2,308) | (3,459) |
| add back Depreciation, Amortisation and Impairment | 1,329 | 1,277 |
| Subtotal | (979) | (2,182) |
| Net Lending / (Borrowing) for Financial Year | (1,905) | (2,195) |

Adelaide Central Market Authority

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

Note 13. Leases

\$ '000

The Authority as a Lessee

Terms and conditions of leases

Land & Buildings

The Authority leases the Central Market Complex from the Corporation of the City of Adelaide under a lease which commenced 1 October 2012 for a period of 21 years. The annual rent payable is determined using a floating percentage of income and net surplus funds. Due to this variability, future rent payable cannot be accurately quantified and is not disclosed below. Lease costs associated with this arrangement are disclosed below and at Note 3 as Variable Lease Payments.

Right of use Asset

ACMA has entered into an agreement with the City of Adelaide regarding the use of the Star Carpark with Jian Yong Investments Pty Ltd, Eon Australia Pty Ltd, Tien-Sheng Lu, David Wang and Ying-Chieh Lu until 30 June 2027. The financial implications of this arrangement are disclosed in Right of Use Assets below.

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

Right of use assets

| | Buildings \$'000 | Total \$'000 |
|--|---------------------|-----------------|
| 2021 | | |
| Opening Balance | 5,324 | 5,324 |
| Depreciation charge | (760) | (760) |
| Transfer to assets held for distribution to owners | (4,564) | (4,564) |
| Balance at 30 June 2021 | - | - |
| 2020 | | |
| Adoption of AASB 16 at 1 July 2019 | 6,084 | 6,084 |
| Depreciation charge | (760) | (760) |
| Balance at 30 June 2020 | 5,324 | 5,324 |

Adelaide Central Market Authority

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

Note 13. Leases (continued)

The Authority as a Lessee (continued)

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

| \$ '000 | 2021 | 2020 |
|---------------------------|--------------|--------------|
| Balance at 1 July | 5,382 | 6,084 |
| Accretion of interest | 114 | 130 |
| Payments | (832) | (832) |
| Balance at 30 June | 4,664 | 5,382 |
| Classified as: | | |
| Current | 4,664 | 718 |
| Non Current | - | 4,664 |

The maturity analysis of lease liabilities is included in Note 11.

The Authority had total cash outflows for leases of \$831,694

The following are the amounts recognised in profit or loss:

| | | |
|--|--------------|--------------|
| Depreciation expense of Right-of-Use Assets | 760 | 760 |
| Interest expense on lease liabilities | 114 | 130 |
| Variable lease payments | 2,724 | 2,352 |
| Total amount recognised in profit or loss | 3,598 | 3,242 |

Subsequent to the Reporting Period, effective from 8th July 2021, the ACMA Charter has been amended. The existing lease with the use of the Star Carpark has been transferred to City of Adelaide in 2021-22. As a result, the lease liability has been classified as current as at 30 June 2021.

Adelaide Central Market Authority

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

Note 13. Leases (continued)

The Authority as a Lessor

Leases Providing Revenue to the Authority

| \$ '000 | 2021 | 2020 |
|--|---------------|---------------|
| Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows: | | |
| Not later than one year | 3,518 | 3,147 |
| Later than one year and not later than 5 years | 7,064 | 8,499 |
| Later than 5 years | 8 | 588 |
| | 10,590 | 12,234 |

Adelaide Central Market Authority

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

Note 14. Non-Current Assets Held for Distribution

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

On 8th June 2021 Council resolved to amend the ACMA Charter so that the focus of the Authority is to deliver a 'One Market' approach. From 8th July 2021, ACMA is responsible for operating the Market with the market assets and car park operation transferred to and operated by the City Of Adelaide. As a result, the Authority's property, plant and equipment and right of use assets were classified as held for distribution at 30 June 2021 and measured at the lower of its carrying amount and fair value less costs to distribute.

(i). Carrying Amounts of Assets and Liabilities

Assets

| | | |
|---|---------------|----------|
| Infrastructure, Property, Plant and Equipment | 13,514 | - |
| Right of Use Assets | 4,564 | - |
| Total Assets | 18,078 | - |
| Net Assets | 18,078 | - |

As the consideration expected to be received exceeds the carrying amount, these assets have been recognised at the carrying amount.

Adelaide Central Market Authority

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

Note 15. Events After the Statement of Financial Position Date

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

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

Accordingly, the "authorised for issue" date is 30/09/21.

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

Amendment to the ACMA Charter, effective 8 July 2021:

On 8th June 2021 Council resolved to amend the ACMA Charter so that the focus of the Authority is to deliver a 'One Market' approach, amalgamating the management of Adelaide Central Market and the Central Market Arcade. Notice of the amendment was subsequently placed in the Government Gazette on 8th July 2021. Effective from this date, ACMA is responsible for operating the Market and Arcade with the market assets and car park operation transferred to and operated by the City Of Adelaide. As a result, the Authority's property, plant and equipment was classified as held for distribution to owners at 30 June 2021 and measured at the lower of its carrying amount and fair value less costs to distribute. The borrowings with City of Adelaide and lease liabilities associated with the Star Carpark have been classified as current as the Authority expects to settle the liability in its normal operating cycle.

Adelaide Central Market Authority

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

Note 16. Related Party Transactions

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

Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Adelaide Central Market Authority include Board members and the General Manager. In all, 7 persons were paid the following total cumulative compensation:

The compensation paid to Key Management Personnel comprises:

| | | |
|------------------------------|------------|------------|
| Short-Term Employee Benefits | 280 | 283 |
| Post-Employment Benefits | 16 | 16 |
| Total | 296 | 299 |

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

Receipts from Key Management Personnel comprise:

The Board of Adelaide Central Market Authority includes the Chairman of the Traders Advisory Group who is required to be a Lessee of a stall in the Adelaide Central Market and is elected by the Traders in March biennially. Adelaide Central Market Authority received the following rent amounts from Board members or Council elected members relating to 8 tenancies:

| | | |
|---|------------|------------|
| Stallholder Lease Rentals for properties managed by Adelaide Central Market | 318 | 280 |
| Total | 318 | 280 |

Adelaide Central Market Authority

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

Note 16. Related Party Transactions (continued)

Other Related Party Transactions

The Adelaide Central Market Authority (ACMA) has a lease agreement with the City of Adelaide (Council) for the Central Market Complex until 30 September 2033. The lease charge totalled \$2,724,378 for the year.

Council manages the operational running of the car park under ACMA's control for which a management fee is payable. This totalled \$504,546 for the year.

The Memorandum of Lease between Council and ACMA requires Base Rent payable on Gross Revenue at a rate notified by the lessor. The lessor notified the rate to be 30% from lease commencement.

Council has provided loan funding to ACMA valued at \$12,627,881 at 30 June 2021. The loan has been recognised in the Statement of Financial Position at fair value based on the projected repayment timing of the principal. The loan has been classified as current as the Authority expects to settle the liability in its normal operating cycle following the amendments to the Authority's charter.

ACMA has entered into an agreement with Council regarding the use of the Star Carpark with Jian Yong Investments Pty Ltd, Eon Australia Pty Ltd, Tien-Sheng Lu, David Wang and Ying-Chieh Lu until 30 June 2027. This arrangement is recognised in accordance with Australian Accounting Standard AASB 16 Leases as a Right of Use asset. Interest and depreciation expense associated with the Right of Use asset totalling \$874,206 are included in the operating result of the Authority.

ACMA contracts staff from Council with the on-charge totalling \$834,950 for the year.

Council, as the parent company, has provided an equity contribution of \$649,000 for the year to continue to support ACMA on a going concern basis.

Following the amendments to the Authority's charter, ACMA has made a distribution to its owner, the City of Adelaide of \$2,531,000. This will settle in its normal operating cycle.



15 September 2021

Mr Paul Gosnold
BDO Audit (SA) Pty Ltd
Level 7, BDO Centre
420 King William Street
ADELAIDE SA 5000

Dear Mr Gosnold

AUDIT FOR YEAR ENDED 30 JUNE 2021 OF ADELAIDE CENTRAL MARKET AUTHORITY

This representation letter is provided in connection with your audit of the financial report of Adelaide Central Market Authority for the year ended 30 June 2021, for the purpose of expressing an opinion as to whether the financial report presents fairly in accordance with the Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

We confirm that to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purposes of appropriately informing ourselves:

Financial report

1. We have fulfilled our responsibilities, as set out in your engagement letter dated 7 June 2021, for the preparation for the financial report in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*; in particular that the financial report presents fairly in accordance therewith.
2. We have established and maintained adequate internal controls to facilitate the preparation of a reliable financial report and adequate records have been maintained. Any and all deficiencies in internal control of which we are aware have been communicated to you.
3. We confirm that the selection and application of accounting policies remains appropriate, and that there have been no changes to the accounting policies applied in the previous annual financial statements or the methods used in applying them.
4. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities except for those that were disclosed below.
5. The entity has satisfactory title to all assets, and there are no liens or encumbrances on such assets that have not been disclosed, nor has any asset been pledged as collateral.
6. All significant judgments related to accounting estimates have taken into account all relevant information of which management is aware and the selection or application of the methods, assumptions and data used by management in making the accounting estimates are consistent and appropriate.

ADELAIDE CENTRAL MARKET AUTHORITY Level 1, 44-60 Gouger Street, Adelaide, 5000

T +61 8 8203 7494 / admin@adelaidecentralmarket.com / adelaidecentralmarket.com / ABN 54 824 264 891

7. The assumptions used in determining accounting estimates and related disclosures appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity.
8. Disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and reasonable within the context of the applicable financial reporting framework.
9. The appropriate specialised skills or expertise has been applied in making the accounting estimates as applicable.
10. We have disclosed to you that on 8th June 2021 Council resolved to amend the Adelaide Central Market Authority Charter so that the focus of the Authority is to deliver a 'One Market' approach, amalgamating the management of Adelaide Central Market and the Central Market Arcade. Notice of the amendment was subsequently placed in the Government Gazette on 8th July 2021. Effective from this date, ACMA is responsible for operating the Market with the market assets and car park operation transferred to and operated by the City Of Adelaide. As a result, the Authority's property, plant and equipment was classified as held for distribution to owners at 30 June 2021 and measured at the lower of its carrying amount and fair value less costs to distribute. The borrowings with City of Adelaide and lease liabilities associated with the Star Carpark have been classified as current as the Authority expects to settle the liability in its normal operating cycle. We have disclosed to you all relevant information in relation to the Charter amendment and the Authority's restructure plan.

Books, records and documentation

11. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
 - All minutes of meetings held by the Board of Directors and Committees since the end of the previous reporting period have been given to you for your inspection;
 - Additional information that you have requested from us for the purpose of the audit;
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
12. All transactions have been recorded in the accounting records and are reflected in the financial report.

Related parties

13. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions.
14. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with Australian Accounting Standards in the financial report.

Fraud

15. We acknowledge our responsibility for the design, implementation and maintenance of accounting and internal control systems that are designed to prevent and detect fraud.
16. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
17. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:

- Management;
 - Employees who have significant roles in internal control; or
 - Others where fraud could have a material impact on the financial report.
18. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, regulators or others.

Litigation and claims

19. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered in the financial report; and accounted for and disclosed in accordance with Australian Accounting Standards.

Compliance with laws and regulations

20. We have disclosed to you all known actual or possible non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
21. There have been no instances of non-compliance of laws and regulations involving management or employees who have a significant role in internal control.
- There have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.

Subsequent events

22. All events occurring subsequent to the date of the financial report and for which adjustment or disclosure are required, including but not limited to accounting estimates have been adjusted or disclosed.

Other information

23. We have informed you of all the documents that we expect to issue which may comprise other information accompanying the financial report.
24. The financial report and any other information obtained by you prior to the date of the auditor's report are consistent with one another, and the other information does not contain any material misstatements.

Electronic presentation of Financial Report

25. We are responsible for the electronic presentation of the financial report.
26. We will ensure that the electronic version of the audited financial report and the auditor's report on the web site will be identical to the final signed hard copy version.
27. We will clearly differentiate between audited and unaudited information in the construction of the entity's web site as we understand the risk of potential misrepresentation.
28. We have assessed the controls over the security and integrity of data on the web site and that adequate procedures are in place to ensure the integrity of the information published.
29. We will not present the auditor's report on the full financial statements with extracts only of the full financial statements.

Yours faithfully

Clare Mockler
Chief Executive Officer
City of Adelaide

Theo Maras AM
Chairman
Adelaide Central Market Authority

Item 2.1 - Attachment B

ADELAIDE CENTRAL MARKET AUTHORITY

Annual completion report

YEAR ENDED 30 JUNE 2021



CONTENTS

| | |
|---|----|
| Executive Summary | 4 |
| Areas of audit focus | 5 |
| Internal Controls | 8 |
| Other reporting requirements | 9 |
| Appendix 1 Proposed audit report | 10 |
| Appendix 2 Auditor independence declaration | 12 |
| Appendix 3 New developments | 13 |



Dear Audit Committee Members

We are pleased to present this report to the Audit Committee of Adelaide Central Market Authority (the 'Authority') in relation to the 30 June 2021 annual audit.

As at the date of this report, we have substantially completed our audit and subject to the satisfactory resolution of the matters outlined in the Executive Summary, we expect to issue an unmodified audit report.

We have set out in this document the significant matters arising from our audit. This summary covers those matters we believe to be material in the context of our work.

Should you require clarification on any matter in this report before this date, please do not hesitate to contact us.

We would like to take this opportunity to extend our appreciation to management for their assistance and cooperation throughout the course of our audit.

Yours faithfully



Paul Gosnold
Engagement Partner

Adelaide, 8 September 2021



Linh Dao
Associate Director



EXECUTIVE SUMMARY

PURPOSE

The purpose of this report is to communicate significant matters arising from our audit to the Audit Committee. This report has been discussed with management.

SCOPE

Our audit was conducted in accordance with Australian Auditing Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* for the year ended 30 June 2021.

STATUS OF THE AUDIT

Our audit of the financial report is substantially complete. We expect to issue an unmodified audit report, subject to satisfactory completion of the following:

- ▶ Review of final draft of the Authority's financial statements;
- ▶ Review of events subsequent to 30 June 2021;
- ▶ Receipt of written management representation on various matters; and
- ▶ Receipt of formally adopted financial statements and agreement of these to the final draft.

A draft of the proposed audit report is included at [Appendix 1](#).

SUMMARY OF MISSTATEMENTS

We have not identified any misstatements during our audit.

AREAS OF AUDIT FOCUS

In performing our audit, we have identified those matters that, in the auditor's judgement, were of the most significance in the audit of the financial report. Our audit procedures also focused on areas that were considered to represent significant risks of material misstatement.

Refer to the relevant section for details on the significant risk areas and other areas focused on during the audit.

AREAS OF AUDIT FOCUS

We identified the risk areas as part of our risk assessment procedures undertaken during the planning phase and continued to be alert for risks during the course of the audit. Our audit procedures focused on areas that were considered to represent risks of material misstatement.

We set out below the areas that were considered significant risks of material misstatement along with an outline of the work performed and a summary of findings.

Accounting Treatment of Intercompany Loan

| Description | Audit work performed | Summary of findings |
|---|--|--|
| There is a risk that the intercompany loan between the Authority and the City of Adelaide may not be accounted for in accordance with applicable Australian Accounting Standards. | We obtained management's position paper on the measurement and recognition of the loan from the City of Adelaide, and other related correspondence. We sought support for underlying assumptions made by management in relation to the accounting treatment of the loan and reviewed the disclosures made to the financial statements. | <p>We noted an additional amount of \$1.7mil had been drawn down from the Authority's facility with the City of Adelaide during the year. Similar to the prior period, this inter-entity loan was interest-free and no repayment date were formalised at drawdown date.</p> <p>AASB 9 <i>Financial Instruments</i> requires this borrowing to be recognised at fair value at initial recognition. This resulted in an additional \$170k (being the difference between the face value and the fair value of the loan) being appropriately recognised in the Statement of Changes in Equity as a 'deemed contribution' from City of Adelaide.</p> <p>Subsequent to reporting date, Council resolved to amend the ACMA charter, which resulted in the Market's assets being transferred back to Council and associated liabilities (including the facility with the City of Adelaide) being discharged accordingly. The accounting impact of this decision is discussed in the Other Matter section of the Completion Report.</p> |

AREAS OF AUDIT FOCUS CONTINUED

Management Override of Internal Controls

| Description | Audit work performed | Summary of findings |
|--|--|--|
| <p>Australian Auditing Standards require that we presume there is a risk that management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively.</p> | <p>We reviewed key internal controls that the Authority has in place to mitigate the risk of management override of internal controls.</p> <p>We tested general journals posted during the year and at the end of the period to consider appropriateness.</p> <p>We reviewed accounting estimates for management biases indicating fraud. We sought to corroborate management explanations with independent supporting evidence whenever possible.</p> | <p>We did not identify any evidence of misstatement due to management override of internal controls.</p> |

Accounting Treatment of Capital Work In Progress ('WIP')

| Description | Audit work performed | Summary of findings |
|--|---|---|
| <p>There is a risk that the accounting treatment of items captured within Capital WIP may not be classified in accordance with applicable Australian Accounting Standards.</p> | <p>We obtained the WIP schedule and reviewed in detail a sample of projects outstanding as at the end of the reporting period to ensure if they are likely to generate future economic benefit.</p> <p>We performed sample testing of assets transferred out of Capital WIP during the year to ensure the categorisation and value allocated to assets was appropriate.</p> | <p>No exceptions were noted in relation to the accounting treatment of capital WIP.</p> |

AREAS OF AUDIT FOCUS CONTINUED

OTHER MATTER

Assets held for distribution

On 8th June 2021 Council resolved to amend the ACMA Charter so that the focus of the Authority is to deliver a 'One Market' approach, amalgamating the management of Adelaide Central Market and the Central Market Arcade. Notice of the amendment was subsequently placed in the Government Gazette on 8th July 2021. Effective from this date, ACMA is responsible for operating the market with the market assets and car park operation transferred to and operated by the City Of Adelaide.

As a result, the Authority's property, plant and equipment was classified as held for distribution to owners at 30 June 2021 and measured at the lower of its carrying amount and fair value less costs to distribute in accordance with AASB 5 *Non-current assets held for sale and Discontinued Operations*. The intercompany loan with the City of Adelaide and lease liabilities associated with the Star Carpark have been classified as current as the Authority expects to settle the liability in its normal operating cycle in accordance with AASB 101 *Presentation of Financial Statements*. The difference between the carrying value of the assets held for distribution to Council and the liabilities being discharged of \$2.5mil has been recognised as a deemed distribution made to the parent entity. An additional contribution of \$649,000 has been made by the City of Adelaide to the Authority due to the negative impact on net equity of the Authority arising from these aforementioned transactions.

INTERNAL CONTROLS

CURRENT YEAR

In accordance with ASA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*, we are required to communicate in writing, significant deficiencies in internal control identified during our audit to those charged with governance on a timely basis.

The standard defines a deficiency in internal control as:

1. A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial report on a timely basis; or
2. A control necessary to prevent, or detect and correct, misstatements in the financial report on a timely basis is missing.

Significant deficiency in internal control means a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgement, is of sufficient importance to merit the attention of the Audit Committee.

Our audit procedures did not identify any significant deficiencies that in our professional judgment are of sufficient importance to merit the attention of the Audit Committee.

OTHER REPORTING REQUIREMENTS

INDEPENDENCE AND ETHICS

In conducting our audit, we are required to comply with the independence requirements of the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* and Part 4A of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

We have obtained independence declarations from all staff engaged in the audit.

We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

We have not become aware of any issue that would cause any member of the engagement team, BDO or any BDO network firm to contravene any ethical requirement or any regulatory requirement that applies to the audit engagement.

BDO has not provided any other services during the audit to Adelaide Central Market Authority.

The *Local Government Act 1999* requires the lead auditor to make a declaration to the directors regarding independence. We are in a position to make this declaration, a draft of which has been included at [Appendix 2](#).

NON-COMPLIANCE WITH LAWS AND REGULATIONS

We have made enquiries in relation to any non-compliance with laws and regulations during the course of our audit. We have not identified any instances of non-compliance with laws and regulations as a result of our enquiries.

We have not identified any reportable matters during the course of our audit.

FRAUD

Management have confirmed that there were no matters of fraud identified for the period under audit, or subsequently. It should be noted that our audit is not designed to detect fraud however should instances of fraud come to our attention we will report them to you.

We have not identified any instances of fraud during the course of our audit.

APPENDIX 1 PROPOSED AUDIT REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADELAIDE CENTRAL MARKET AUTHORITY

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Adelaide Central Market Authority (the 'Authority'), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

In our opinion the accompanying financial report presents fairly, in all material respects, financial position of the Authority as at 30 June 2021 and of its financial performance and its cash flows for the year ended on that date in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Authority in accordance with the *Local Government Act 1999* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia.

We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Local Government Act 1999, which has been given to the Authority, would be in the same terms if given to the Authority as at the time of this auditor's report.

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

Authority's Responsibility for the Financial Report

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

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

APPENDIX 1 PROPOSED AUDIT REPORT CONTINUED

Auditor's responsibilities for the audit of the Financial Report

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

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

This description forms part of our auditor's report.

BDO Audit (SA) Pty Ltd

Paul Gosnold
Director

Adelaide, XX Month 2021

APPENDIX 2 AUDITOR INDEPENDENCE DECLARATION

CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the Adelaide Central Market Authority for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Paul Gosnold
Director

BDO Audit (SA) Pty Ltd

Adelaide, 8 September 2021

APPENDIX 3 NEW DEVELOPMENTS

We wish to bring to your attention some upcoming changes in financial reporting which may cause significant changes to your future reported financial position and performance. We have provided an overview of the major changes below and would be happy to discuss the impact on your business.

AASB 2020-1 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS - CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

Effective for annual reporting periods beginning on or after 1 January 2022, there are four main changes to the classification requirements within AASB 101 *Presentation of financial statements*:

- ▶ The requirement for an 'unconditional' right has been deleted from paragraph 69(d) because covenants in banking agreements would rarely result in unconditional rights.
- ▶ The right to defer settlement must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants), the right to defer only exists at reporting date if the entity complies with those conditions at reporting date.
- ▶ Classification is based on the right to defer settlement, and not intention (paragraph 73), and

If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity under IAS 32.

As these amendments only apply for the first time to the 30 June 2023 balance sheet (and 30 June 2022 comparative balance sheet), companies are not yet able to make an assessment of the impacts regarding the right to defer settlement, compliance with bank covenants, and intention to settle.

AASB 2021-3 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS - COVID-19 RELATED RENT CONCESSIONS

On 31 March 2021, the International Accounting Standards Board (IASB) approved an extension for the use of the practical expedient when accounting for COVID-19-related rent concessions until 30 June 2022 (extended practical expedient). Previously, lessees receiving rent concessions due to COVID-19 could only use the practical expedient if there was a reduction in lease payments due before 30 June 2021 (original practical expedient).

The extension of the practical expedient to 30 June 2022 means that lessees receiving ongoing rent concessions due to extended lockdowns can choose the 'easier' option not to treat the reductions in lease payments as lease modifications. However, this choice is only available if lessees had previously applied the original practical expedient to eligible contracts with similar characteristics and in similar circumstances (e.g. to lease contracts for retail stores).

WHY IS A PRACTICAL EXPEDIENT NEEDED?

IFRS 16 *Leases* has complex accounting requirements when lease payments change because of a modification to the original lease agreement, including having to determine a revised discount rate at the date of the modification. It is also sometimes difficult to determine whether a lease has been modified, or whether amended lease payments were anticipated in the original lease agreement. With so many lessees receiving rent concessions, it could be a very time consuming process to ascertain for each lease whether there has been a lease modification, and if so, what the revised discount rate should be.

1300 138 991
www.bdo.com.au

Distinctively different - it's how we see you
AUDIT • TAX • ADVISORY

NEW SOUTH WALES
NORTHERN TERRITORY
QUEENSLAND
SOUTH AUSTRALIA
TASMANIA
VICTORIA
WESTERN AUSTRALIA

We have prepared this report solely for the use of Adelaide Central Market Authority. As you know, this report forms part of a continuing dialogue between the company and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy of this report without prior consent, we would not accept any responsibility for any reliance they may place on it.

BDO Audit (SA) Pty Ltd ABN 33 161 379 086 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (SA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

www.bdo.com.au

Report on Financial Results for Adelaide Central Market Authority

Statement of Comprehensive Income for the year ended 30 June 2021

| \$ '000 | Actual | Budget | Variance | Commentary |
|---|--------------|----------------|--------------|--|
| Income | | | | |
| Property Lease | 3,072 | 3,376 | (304) | Lower than expected income due to vacancies across the market. |
| Off-Street Parking | 4,978 | 4,336 | 642 | Budget assumed a gradual return of patronage to 90% of pre-COVID levels. Parking recovered quicker than expected |
| Property Recovery | 733 | 800 | (67) | Recovery of outgoings from Tenants. Lower than expected as recharge rate on electricity was lower than expected |
| Investment Income | 4 | 10 | (6) | Interest on Bank accounts |
| Other Income | 31 | 26 | 5 | Merchandise and General Sales |
| Total Income | 8,818 | 8,548 | (1) | |
| Expenses | | | | |
| Auditors Remuneration | 9 | 12 | (3) | |
| Bad and Doubtful debts | 9 | - | 9 | |
| Board Fees | 113 | 118 | (5) | |
| Lease Expense - Variable payment | 2,724 | 2,677 | 47 | 30% turnover rent, variance due to increased income |
| Contractors | 943 | 1,099 | (156) | Largely driven by reduction in employee costs as a result of Reshaping our Organisation |
| Energy | 602 | 730 | (128) | Reduced Electricity, mainly in the market Complex due to reduced consumption and new contract |
| Maintenance | 410 | 439 | (29) | |
| Professional Services | 182 | 251 | (69) | Reduced Consultancy spend, mainly due to the delay in Central Market Arcade Redevelopment \$57k |
| Advertising and Promotion | 231 | 262 | (31) | Reduced Advertising spend due to the delay in Central Market Arcade Redevelopment \$45k |
| Bank Charges and Cash Collection | 94 | 83 | 11 | |
| Cleaning | 982 | 1,092 | (110) | Budget assumed a higher cleansing requirement due to SA Health recommendations. |
| Water | 94 | 136 | (42) | Reduced usage |
| Insurance | 102 | 98 | 4 | |
| Security | 600 | 617 | (17) | Reduced spend on car park security \$12k |
| Waste services | 267 | 365 | (98) | Reduced wastage |
| Off Street Parking Management Fee | 505 | 513 | (8) | |
| Other Materials, Contracts & Other Expenses | 206 | 362 | (156) | Individually insignificant expenses |
| Depreciation, Amortisation & Impairment | 1,329 | 1,422 | (93) | Lower than anticipated depreciation due to timing of capital works completion |
| Finance Costs | 342 | 321 | 21 | Interest on loan and lease liability |
| Total Expenses | 9,744 | 10,598 | (229) | |
| Operating Surplus / (Deficit) | (926) | (2,050) | 228 | |
| Asset Disposal & Fair Value Adjustments | (14) | - | (14) | |
| Net Surplus / (Deficit) ¹ | (940) | (2,050) | 214 | |
| Total Comprehensive Income | (940) | (2,050) | 214 | |

Report on Financial Results for Adelaide Central Market Authority

Statement of Financial Position as at 30 June 2021

| \$ '000 | Actual | Budget | |
|---|---------------|---------------|----------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 729 | 300 | 429 |
| Trade & Other Receivables | 292 | 358 | (66) |
| Inventories | 31 | 43 | (12) |
| Other Current Assets | 191 | 295 | (104) |
| Other Non Current Assets Held for Sale | 18,078 | - | 18,078 |
| Total Current Assets | 19,321 | 996 | |
| Non-Current Assets | | | |
| Infrastructure, Property, Plant & Equipment | - | 20,149 | (20,149) |
| Other Non-Current Assets | 224 | 395 | (171) |
| Total Non-Current Assets | 224 | 20,149 | |
| Total Assets | 19,545 | 21,145 | |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade & Other Payables | 3,998 | 800 | 3,198 |
| Borrowings | 15,547 | 734 | 14,813 |
| Total Current Liabilities | 19,545 | 800 | |
| Non-Current Liabilities | | | |
| Borrowings | - | 19,039 | (19,039) |
| Total Non-Current Liabilities | - | 19,039 | |
| Total Liabilities | 19,545 | 19,839 | |
| Net Assets | - | 1,306 | |
| EQUITY | | | |
| Accumulated Surplus | (3,069) | (1,648) | (1,421) |
| Other Reserves | 3,069 | 2,954 | 115 |
| Total Equity | - | 1,306 | |

Higher level of cash at year end as a result of timing of payments. Refer to increase in trade and other payables
Debtor balances have been tightly managed

Current portion of the rent relief, amortised over the lease terms

Following the amendment to the Charter, the fixed assets are held for Sale at 30 June.

Following the amendment to the Charter, the fixed assets are held for Sale at 30 June.

Non-Current portion of the rent relief, amortised over the lease terms

Timing of payments and processing of invoices, a large number of invoices were paid on 2/7/21 \$1,009k, as well as the distribution to owners for the change in the charter \$2,531k

Following the amendment to the Charter, the loan with the City of Adelaide is classified as current as it is discharged on the 8th July 2021 \$10.9m. Remaining loan is for the Lease Liability for the Star Car Park. Variance from budget of \$4.2m is due to reduced capital spend and timing of payments

Following the amendment to the Charter, the loan with the City of Adelaide is classified as current as it is discharged on the 8th July 2021. Remaining loan is for the Lease Liability for the Star Car Park. Variance from budget is due to reduced capital spend and timing of payments

Fair Value loan adjustment, and in FY21 the contribution from CoA \$649k, and the distribution to owners \$2,531k.

Adelaide Central Market Authority (ACMA)

Annual Report 2020/21



ACMA Mission

To operate sustainably and successfully as a group of prosperous traders, Board and management team that provides a diverse and exciting cultural shopping experience that enhances our precinct, city and state.

The Year in Review

The 2020/21 period was the eighth full year of operation for the Adelaide Central Market Authority (ACMA) after its formal establishment in October 2012. The ACMA Charter was updated and endorsed by Council on 8 June 2021 with the updated Charter taking effect from the date of gazettal on 8 July 2021.

COVID-19 Summary

Throughout 2020/21 ACMA continued to respond to COVID-19 restrictions and remained open for business, working with the relevant authorities including City of Adelaide, SAPOL and SA Health to continue to adapt operations and inform the Market community.

State-wide Circuit Breaker – November 2020

- During the SA circuit breaker lockdown in November 2020, COVID-19 restrictions closed the Market for two trading days prior to the Market reopening as an essential service.
- Communication to customers during this time included updates across all digital platforms including website, social media and newsletters. Social media posts communicating open/closures reached a combined reach of over 214,000 customers. ACMA issued 9 COVID-19 updates via newsletters and text messages to traders between 16 – 27 November 2020.

Ongoing COVID-19 communication throughout 2020/21 included:

- **In Market measures**
Social distancing reminders including floor decals, entry signage, regular social distancing PA announcements, POS posters for traders, hand sanitisers & wipes located at entrances. Further measures for peak trading times included floor wardens and barriers to ensure social distancing.
- **Marketing and Communications**
Marketing activities continued through 2020/21 to reinforce the Market was open for business and encouraged South Australians to support local and ways to shop safely. Tactical marketing included increased customer communications on social media, digital ads, newsletters, Your Local Our Market campaign including TV and paid live reads targeting main grocery buyers on the Australian Traffic Network and FM radio.

Summary of financial result

| \$'000 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|----------------------------|--------------|--------------|--------------|--------------|
| Gross Revenue | 9,301 | 9,321 | 9,371 | 8,818 |
| Gross Expenditure | (6,627) | (6,202) | (6,336) | (6,287) |
| ACMA OPERATIONS | 2,674 | 3,119 | 3,035 | 2,531 |
| CoA Rent | (2,801) | (2,835) | (2,352) | (2,724) |
| CoA UPark Management Fee | (446) | (446) | (493) | (505) |
| CoA Interest on Borrowings | (93) | (152) | (202) | (228) |
| CoA Contribution | | (300) | | |
| FINANCIAL RESULT | (666) | (614) | (13) | (926) |

Fast Facts

- Over 150 years of retailing fresh produce to South Australia
- Home to over 70 small businesses
- Over 5,700sqm of undercover retail space
- 1,000 undercover car parks
- \$2,037,029 of media coverage generated
- Over 123,000 combined followers on Facebook and Instagram
- Over 1.3M pageviews on adelaidecentralmarket.com
- \$2.3M in capital works undertaken
- 98% trader occupancy
- Opened new stalls for Haigh's, Angelakis Bros, Skala Bakery and Gewurzhaus

Our Customers

To put our Customers at the centre of all that we do to provide them with an authentic, unique and memorable shopping experience

Throughout 2020/21 ACMA focused on the community, driving customer engagement and hosting free and ticketed in Market events and unique experiences.

Community and Customer Engagement

Community and Customer engagement activities were impacted in FY20/21, with ongoing COVID-19 restrictions on gatherings and social distancing.

- **Live Music**
Local musicians continued to perform regularly in the Market, including an ongoing partnership with Music SA.
- **Fringe Exhibition**
The top 100 entries from the Adelaide Fringe Schools Poster competition were displayed in Grote Street dining area during November 2020.
- **Your Local, Our Market Campaign**
The Your Local, Our Market was the hero brand campaign for 20/21, capturing both sides of the counter – the customer experience and the personality of the Traders, representing a unity of experience and a mutual joy and warmth. The campaign launched October 2020 with TV schedule on linear and on demand platforms, including promotion of voluntary Sunday trading. The campaign was supported by socials, TV, radio, digital and outdoor.

- **Christmas**

Major retail campaign Christmas was promoted across both traditional and digital media, commencing from November 2020. A suite of new creative assets was developed under the positioner “Your Christmas, Our Market” to connect the customer from Market to home and featured both aspects of the Market experience – shopping in-Market and cooking/enjoying Market produce at home. In market activations included live music and kids craft (limited by COVID social distancing requirements).

Additional COVID-19 measures during this key period included:

- Customer service staff assisted with information, directions, distributing masks, lifts and entries
- Traffic wardens and customer assistance in UPark Central Market during peak trading, including overflow car park located on Grote Street for all day parking
- Additional common seating was provided by expanding into an Arcade space

- **Fringe Fridays**

In collaboration with the Adelaide Fringe, Market customers were treated to a preview Fringe performance every Friday between 26 February and 19 March 2021.

- **Easter**

Major retail Easter 2021 comprised of above-the-line radio and print advertising, supported by digital and in-Market advertising. The campaign featured free activities, live music and recipes.

- **The Market Stall**

The Market Stall officially opened on Thursday 17 June 2020, as a new customer facing location at Stall R17 for customer information and new services including:

- Free trolley hire
- Market merchandise sales including new products being 'Market' Eco-crayons, chalk play mats, tea towels and produce tote
- Colouring-in sheets and pencils for the kids
- Market, trader and product information
- UPark customer service support
- CoA visitor information services operate volunteer tourism service

Traders and customers have embraced the new service and enhanced customer experience.

Events

- **July**

- **Bastille Day**

A celebration of French culture over three days held on Friday 10, Saturday 11 and Tuesday 14 July. In Market celebrations were postponed (encouraging customers to purchase their French fare to enjoy at home), however additional theming was included throughout the Market in each aisle and common dining areas. Bastille Day saw the return of live music and a champagne bar on the Friday night.

- **Columbian Independence Day**

The Market celebrated the declaration of Colombian independence 17 and 18 July (officially 20 July) with live music by Jorge Gualdron duo and Colombian food and drink specials at Cumbia Bar Kitchen.

- **School Holidays**

The school holiday program was postponed due to COVID-19. A 'how to' video series was promoted for families to shop their Market ingredients and create with the kids at home.

- **August**

- **Callum Hann Tour**

- A competition was held on Facebook for a 'money can't buy' experience, with four winners (and a guest each) invited to an exclusive Market tour and demo with Callum Hann. The competition reached over 43,000 people and saw nearly 700 entries. The tour was held on 28 August 2020 and saw guests visit 8 traders for tastings, followed by a private demo at the Community Kitchen.

- **September**

- **Sustainable September**

- Throughout the month we encouraged the Market community to consider the way they shop, cook and live. The campaign included:

- Social media competition to win a hamper of sustainable products (20k people reached)
 - The Vegan Festival with Huda Al-Sultan cooking demonstration – Instagram Live (500 people watched)
 - Free Eco-crayon and Nature craft workshops every Saturday morning
 - Video content with ex-Masterchef contestant Mandy Hall and trader profile video of House of Health Collective
 - Product highlights from Market traders
 - Pop up stall with Plastic Free SA
 - New merchandise item – cotton produce bags

- **October**

- **School Holidays**

- The October school holiday program featured free and low-cost activities and saw 884 kids participate in the Market Trail, 79 in Little Market Chef and over 100 in free craft workshops.

- **Chilli Crab Shack**

- Chilli Crab Shack returned for its fourth year; operating for two weekends (5 days total, including the re-launch of Sunday trading) at the Producer in Residence with Sprout's signature dish of South Australian chilli crab. Over 1,800 people enjoyed a serve of chilli crab and over \$260,000 in positive media coverage was generated including a live cross with Sunrise.

- **Voluntary Sunday Trading**

- Voluntary Sunday Trading re-commenced on 11 October 2020 with a range of traders open leading into Christmas. A program of free entertainment for families was on offer from 9:00am – 12:00pm every Sunday in October including free yoga, kids DJ Monski Mouse, craft workshops, roving entertainment and live music. The final day of voluntary Sunday trading was 20 December 2021.

- **December**

- **Christmas**

- Christmas activities included live music and free kids craft (limited by COVID social distancing requirements).

- **January**

- **Australia Day Council**

- ACMA partnered with the Australia Day Council of SA to host a three-day event for Australia Day at our Market, incorporating the theme of Reflect. Respect. Celebrate. The Stories of Us.

Over three days from Thursday 21 to Saturday 23 January 2021 events included:

- Performances, conversations and cooking demonstrations by First Nations and multicultural groups hosted by Rosa Matto at the Community Kitchen
- Live art by artists Artist Cynthia Schwertsik and Valery Berry in the theme of 'In My Name – capturing the people of the Market' at the Gouger dining area
- The story of me, the story of us - free school holiday art workshops.

- **February**

- **Market Minis**

- February 2021 saw the return of Market Minis held every Tuesday during school term. The free program was targeted to parents of pre-schoolers and promoted healthy eating.

- **March**

- **International Women's Day**

- ACMA, in conjunction with The Smelly Cheese Shop hosted a Women in Food event for International Women's Day. The afterhours event sold out quickly, featuring keynote speakers Valerie Henbest, Kris Lloyd, Sharon Romeo, Mandy Hall and Charlotte Dalton with proceeds donated to Catherine House.

- **April**

- **School Holidays**

- The April school holiday program, saw 907 kids participate in the Market Trail, 96 in Little Market Chef and over 100 in free craft workshops.

- **Tasting Australia**

- The Market held a free Tasting Australia program, hosted by Mandy Hall on 30 April and 1 May, featuring some of SA's most exciting chefs, including Kane Pollard of Sôl Bar & Restaurant, Sharon Romeo of Fino Vino Adelaide, Karena Armstrong of Salopian Inn McLaren Vale and Gabriele Pezzimenti of Hotel Indigo Adelaide Markets, Valerie Henbest of The Smelly Cheese Shop and Kris Lloyd of Woodside Cheese. The free program also included a special weekend edition of our pre-schooler program Market Minis.

- **May**

- **State Opera Flash Mob**

- In support of the performing arts industry after a COVID interrupted year, a joint initiative between ACMA and State Opera South Australia saw an exclusive flash mob of Sweeney Todd: The Demon Barber of Fleet Street. The performance on Saturday 1 May 2021 was three minutes long and featured 20 opera singers including Australian actor and opera singer Ben Mingay as Sweeney Todd. Both ACMA and the State Opera received glowing feedback from shoppers and traders after witnessing such a moving showcase of Australian theatre. The performance included TV coverage from Channel 7 News and a video share on CH7 News Adelaide Facebook and ACM socials.

- **History Festival**

- As part of South Australia's History Festival, customers were invited to take a journey through the iconic Adelaide Central Market to meet the colourful characters and uncover the rich history and architecture behind Australia's oldest food retail market in its original location. The ticketed guided tour saw customers discover the stories and secrets behind the stalls, meet the expert market traders and enjoy tastings of some SA's best fresh produce representing various times in history and the future foods of South Australia.

Our Traders

To build and support a market 'family' of diverse, passionate, professional and knowledgeable customer focused traders.

Existing Trader Investment in fit-out/refurbishment

Four stalls underwent fit-out works during 2020/21, demonstrating confidence in the sustainable future of the Market:

- Photoco Camera House (Stall WR5)
- Meat at the Market (Stall 15)
- Sustainable Co (Stall 75)
- Aubergine's (Stall 56/57)

Lease Renewals

Six businesses within the Market renewed their leases for a further term.

New Traders

Four new businesses in the market, investing in a full stall fit-out:

- Gewurzhaus (Stall 43)
- Angelakis (Stall 5/6)
- Haigh's (Stall GO46-48)
- Skala Artisan Bakers (Stall 25)

Trader Engagement

Trader engagement was primarily conducted through e-newsletters, monthly meetings with the elected Traders Advisory Group representatives and GM video updates.

- 115 Market Talk e-newsletters were issued to Traders, 11 e-newsletters to Voluntary Sunday Trading Traders and 8 e-newsletters to Online Platform Traders
- 2 Video Updates with General Manager Jodie Kannane were issued to Traders
- 12 Trader Advisory Group (TAG) meetings including 1 foundation documents focused meeting.

Pop-Up Opportunities

The Producer in Residence stall continued to provide small, local, artisan businesses trial their products with Market customers. the Producer in Residence Stall was put on hold from 8 May until 5 July for capital works in the surrounding area.

- 12 businesses occupied the Producer in Residence stall over a three-week period

- The Chilli Crab Shack with Sprout Cooking School traded over two weeks on Friday 2 and Saturday 3 October and Friday 9, Saturday 10 and Sunday 11 October 2020 at the Producer in Residence Stall.

Our Business

To build a business that is financially sustainable, well managed and well governed.

Community Partnerships

In 2020/21 ACMA created a Community Plan to support and work closely with South Australian groups and organisations that align with core values and enrich the Market community. The Market community includes customers, traders, staff, residents, and community organisations. Key initiatives throughout the year included partnering with and providing support to OzHarvest, Catherine House and the Australian Red Cross. ACMA also commissioned an Aboriginal art mural, committed to a month-long focus on sustainability and engaged with the many schools that visit.

Some of the highlights in the year 2020/21 included:

- **OzHarvest food rescue**

In 2020/21 the total contribution to food rescue from the Adelaide Central Market was 15,711kg, equating to 47,412 meals.

In the final days to Christmas 2020 the Tree of Goodness returned, with each donation highlighting the number of meals contributed to Adelaide's disadvantaged \$7392.70 was raised over four days, equalling 14785 meals for Adelaide's disadvantaged.

- **Catherine House Christmas partnership**

ACMA and traders proudly supported local charity, Catherine House, by contributing fresh produce and a range of meal packs to women experiencing homelessness. ACMA and traders supplied produce for breakfast, lunch and dinner for up to 70 women at the Catherine House on Christmas Day plus 25 Christmas Day meal packs for women in the outreach program.

- **Refugee Week with the Australian Red Cross**

Presented by the Australian Red Cross, our Market celebrated Refugee Week with the South Australia and the Muslim Women's Association of SA with cooking and tastings by migrant women from Sri Lanka, Egypt and Jordan and the vibrant beats from the Sun Of Africa.

- **National Reconciliation Week 2021**

The Gouger St lift area was selected as a suitable location for an Aboriginal art mural, in the theme of 'welcome'. Via expression of interest our panel selected local artist Shane Cook to create this significant Market artwork. The mural reflects the Market's core values of inclusivity, community and multiculturalism and was unveiled and celebrated during National Reconciliation Week 2021 with a cleansing ceremony and Welcome to Country by Jack Buckskin.

- **Sustainable September**

Throughout the month of September 2020 ACMA encouraged the Market community to shop, cook and live more sustainably. Some of the initiatives included a collaboration with the Vegan Festival and Plastic Free SA, nature craft workshops for kids, shopping tips and recipes.

Operations

ACMA continues to improve the look and feel of the trading environment and safety of the Market with 2020/21 key improvements:

- \$2.3M in capital works was undertaken and 730 maintenance tasks completed
- Fire Indicator Panel Replacement
- Structural Rebuild of Stall 56, 5/6, 14 & 26-29
- Refurbishment of Tenancy GO 46-48 & GR45
- Gas Heating installation in Dining Areas
- Grote St Lift Replacement
- Construction of The Market Stall Customer Information Desk

Additional works were commenced 20/21 with completion due 21/22:

- Escalator Replacement
- Main Switchboard Replacement
- N/W Corner Grease Arrestor Install
- Structural Rebuild of Stall 23/24 & 76

Adelaide Central Market Online

ACMA has been working on a new online home delivery service, to bring fresh and local produce straight to customers. Set to launch on 1 July 2021 with over 40 traders and 1,400 products, the new online platform will deliver Market goods every Tuesday, Thursday and Friday within 10km of the Adelaide Central Market. Customers will be able to shop across multiple traders with one checkout, making it easier to support local business.

UPark Plus

In conjunction with UPark, ACMA lead the communications and marketing activity to transition to first hour free with UPark Plus on 1 July 2021. ACMA planned a significant volume of proactive communications to create awareness and drive sign ups throughout June 2021, ahead of implementation on 1 July.

Our Precinct

To make a valuable contribution to the economic, social and cultural wellbeing of our precinct, city and state.

- Continue to work closely with the Market District including attendance to Lord Mayor Precinct Association forums, industry association and district meetings
- Continue to work with the South Australia Tourism Commission for events and filming opportunities.

Central Market Arcade Redevelopment

ACMA has continued to work with the City of Adelaide and project stakeholders on the Central Market Arcade Redevelopment including the announcement of approval of the development application by the State Commission Assessment Panel (SCAP) in January 2021. In December 2020, a CMAR Communications Working Group was established to guide and inform the cohesive delivery of the Central Market Arcade communications strategy and tactical plans during design, demolition and construction phases of the project.

ACMA looks forward to working with the City of Adelaide to achieve the vision for the redevelopment which will extend the Market offer and provide a thriving mixed-use place, complementing the vital role of the Adelaide Central Market as a hub of food and culture in the city.

Audited Financial Statements

Mr Paul Gosnold
 Director
 BDO Audit (SA) Pty Ltd
 Level 7, BDO Centre
 420 King William Street
 ADELAIDE SA 5000

8 September 2021

Dear Mr Gosnold

ADELAIDE CENTRAL MARKET - MARKETING FUND'S INCOME AND EXPENDITURE STATEMENT

This representation letter is provided in connection with your audit of the income and expenditure statement (the 'Statement') for the Adelaide Central Market - Marketing Fund of Adelaide Central Market Authority for the year ended 30 June 2021, for the purpose of expressing an opinion as to whether the financial report presents fairly in accordance with the requirements of section 55 of the *Retail and Commercial Leases Act (SA) 1995*.

We confirm that to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purposes of appropriately informing ourselves:

Financial report

1. We have fulfilled our responsibilities, as set out in your engagement letter dated 7 June 2021, for the preparation for the Statement in accordance with requirements of section 55 of the *Retail and Commercial Leases Act (SA) 1995*; in particular that the Statement presents fairly in accordance therewith.
2. We have established and maintained adequate internal controls to facilitate the preparation of a reliable Statement and adequate records have been maintained. Any and all deficiencies in internal control of which we are aware have been communicated to you.
3. We confirm that the selection and application of accounting policies remains appropriate, and that there have been no changes to the accounting policies applied in the previous annual financial statements or the methods used in applying them.
4. All significant judgments related to accounting estimates have taken into account all relevant information of which management is aware and the selection or application of the methods, assumptions and data used by management in making the accounting estimates are consistent and appropriate.
5. The assumptions used in determining accounting estimates and related disclosures appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity.

6. Disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and reasonable within the context of the applicable financial reporting framework.
7. The appropriate specialised skills or expertise has been applied in making the accounting estimates as applicable.

Books, records and documentation

8. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit;
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
9. All transactions have been recorded in the accounting records and are reflected in the financial report.

Related parties

10. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions.

Fraud

11. We acknowledge our responsibility for the design, implementation and maintenance of accounting and internal control systems that are designed to prevent and detect fraud.
12. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
13. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where fraud could have a material impact on the financial report.
14. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, regulators or others.

Litigation and claims

15. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered in the financial report; and accounted for and disclosed in accordance with Australian Accounting Standards.

Compliance with laws and regulations

16. We have disclosed to you all known actual or possible non-compliance with laws and regulations whose effects should be considered when preparing the Statement.
17. There have been no instances of non-compliance of laws and regulations involving management or employees who have a significant role in internal control.

18. There have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the Statement.

Subsequent events

19. All events occurring subsequent to the date of the financial report and for which adjustment or disclosure are required have been adjusted or disclosed.

Yours faithfully

Clare Mockler
Chief Executive Officer
Adelaide Central Market Authority

Central Market Marketing Fund

Summary Financials

For the year ended 30 June 2021

Income and Expenditure for the year ended 30 June 2021

| Marketing Contribution by Lessees | 2020-21 \$ | 2019-20 \$ |
|-------------------------------------|----------------|----------------|
| Income | | |
| Tenants Contribution * | 467,214 | 484,190 |
| Income from Market Activities | 20,838 | 21,248 |
| Total Income | 488,052 | 505,438 |
| Expenditure | | |
| Advertising/Promotion | 478,014 | 380,738 |
| Audit Fees | 1,100 | 0 |
| Bank Charges | 2,198 | 0 |
| Courier/Freight | 0 | 0 |
| Promotional Materials | 0 | 0 |
| Stationery | 0 | 0 |
| Internal - Hire Plant | 0 | 0 |
| Other Expenditure | 372 | 573 |
| Total Expenditure | 481,684 | 381,311 |
| Total Central Market Marketing Fund | 6,368 | 124,127 |
| Previous Year brought forward | 130,542 | 6,415 |
| Net position 30 June | 136,910 | 130,542 |

Marketing Fund Balance Sheet as at 30 June 2021

| Central Market Marketing Fund | 2020-21 \$ | 2019-20 \$ |
|------------------------------------|-----------------|-----------------|
| Assets | | |
| Cash at Bank | 126,193 | 7,383 |
| Trade and Other Receivables | 34,715 | 177,452 |
| Total Assets | 160,908 | 184,835 |
| Liabilities | | |
| Trade and Other Payables - Current | (23,998) | (54,293) |
| Total Liabilities | (23,998) | (54,293) |
| Net Assets | 136,910 | 130,542 |
| Current Year Surplus | 6,368 | 124,127 |
| Accumulated Surplus / Deficit | 130,542 | 6,415 |
| Total Equity | 136,910 | 130,542 |

Audit & Risk Committee Terms of Reference

ITEM 2.2 15/09/2021
Audit Committee

Strategic Alignment - Enabling Priorities

Program Contact:
Mick Petrovski, Manager,
Governance 8203 7119

2019/02483
Public

Approving Officer:
Amanda McIlroy, Chief Operating
Officer

EXECUTIVE SUMMARY

On 17 June 2021 the *Statutes Amendment (Local Government Review) Act 2021* (the Amendment Act) was assented to by The Governor of South Australia. The Amendment Act contains the most significant changes to local government legislation since the introduction of the *Local Government Act 1999 (SA)*.

In response to the amendments and specifically amendments to section 126 of the *Local Government Act 1999 (SA)*, the Audit Committee Terms of Reference have been reviewed and updated. Additional updates have been made based on best practice or to provide further clarity.

While the updated Terms of Reference do not materially change the functions of the Audit Committee, this report provides an opportunity to review the proposed changes and seeks a recommendation to Council to adopt the updated Terms of Reference.

RECOMMENDATION

That the Audit Committee

1. Supports Council adopting the Terms of Reference as contained in Attachment A to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 15 September 2021.
2. Notes the change in name from 'Audit Committee' to 'Audit and Risk Committee' in accordance with updated legislative provisions of section 126 of the *Local Government Act 1999 (SA)*.

IMPLICATIONS AND FINANCIALS

| | |
|--|--|
| City of Adelaide 2020-2024 Strategic Plan | Strategic Alignment – Enabling Priorities The role of the City of Adelaide is to uphold the values of integrity and accountability. To ensure that the Council delivers services to the community as a leader, advocate, and facilitator by maintaining a transparent decision-making process. |
| Policy | Not as a result of this report |
| Consultation | Not as a result of this report |
| Resource | Not as a result of this report |
| Risk / Legal / Legislative | Not as a result of this report |
| Opportunities | Not as a result of this report |
| 21/22 Budget Allocation | Not as a result of this report |
| Proposed 22/23 Budget Allocation | Not as a result of this report |
| Life of Project, Service, Initiative or (Expectancy of) Asset | Not as a result of this report |
| 21/22 Budget Reconsideration (if applicable) | Not as a result of this report |
| Ongoing Costs (eg maintenance cost) | Not as a result of this report |
| Other Funding Sources | Not as a result of this report |

DISCUSSION

1. On 17 June 2021 the *Statutes Amendment (Local Government Review) Act 2021* (the Amendment Act) was assented to by The Governor of South Australia. The Amendment Act contains the most significant changes to local government legislation since the introduction of the *Local Government Act 1999 (SA)*.
2. While the commencement date of the Amendment Act has not yet been proclaimed, it is proposed that the changes will be staged, with some changes not implemented till 2023.
3. In response to the amendments (specifically amendments to section 126 of the *Local Government Act 1999 (SA)* (the Act)), it was timely to review the Terms of Reference for the Audit Committee. The Terms of Reference have subsequently been updated based on the updated legislative provisions, best practice and to provide further clarity. The revised Terms of reference are provided in **Attachment A**.
4. In addition to these updates, the name of the Audit Committee is proposed to change to the 'Audit and Risk Committee' in accordance with the change proposed to section 126(1) of the Act.
5. The updated Terms of Reference do not change the purpose and function of the Audit Committee. The material changes are summarised in [link 1 Summary of Changes](#), however the remainder of the changes are simple formatting changes made to provide clarity. The current Terms of Reference can be viewed [here](#).
6. The Terms of Reference are intended to assist the Audit and Risk Committee, Council and its community understand the mandate in relation to the committee's specific responsibilities.
7. The Audit and Risk Committee will continue to provide an important independent role between Council and management and between Council and its community. The Audit and Risk Committee has no authority to act independently of Council and can only act in areas covered by its Terms of Reference.
8. The Audit and Risk Committee will continue to play a critical role in the financial reporting framework of the Council by overseeing and monitoring the participation of management and external auditors in the financial reporting process. The Audit and Risk Committee will continue to address issues such as the approach being taken by the Council and management to address risk, corporate and financial governance responsibilities and legal compliance in the areas of:
 - 8.1. Financial Reporting
 - 8.2. Internal Controls and Risk Management Systems
 - 8.3. Management Plans and Business Plans
 - 8.4. Internal Audit
 - 8.5. External Audit
 - 8.6. Other Functions
9. Council will consider the adoption of the updated Terms of Reference at its meeting on 12 October 2021.
10. There is currently one independent member vacancy due to the resignation of Ross Haslam in June 2021. A recruitment process is currently underway for this position. Should Council adopt the updated Terms of Reference further recruitment for the additional independent member will be undertaken.

DATA AND SUPPORTING INFORMATION

Link 1 – Summary of Changes

Link 2 – Current Audit Committee Terms of Reference

ATTACHMENTS

Attachment A – Audit & Risk Committee Terms of Reference

City of Adelaide

Audit & Risk Committee Terms of Reference 2021



1. Establishment and purpose

- 1.1. The Audit and Risk Committee is a formally appointed committee of the City of Adelaide (CoA), pursuant to Section 126 of the *Local Government Act 1999 (SA)* (the Act).
- 1.2. The purpose of the Audit and Risk Committee is to provide independent assurance and advice to Council on accounting, financial management, internal controls, risk management and governance matters.
- 1.3. The Audit and Risk Committee does not have executive powers or authority to implement actions in areas which management has responsibility.
- 1.4. The Audit and Risk Committee does not have any delegated financial responsibility or any management functions and is, therefore, independent from management.
- 1.5. The Audit and Risk Committee will report to Council and provide appropriate advice and recommendations on matters relevant to its Terms of Reference to facilitate informed decision making in relation to discharging its legislative responsibilities and duties.

2. Membership

- 2.1. Members of the Audit and Risk Committee are appointed by Council in accordance with section 126(2) of the Act. The Committee shall consist of six members:
 - 2.1.1. The Lord Mayor
 - 2.1.2. One Councillor
 - 2.1.3. Four Independent Members.
- 2.2. Members of the Audit and Risk Committee (when considered as a whole) must have skills, knowledge and experience relevant to the functions of the Audit and Risk Committee, including financial management, risk management, governance and ideally be familiar with the reporting requirements of Local Government.
- 2.3. Recruitment of Independent Members will be undertaken by Administration in accordance with approved recruitment best practice and relevant policies and procedures. Once completed, a recommendation(s) for appointment will be put to Council for decision.
- 2.4. Criteria used to select Members will have regard to gender balance, youth and cultural representation.
- 2.5. Appointments of Independent Members shall be for a term of four years. Appointees may be reappointed by Council for no more than 2 consecutive terms.

- 2.6. Appointments of Council Members shall be for a term of two years. The appointees may be reappointed for another term which cannot exceed the term of Council.
- 2.7. New Members will be provided with appropriate induction training determined by the Chief Executive Officer or their delegate.
- 2.8. Training will be offered to all members on an ongoing basis where relevant to City of Adelaide business and as approved by the Chief Executive Officer.
- 2.9. Proxy members for the Lord Mayor and Council Member may be appointed to the Audit and Risk Committee by the Council. If the position of Deputy Lord Mayor has been appointed by Council, that person will be the proxy member for the Lord Mayor on the Audit and Risk Committee.

Role of the Audit and Risk Committee

3. Financial Reporting

- 3.1. Monitor the integrity of the financial statements of the Council, reviewing significant financial reporting issues and judgements which they contain.
- 3.2. Review any report obtained by Council under section 48(1) of the Act in accordance with Council's Prudential Management Policy.
- 3.3. Review and challenge where necessary:
 - 3.3.1. The consistency of, and any changes to, accounting policies both on a year on year basis.
 - 3.3.2. The methods used to account for significant or unusual transactions where different approaches are possible.
 - 3.3.3. Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor.
 - 3.3.4. The clarity of disclosure in the Council's financial reports and the context in which statements are made.
 - 3.3.5. All material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to audit and risk management).

4. Internal Control and Risk Management Systems

- 4.1. Keep under review the effectiveness of the Council's internal controls and risk management systems.
- 4.2. Review the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis.
- 4.3. Receive reports on the activities of the Executive Strategic Risk and Internal Audit Group.

- 4.4. Monitor the responsiveness to recommendations for improvement based on previous audits and risk assessments, including those raised by Council's auditor.

5. Management Plans and Business Plans

- 5.1. Review and provide advice on the Council's Strategic Management Plans, Integrated Business Plan, Long Term Financial Plan and Asset Management Plans.
- 5.2. Monitor and review the effective delivery of these plans.

6. Internal Audit

- 6.1. Monitor and review the effectiveness of the Council's Internal Audit function in the context of the Council's overall risk management system.
- 6.2. Receive Full Reports on all Internal Audit projects and monitor management's responsiveness to the findings and recommendation of the Internal Auditor.
- 6.3. Meet with the Internal Audit Partner at least once a year, without management being present, to discuss any issues arising from the Internal Audits carried out during the year. In addition, the Internal Audit Partner shall be given the right of direct access to the Lord Mayor and the Presiding Member of the Audit Committee.
- 6.4. Review the selection process for the Internal Auditor. Appointment of Internal Auditor is the responsibility of management in accordance with Council's procurement framework. If the Internal Auditor resigns, the Audit Committee shall investigate the issues leading to the resignation and decide whether any action is required.

7. External Audit

- 7.1. Consider and make recommendations to the Council, in relation to the appointment, reappointment, scope of engagement and removal of the Council's External Auditor in accordance with section 128-130 of the Act.
- 7.2. Oversee the relationship with the External Auditor, including, but not limited to:
- 7.2.1. Endorsing the audit timetable and audit plan.
- 7.2.2. Recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit.
- 7.2.3. Assessing the external auditor's independence and objectivity considering relevant professional and regulatory requirements and the extent of Council's relationship with the auditor, including the provision of any non-audit services.
- 7.2.4. Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business).



- 7.2.5. Monitoring the external auditor's compliance with legislative requirements on the rotation of individuals in accordance with section 128(6) of the Act.
- 7.2.6. Assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the Audit and Risk Committee's own internal quality procedures).
- 7.3. Meet as needed with the External Auditor and at least once a year meet without management being present to discuss issues arising from the External Audit.
- 7.4. Review the findings of the External Audit with the External Auditor, including a discussion on any major issues which arose during the audit, any accounting and audit judgements and levels of errors identified during the audit.
- 7.5. Review the Report to the Chief Executive Officer and management's response to the External Auditor's findings and recommendations.
- 7.6. Review any representation letter(s) requested by the External Auditor before they are signed by management.
- 7.7. Review the effectiveness of the External Audit and oversee actions to follow-up on matters raised by the External Auditor.
- 8. Other functions**
- 8.1. Make recommendations to Council on the exercise of Council's powers under Section 130A of the Act, in relation to the conduct of Economy Audits that would not otherwise be addressed or included as part of an annual External Audit.
- 8.2. Review, advise and approve (where appropriate) relevant components of Council's Annual Report including:
- 8.2.1. Annual financial statements for Council and subsidiaries.
- 8.2.2. Internal control and risk statements (where appropriate).
- 8.3. Give due consideration to laws and regulations of the *Local Government Act 1999 (SA)*
- 9. Presiding Member**
- 9.1. Will be an Independent Member and appointed by Council for a term as decided by Council. Council may decide to extend the appointment noting a member cannot exceed two terms of appointment (as per clause 2.5).
- 9.2. The Audit and Risk Committee may make an appointment to the position of Deputy Presiding Member for a term as determined by the Audit and Risk Committee.
- 9.3. If the Presiding Member is absent from a meeting, the Deputy Presiding Member (if such position exists) will preside at that meeting. If there is no position of Deputy Presiding Member, or both the Presiding Member and the Deputy Presiding Member are absent from a meeting, then a

member of the Audit and Risk Committee chosen from those present will preside at the meeting until the Presiding Member (or Deputy Presiding Member, if relevant) is present.

- 9.4. Has responsibility, along with the Chief Executive Officer, for the execution of the 'Independence of External Auditor' declaration as part of the end of financial year audit process.
- 9.5. Will oversee and facilitate the conduct of meetings in accordance with the *Local Government Act 1999 (SA)*, the *Local Government (Procedures at Meetings) Regulations 2013* and these Terms of Reference.
- 9.6. Will ensure all Committee members have an opportunity to participate in discussions in an open and encouraging manner.

10. Sitting Fees

- 10.1. Sitting fees will be reviewed and set by Council for within 6 months of the General Election. Professional fees will also be paid for the advice and attendance of the Internal and External Auditors at the Audit and Risk Committee. There are no associated sitting fees for the Lord Mayor or Councillor appointed to the Audit and Risk Committee.

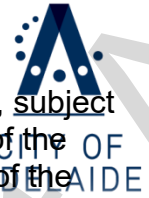
Meetings

11. Scheduling and Public Access

- 11.1. **Frequency of meetings** – the Audit and Risk Committee shall meet at least six times per year, on dates and times determined by the Audit and Risk Committee.
- 11.2. **Change to meeting schedule** - The Chief Executive Officer is authorised to vary the meeting schedule after liaison with the Audit and Risk Committee Presiding Member.
- 11.3. **Cancellation of meeting** - The Chief Executive Officer is authorised to not call a meeting of the Audit and Risk Committee within the meeting schedule should the Committee have no matters for consideration.
- 11.4. **Special Meeting** - A Special Meeting of the Audit and Risk Committee may be called in accordance with the section 87 of the *Local Government Act 1999 (SA)*.
- 11.5. **Public Access to Meetings** – In accordance with the principles of open, transparent and informed decision making, Audit and Risk Committee Meetings must be conducted in a place open to the public. All meetings (unless conducted via electronic means) will be held in the Colonel Light Room as per the City of Adelaide Standing Orders.

12. Notice and documents

- 12.1. Notice confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Audit and Risk Committee and made public, no later than three ordinary days before the date of the meeting. Supporting papers shall be sent to the Audit and Risk Committee Members (and to other attendees as appropriate) at the same time.



- 12.2. The agenda and minutes of Audit and Risk Committee meetings, subject to any items that are discussed in confidence under Section 90 of the Act and subsequently retained as confidential under Section 91A of the Act, are also required to be made available to the public.
- 12.3. The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the Audit and Risk Committee, including the names of those present and in attendance are included in the minutes and that the minutes otherwise comply with the *Local Government Act 1999 (SA)* and the *Local Government (Procedures at Meetings) Regulations 2013*.
- 12.4. Minutes of the Audit and Risk Committee meetings shall be circulated within five ordinary days after a meeting to all members of the Audit and Risk Committee and to all Council Members and will (as appropriate) be available to the public.

13. Meeting Procedures

- 13.1. The Council has resolved to apply Parts 1, 3 and 4 of the *Local Government (Procedures at Meetings) Regulations 2013* to the Audit and Risk Committee.
- 13.2. Insofar as the Act, the Regulations, the Code of Practice for Meeting Procedures (within the City of Adelaide Standing Orders) or these Terms of Reference do not prescribe the procedure to be observed in relation to the conduct of a meeting of the Audit and Risk Committee, the Audit and Risk Committee may determine its own procedure.
- 13.3. The quorum necessary for the transaction of business shall be half plus 1 of the total number of members appointed to the Audit and Risk Committee. Quorum will also only be met if the majority of members present are independent members. Quorum must be present within 30 minutes of the scheduled start time for the meeting to proceed. A duly convened meeting of the Audit and Risk Committee at which quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Audit and Risk Committee.
- 13.4. Only members of the Audit and Risk Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for decision.
- 13.5. Proxy members (appointed as per clause 2.8) attend in an observer capacity only. A proxy member will have a vote when the member of the Audit and Risk Committee they are proxy for, is not present.
- 13.6. Subject to clause 14.3 (quorum) all decisions of the Audit and Risk Committee shall be made based on a majority of the members present.
- 13.7. Every member of the Committee has a deliberative vote only. In the event of a tied vote the person presiding at the meeting does not have a second or casting vote and the matter will be considered lost.

- 13.8. Any decision of the Committee which does not arise from a recommendation of a Council officer must be supported in the minutes of the meeting by clear reasons for the decision.
- 13.9. The Chief Executive Officer, Directors and other CoA employees may attend any meeting as observers or be responsible for preparing papers for the Audit and Risk Committee.
- 13.10. The Council's Internal and External Auditors may be invited to attend meetings of the Audit and Risk Committee.

14. Reporting and Accountability

- 14.1. The Audit and Risk Committee shall report to the Council after every meeting to identify and present advice and recommendations. The Presiding Member shall attend these meetings and talk on these matters, as and when required.
- 14.2. The Chief Executive Officer will identify matters, further to those matters covered elsewhere in these Terms of Reference, to be reported to the Audit Committee in detail where those matters are considered to be of material effect, have a material impact on the operation of Council as an elected body (eg impact on policies relating to Council Members) or have significant impact on Council's operations.
- 14.3. The Audit and Risk Committee Presiding Member shall present the Annual Financial Statements to Council and provide comment on the veracity of Council's financial statements and conduct of the external audit as required by section 8 of these Terms of reference.
- 14.4. At least once a year, ensure the Audit and Risk Committee will review its own performance, membership, and Terms of Reference to ensure it is operating at maximum effectiveness. The Presiding Member will provide a report to Council summarising its activities for the year including any recommended changes it considers necessary to the Council for approval. The Presiding Member will be present at that meeting of Council to support the report submitted
- 14.5. The Chief Executive Officer may undertake a review of the effectiveness and performance of the Audit and Risk Committee including a review of the Terms of Reference. This review may be undertaken by an external party appointed by the Chief Executive Officer.

15. Other Matters

- 15.1. The Chief Executive Officer shall provide sufficient administrative resources to the Audit and Risk Committee to enable it to adequately carry out its functions.
- 15.2. The Audit and Risk Committee shall have access, at the Council's expense, to legal advice or other professional advice on any matter within its Terms of Reference.
- 15.3. All members of the Committee, even independent members must, comply with the Code of Conduct for Council Members comply with the conflict of interest provisions of the Act. In particular, sections 62

(general duties), 63 (code of conduct) and 73, 74, 75 and 75A (conflicts of interest), must be observed.

