



COUNCIL AGENDA & REPORTS

for the Special meeting

Thursday 28 November 2019
at 6.15pm

in the Colonel Light Room,
Adelaide Town Hall



Members - The Right Honourable the Lord Mayor [Sandy Verschoor] (Presiding);
Deputy Lord Mayor (Councillor Abiad);
Councillors Abrahamzadeh, Couros, Donovan, Hou, Hyde, Khera, Knoll,
Martin, Moran and Simms.

1. Acknowledgement of Country

At the opening of the Council Meeting, the Lord Mayor will state:

‘Council acknowledges that we are meeting on traditional Country of the Kurna 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 Kurna people living today.

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

2. Acknowledgement of Colonel William Light

Upon completion of the Kurna Acknowledgment, the Lord Mayor will state:

‘The Council acknowledges the vision of Colonel William Light in determining the site for Adelaide and the design of the City with its six squares and surrounding belt of continuous Park Lands which is recognised on the National Heritage List as one of the greatest examples of Australia’s planning heritage.’

3. Apologies and Leave of Absence

On Leave – Councillor Abrahamzadeh

Apologies – Councillors Couros and Simms

4. Report of the Audit Committee

4.1. Recommendations/Advice of the Audit Committee – Special – 25/11/2019 [2018/04062] [Page 2]

Recommendation 1 Report of the Audit Committee – 25 November 2019

Recommendation 2 Audited Financial Statements 2018-19

5. Exclusion of the Public

5.1. Exclusion of the Public [2018/04291] [Page 7]

For the following report of The Committee seeking consideration in confidence

6.1.1 Recommendation of The Committee in Confidence – Special - 28/11/2019

Recommendation 1 Central Market Arcade Redevelopment [s90(3) (b) & (d)]

6. Confidential Report

6.1. Confidential Report of The Committee, APLA & Audit Committee

6.1.1. Recommendation of The Committee in Confidence – Special - 28/11/2019 [2018/04062]

Recommendation 1 Central Market Arcade Redevelopment [s90(3) (b) & (d)]

To be tabled in confidence at the meeting

7. Closure

Audit Committee Report – 25/11/2019

ITEM 4.1 28/11/2019
Council

2018/04062
Public

Program Contact:
Rudi Deco, Manager Governance
8203 7442

Approving Officer:
Mark Goldstone, Chief Executive
Officer

EXECUTIVE SUMMARY:

The Audit Committee plays a critical role supporting the Council and Chief Executive Officer in the financial reporting framework of Council, by overseeing and monitoring the participation of management and external auditors in the financial reporting process. It also addresses issues such as the approach being adopted by Council and management to address business risks, corporate and financial governance responsibilities and legal compliance.

The Audit Committee met on Monday, 25 November 2019 and is required to report to Council after every meeting to identify and present advice and recommendations.

A precis of the matters considered by the Audit Committee is presented within this report.

The Recommendation below is in response to the deliberation of the Audit Committee on the Audited Financial Statements 2018-19.

RECOMMENDATION:

1. Report of the Audit Committee – 25 November 2019 [C]

THAT COUNCIL

- Notes the report of the Special meeting of the Audit Committee held on 25 November 2019.

2. Audited Financial Statements 2018-19 [C]

THAT COUNCIL:

- Considers the Consolidated Financial Statements present fairly the financial position of the City of Adelaide, having reviewed the Consolidated Financial Statements for 2018-19, contained in Attachment A to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019;
- Receives the City of Adelaide's Consolidated Financial Statements for 2018-19, contained in Attachment A to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, subject to minor administrative changes and subsequent balance date event adjustments, to be certified by the Chief Executive Officer and the Lord Mayor;
- Considers it is appropriate that the representation letter requested by the External Auditor, contained in Attachment B to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, is signed by management;
- Notes the Certification of Auditor Independence, contained in Attachment C to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019 by the Chief Executive Officer and the Presiding Member of the Audit Committee;

5. Notes the audited Adelaide Central Market Authority Financial Statements for 2018-19 as contained in Attachment D to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, have been audited and have been approved by the Adelaide Central Market Authority Board on 19 September 2019. These financial results have been included in the Consolidated Financial Statements of the City of Adelaide;
6. Notes the Rundle Mall Management Authority Financial Statements for 2018-19, contained in Attachment E to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, have been approved by the Rundle Mall Management Authority Board at its meeting 23 September 2019, and certified by the chair of the board. These financial results are included in the Consolidated Financial Statements of the City of Adelaide; and
 - 6.1. Considers the Financial Statements for 2018-19 present fairly the financial position of the Rundle Mall Management Authority;
 - 6.2. Notes the Certification of Auditor Independence in relation to Rundle Mall Management Authority, contained in Attachment E to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019 is signed by the Chief Executive Officer and the Presiding Member of the Audit Committee;
 - 6.3. Notes the representation letter requested by the External Auditor of the Rundle Mall Management Authority, contained in Attachment F to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, is signed by management;
7. Notes the Adelaide Park Lands Authority Financial Statements for 2018-19, contained in Attachment G to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, are included in the Consolidated Financial Statements of the City of Adelaide; and
 - 7.1. Considers the Financial Statements for 2018-19 present fairly the financial position of the Adelaide Park Lands Authority, and can be certified by the Lord Mayor as Chair of Adelaide Park Lands Authority;
 - 7.2. Considers it is appropriate that the representation letter requested by the External Auditor of the Adelaide Park Lands Authority, contained in Attachment H to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, is signed by management;
 - 7.3. Notes the Certification of Auditor Independence in relation to the Adelaide Park Lands Authority, contained in Attachment I to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, and considers it is appropriate to be signed by the Chief Executive Officer and the Presiding Member of the Audit Committee;
8. Notes the Council Solutions Regional Authority Financial Statements for 2018-19 as contained in Attachment J to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019 have been audited and approved by the Council Solutions Regional Authority Board. These financial results have been included in the Consolidated Financial Statements of the City of Adelaide;
9. Notes the Brown Hill and Keswick Creeks Stormwater Board's Financial Statements for 2018-19 as contained in Attachment K to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019. Council's equity interest of eight percent (8%) is included in the Consolidated Financial Statements of the City of Adelaide.
10. Recommends the 2018-19 Consolidated Financial Statements of the City of Adelaide, and the Financial Statements of the Rundle Mall Management Authority, Adelaide Park Lands Authority, Adelaide Central Market Authority, Brown Hill and Keswick Creeks Stormwater Board and Council Solutions Regional Authority be subsequently laid before Council for noting on 28 November 2019.

DISCUSSION

1. The Audit Committee met on Monday, 25 November 2019. The Agenda for the Special meeting can be viewed [here](#).
2. The following matters were the subject of deliberation.

2.1. Bridging to Preliminary End of Year

THAT THE AUDIT COMMITTEE:

1. Receives and notes the report.
2. Notes that the reference to Committee in the Executive Summary of Item 2.1 on the Agenda for the meeting of the Audit Committee held on 25 November 2019 is The Committee and not the Audit Committee.
3. Requests that in future meetings of the Audit Committee include the following standing items prior to consideration by The Committee (of Council):
 - 3.1 quarterly budget review
 - 3.2 analysis of capital work in progress

2.2. Audited Financial Statements 2018-19

THAT THE AUDIT COMMITTEE RECOMMENDS TO COUNCIL:

That Council:

1. Considers the Consolidated Financial Statements present fairly the financial position of the City of Adelaide, having reviewed the Consolidated Financial Statements for 2018-19, contained in Attachment A to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019;
2. Receives the City of Adelaide's Consolidated Financial Statements for 2018-19, contained in Attachment A to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, subject to minor administrative changes and subsequent balance date event adjustments, to be certified by the Chief Executive Officer and the Lord Mayor;
3. Considers it is appropriate that the representation letter requested by the External Auditor, contained in Attachment B to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, is signed by management;
4. Notes the Certification of Auditor Independence, contained in Attachment C to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019 by the Chief Executive Officer and the Presiding Member of the Audit Committee;
5. Notes the audited Adelaide Central Market Authority Financial Statements for 2018-19 as contained in Attachment D to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, have been audited and have been approved by the Adelaide Central Market Authority Board on 19 September 2019. These financial results have been included in the Consolidated Financial Statements of the City of Adelaide;
6. Notes the Rundle Mall Management Authority Financial Statements for 2018-19, contained in Attachment E to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, have been approved by the Rundle Mall Management Authority Board at its meeting 23 September 2019, and certified by the chair of the board. These financial results are included in the Consolidated Financial Statements of the City of Adelaide; and
 - 6.1. Considers the Financial Statements for 2018-19 present fairly the financial position of the Rundle Mall Management Authority;
 - 6.2. Notes the Certification of Auditor Independence in relation to Rundle Mall Management Authority, contained in Attachment E to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019 is signed by the Chief Executive Officer and the Presiding Member of the Audit Committee;

- 6.3. Notes the representation letter requested by the External Auditor of the Rundle Mall Management Authority, contained in Attachment F to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, is signed by management;
7. Notes the Adelaide Park Lands Authority Financial Statements for 2018-19, contained in Attachment G to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, are included in the Consolidated Financial Statements of the City of Adelaide; and
 - 7.1. Considers the Financial Statements for 2018-19 present fairly the financial position of the Adelaide Park Lands Authority, and can be certified by the Lord Mayor as Chair of Adelaide Park Lands Authority;
 - 7.2. Considers it is appropriate that the representation letter requested by the External Auditor of the Adelaide Park Lands Authority, contained in Attachment H to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, is signed by management;
 - 7.3. Notes the Certification of Auditor Independence in relation to the Adelaide Park Lands Authority, contained in Attachment I to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019, and considers it is appropriate to be signed by the Chief Executive Officer and the Presiding Member of the Audit Committee;
8. Notes the Council Solutions Regional Authority Financial Statements for 2018-19 as contained in Attachment J to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019 have been audited and approved by the Council Solutions Regional Authority Board. These financial results have been included in the Consolidated Financial Statements of the City of Adelaide;
9. Notes the Brown Hill and Keswick Creeks Stormwater Board's Financial Statements for 2018-19 as contained in Attachment K to Item 2.2 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019. Council's equity interest of eight percent (8%) is included in the Consolidated Financial Statements of the City of Adelaide.
10. Recommends the 2018-19 Consolidated Financial Statements of the City of Adelaide, and the Financial Statements of the Rundle Mall Management Authority, Adelaide Park Lands Authority, Adelaide Central Market Authority, Brown Hill and Keswick Creeks Stormwater Board and Council Solutions Regional Authority be subsequently laid before Council for noting on 28 November 2019.

2.3. Matters arising from the 2018-19 External Audit

THAT THE AUDIT COMMITTEE:

1. Notes the Annual Audit Completion Report from the External Auditors (BDO), contained in Attachment A to Item 2.3 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019.

2.4. Report on Financial Results 2018-19

THAT THE AUDIT COMMITTEE:

1. Notes the 2018-19 Report on the financial results for the City of Adelaide and its subsidiaries, contained in Attachments A, B, C and D to Item 2.4 on the Agenda for the Special meeting of the Audit Committee held on 25 November 2019.

2.5. Review undertaken of Financial Statements 2018-19

THAT THE AUDIT COMMITTEE

1. Notes the approach undertaken to prepare the 2018-19 Financial Statements.
2. Notes the following process and policy improvements:
 - 2.1. Present findings from KPMG's internal audit on budget management to the Audit Committee in February 2020.

- 2.2. Formalise a consistent and detailed Asset Capitalisation Policy and associated guideline that includes detailed guidance on the future treatment of 'green' expenditure and other costs which are incurred as incidental to the delivery of projects.
- 2.3. Focus on the management of capital Work in Progress in the context of the City of Adelaide's budget setting process, quarterly budget reviews and the preparation of financial statements.

- END OF REPORT -

Exclusion of the Public

ITEM 5.1 28/11/2019
Council

Program Contact:
Rudi Deco, Manager
Governance 8203 7442

2018/04291
Public

Approving Officer:
Mark Goldstone, Chief
Executive Officer

EXECUTIVE SUMMARY:

It is the recommendation of the Chief Executive Officer that the public be excluded from this Special Council meeting for the consideration of information and matters contained in the Agenda.

For the following report of The Committee seeking consideration in confidence

6.1.1. Recommendation of The Committee in Confidence – Special - 28/11/2019

Recommendation 1 Central Market Arcade Redevelopment [s90(3) (b) & (d)]

The Order to Exclude for Item 6.1.1:

1. Identifies the information and matters (grounds) from s 90(3) of the *Local Government Act 1999 (SA)* utilised to request consideration in confidence.
2. Identifies the basis – how the information falls within the grounds identified and why it is necessary and appropriate to act in a meeting closed to the public.
3. In addition identifies for the following grounds – s 90(3) (b), (d) or (j) - how information open to the public would be contrary to the public interest.

ORDER TO EXCLUDE FOR ITEM 6.1.1:

THAT COUNCIL:

1. Having taken into account the relevant consideration contained in s 90(3) (b) & (d) and s 90(2) & (7) of the *Local Government Act 1999 (SA)*, this Special meeting of the Council dated 28/11/2019 resolves that it is necessary and appropriate to act in a meeting closed to the public as the consideration of Item 6.1.1 [Recommendation of The Committee in Confidence – Special - 28/11/2019 - Central Market Arcade Redevelopment] listed on the Agenda in a meeting open to the public would on balance be contrary to the public interest.

Grounds and Basis

This Item contains commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting business, prejudice the commercial position of the council and prejudice the commercial position of the person who supplied the information and confer a commercial advantage to a third party.

The disclosure of information in this report could reasonably prejudice the commercial position of the council and the person forming part of this strategic property matter with associated documentation containing 'commercial in confidence' material and associated intellectual property.

The disclosure of this information could also reasonably prejudice the commercial position of Council given that the strategic property matter has been the subject of a competitive procurement process and commercial in confidence negotiations.

Public Interest

The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of this information will result in release of information which is 'commercial in confidence' including intellectual property relating to this strategic

property matter. The disclosure of such information may severely prejudice the City of Adelaide Council's ability to influence the proposal for the benefit of the City of Adelaide Council and the community in this matter.

2. Pursuant to s 90(2) of the *Local Government Act 1999 (SA)*, this meeting of the Council dated 28/11/2019 orders that the public (with the exception of members of Corporation staff and any person permitted to remain) be excluded from this Special meeting to enable this meeting to receive, discuss or consider in confidence Item 6.1.1 [Recommendation of The Committee in Confidence – Special - 28/11/2019 - Central Market Arcade Redevelopment] listed in the Agenda, on the grounds that such item of business, contains information and matters of a kind referred to in s 90(3) (b) & (d) of the Act.
-

DISCUSSION

1. s 90(1) of the *Local Government Act 1999 (SA)*, directs that a meeting of Council must be conducted in a place open to the public.
2. s 90(2) of the *Local Government Act 1999 (SA)*, states that a Council may order that the public be excluded from attendance at a meeting if Council considers it to be necessary and appropriate to act in a meeting closed to the public to receive, discuss or consider in confidence any information or matter listed in s 90(3).
3. s 90(3) prescribes the information and matters that a Council may order that the public be excluded from.
4. s 90(4) of the *Local Government Act 1999 (SA)*, advises that in considering whether an order should be made under s 90(2), it is irrelevant that discussion of a matter in public may:
 - 4.1 cause embarrassment to the council or council committee concerned, or to members or employees of the council, or
 - 4.2 cause a loss of confidence in the council or council committee, or
 - 4.3 involve discussion of a matter that is controversial within the council area, or
 - 4.4 make the council susceptible to adverse criticism.
5. s 90(7) of the *Local Government Act 1999 (SA)* requires that an order to exclude the public:
 - 5.1 Identify the information and matters (grounds) from s 90(3) of the *Local Government Act 1999 (SA)* utilised to request consideration in confidence.
 - 5.2 Identify the basis – how the information falls within the grounds identified and why it is necessary and appropriate to act in a meeting closed to the public.
 - 5.3 In addition identify for the following grounds – s 90(3) (b), (d) or (j) - how information open to the public would be contrary to the public interest.
6. s 83(5) of the *Local Government Act 1999 (SA)* has been utilised to identify in the Agenda and on the Report for the meeting, that the following reports are submitted seeking consideration in confidence.
 - 6.1 Information contained in Item 6.1.1 – Recommendation of The Committee in Confidence – Special - 28/11/2019:
 - 6.1.1 Is subject to Existing Confidentiality Orders dated 28/11/2017, 13/3/2018, 1/5/2018, 7/8/2018 & 28/11/2019.
 - 6.1.2 The grounds utilised to request consideration in confidence is s 90(3) (b) & (d)
 - (b) information the disclosure of which—
 - (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and
 - (ii) would, on balance, be contrary to the public interest;
 - (d) commercial information of a confidential nature (not being a trade secret) the disclosure of which—
 - (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and
 - (ii) would, on balance, be contrary to the public interest;

ATTACHMENTS

Nil

- END OF REPORT -