

city of
Victor Harbor



ANNUAL REPORT 2017/18



ACKNOWLEDGEMENT OF COUNTRY

The City of Victor Harbor acknowledges the traditional custodians of our beautiful lands and surrounding waters, the Ramindjeri and Ngarrindjeri people.

This annual report was adopted by the City of Victor Harbor on Monday, 26 November 2018.

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MESSAGE FROM THE MAYOR

2017/18 HAS SEEN VICTOR HARBOR CONTINUE ITS TRANSFORMATION WITH INCREASED VIBRANCY, IMPROVED ECONOMIC CONFIDENCE AND A COMMUNITY FIERCLY ADVOCATING FOR THEIR BELOVED 'VICTOR'.



Victor Harbor's strength comes from its community. A community who, like council, want to see our city reach its full potential. A community that is underpinned by a strong culture of volunteering and desire to make a great place even better.

In the past 12 months, there have been many achievements that have contributed to making Victor Harbor an even better place to live, work and play. While many of these achievements are outlined throughout this annual report, there are a few that deserve to be highlighted.

- **Victor Harbor was named the 'Best Large Town'** in the 2017 KESAB Sustainable Communities' Awards. The awards celebrate the sustainable actions, practices and achievements of South Australia's regional and rural communities. The City of Victor Harbor has been a top performer within the program over a number of years, and the 2017 title of Best Large Town demonstrates a continued high standard across a wide range of council and community sustainability projects. In presenting the award to the City of Victor Harbor the judges particularly highlighted the Victor Harbor Mainstreet Upgrade project, along with the Town Pride beautification program, Men's Shed development, work of local environmental groups and the council's role in delivering the Fleurieu Aquatic Centre.
- Stage one of **Victor Harbor's Mainstreet Precinct Upgrade was acknowledged as the 'Best Public Space and Streetscape Design'** at the Mainstreet SA Awards. In presenting the award to council, the judges described the result of the upgrade as "Fun, Funky and Fabulous!".



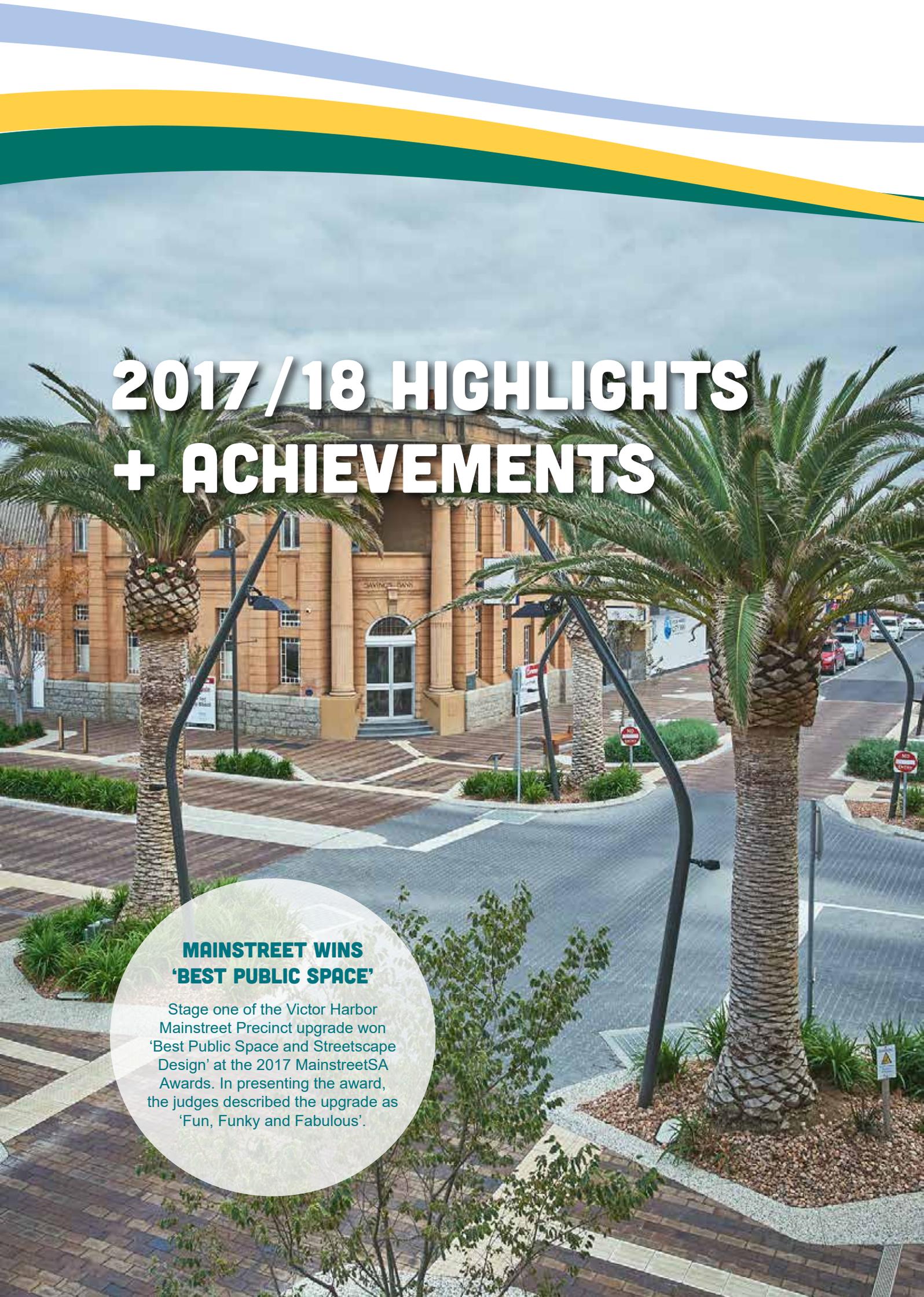
- **A new wave of arts and culture swept through Victor Harbor**, with the movement officially launched at the Big Splash event in June 2018. This event was an opportunity for both council and the community to make a statement about the surging development of the arts in our local community, and the impact it has had on our city's transformation.
- **The community services delivered by the City of Victor Harbor made a difference to the lives of more than 2,000 people in need.** Over 12,000 hours of support was provided to socially isolated people, more than 14,000 passenger trips were provided through the Southern Communities Transport Scheme and Fleurieu Families delivered 326 family support sessions.
- **The Fleurieu Aquatic Centre celebrated one year of operation** in March 2018. The centre has proven to play an important role in delivering social, health and wellbeing outcomes for our community. The facility has exceeded our expectations with over 1,050 members, 450 plus swim students and an average of 16,000 visits per month.

The year also instigated a period of change for the City of Victor Harbor with long serving Chief Executive Officer, Graeme Maxwell, finishing up with the council in November 2017. I would like to take this opportunity to recognise Graeme's significant contribution to Victor Harbor during his tenure with the council and thank him for the 23 years of service he provided to this community.

After undertaking a competitive selection process from a strong field of candidates from right across the country, the council was thrilled to appoint Victoria MacKirdy as its new Chief Executive Officer. Since starting with council in January 2018, Victoria has hit the ground running with her status as a highly respected local government leader and passion for Victor Harbor and the Fleurieu region already bringing opportunities to the council. Victoria has shown her commitment to work together with the community, and I am truly excited about the great things her leadership will offer our city.

The work undertaken in 2017/18 has continued to build on the achievements of previous years. I am proud to say that Victor Harbor is in a great position, and I am certain this will only improve.

Finally, it is my great privilege to have served the community as City of Victor Harbor Mayor for the past eight years. I would like to take this opportunity to thank both Council members and staff, and the community for their support during my time as Mayor. I wish the new council all the best for the next term.



2017/18 HIGHLIGHTS + ACHIEVEMENTS

MAINSTREET WINS 'BEST PUBLIC SPACE'

Stage one of the Victor Harbor Mainstreet Precinct upgrade won 'Best Public Space and Streetscape Design' at the 2017 MainstreetSA Awards. In presenting the award, the judges described the upgrade as 'Fun, Funky and Fabulous'.

500+ 

volunteers supported council programs

\$2.8 MILLION 
grant funding for council projects & initiatives

12,000+ 
hours of social support for socially isolated older people

\$278,954,000 
worth of assets managed and cared for by council

196,500 
visits to the Fleurieu Aquatic Centre

13 
public consultations

326 
family support sessions

1,700 METRES 
new footpaths constructed

800 
viewed the council meeting livestream

More than **1,900** 
people used the Southern Communities' Transport Scheme

14,000 
PASSENGER TRIPS provided through the Southern Communities' Transport Scheme

29,000 SQUARE METRES 
of unsealed roads resheeted with gravel

250,000 
library loans

128,000 VISITORS 
to the Victor Harbor Library

21 COMMUNITY GROUPS 
used the Old School Building as a meeting place

5,000 SQUARE METRES 
of dirt roads bitumen sealed

1,900 
attended council's youth events

1,610 KILOMETRES 
of streets cleaned

186 
parks and reserves maintained

584 
cats registered

107 LOCAL BUSINESSES 
participated in council run training and workshops

15 MAJOR EVENTS 
supported by council

100 
new street trees planted

2,930 
dogs registered

53 
local sporting clubs and groups attended **12 WORKSHOPS** through the STARCLUB program 

\$490,000 
gross bookings for accommodation and attractions at the Visitor Information Centre

4 
artisan markets

124 COMPLAINTS INVESTIGATED 
under the Local Nuisance and Litter Control Act

1,300+ 
students took part in SA Whale Centre education programs

60,000 
visitors to the SA Whale Centre

570 
development applications worth over **\$62.2 MILLION** 

62 
local food premises inspected

2017/18 HIGHLIGHTS AND ACHIEVEMENTS



A NEW CHIEF EXECUTIVE OFFICER

Victoria MacKirby commenced as the City of Victor Harbor's Chief Executive Officer in January 2018



POLICEMAN'S POINT SEAWALL INSTALLED

A concrete block seawall was installed at Policeman's Point (near the Causeway) to repair erosion damage



COMMUNITY ENERGY INVESTIGATIONS

The City of Victor Harbor was the driving force behind regional investigations into a community energy program



AQUATIC CENTRE TURNS ONE

The Fleurieu Aquatic Centre, celebrated one year of operation in March 2018



A NEW WAVE OF ARTS AND CULTURE

Victor Harbor's arts and culture movement was officially launched with the Big Splash event in June 2018



RAILWAY TURNTABLE SITE UPGRADE

The Railway Turntable Site upgrade transformed a once desolate area into a fabulous new community space



VICTOR IS THE BEST LARGE TOWN

Victor Harbor was named the 'Best Large Town' in the 2017 KESAB Sustainable Communities Awards



NEW TOURISM WEBSITE

Victor Harbor's tourism website encountervictorharbor.com.au was launched with a new look to match the city's place brand



COMMUNITY INPUT FOR PLAYGROUND

The community provided important input into the design of George T Fisher Playground, located on Flinders Parade



SUPPORT FOR FLEURIEU YOUTH

In partnership with the Southern Fleurieu Youth Network, fleurieuyouth.com.au was developed to provide young people with links to services and support



WAITPINGA ROAD UPGRADE (STAGE 2)

Stage 2 of the Waitpinga Road upgrade was completed



CELEBRATING OUR RICH HERITAGE

During 2018 History Month, the Victor Harbor heritage trail was launched to celebrate the history of heritage listed buildings

OUR VISION FOR VICTOR HARBOR

The council has a vision for Victor Harbor to be “**a city that offers opportunity and lifestyle**”.

This vision is underpinned by the value our residents place on our enviable lifestyle and strong sense of community.

It highlights the need to embrace new ideas and technology to create opportunities, and the importance of providing the right conditions for individuals, and more broadly the community, to prosper.

The vision also places an important focus on nurturing and growing an economy that provides the opportunity for material and financial security, and ensuring access to facilities and services required to achieve prosperity in both a social and economic sense.

Central to this vision is a community where people are engaged, empowered to make decisions, and keen to work together.

Essentially, the council’s vision is about making a great place even better.

To achieve this vision for Victor Harbor, the council is working towards five broad objectives:

- 1. HEALTHY ENVIRONMENTS**
- 2. ATTRACTIVE LIFESTYLE AND INCLUSIVE COMMUNITY**
- 3. THRIVING LOCAL ECONOMY**
- 4. SERVICES AND INFRASTRUCTURE THAT MEET THE NEEDS OF THE COMMUNITY**
- 5. AN INNOVATIVE COUNCIL EMPOWERING THE COMMUNITY**



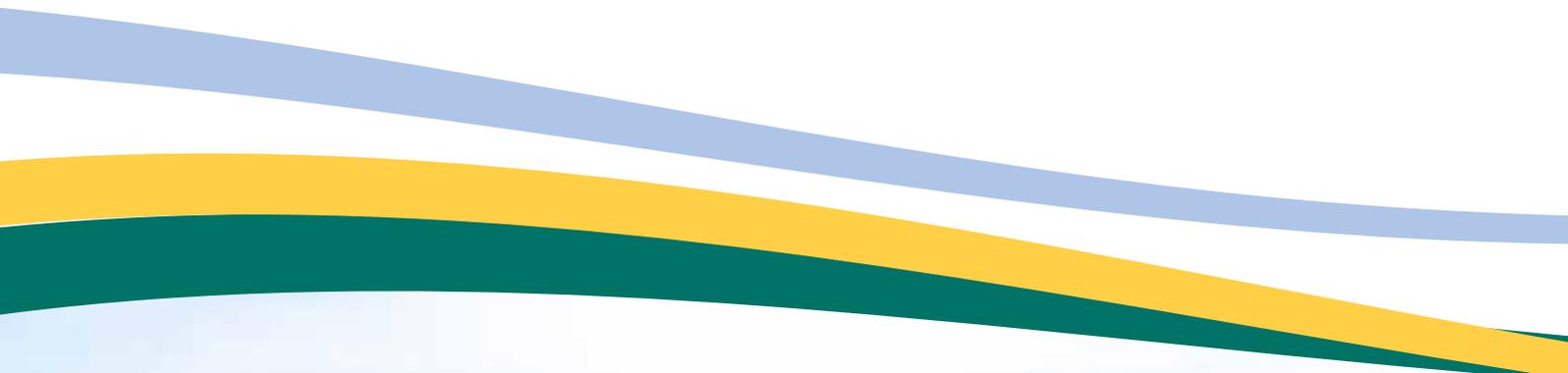
VICTOR HARBOR

A city that offers opportunity and lifestyle

STRATEGIC PLANNING FRAMEWORK

The City of Victor Harbor has a strategic planning framework in place to help plan for the future and ensure strategic decision making aligns with the aspirational objectives in Council's 20 year community plan.





MEASURING OUR SUCCESS

The City of Victor Harbor uses a number of methods to measure our progress towards achieving our objectives.



KEY PLANNED ACTIVITIES

Key planned activities (KPA) outline what council will focus on during the financial year to contribute to achieving our vision and objectives.

These activities are generally initiatives that are reasonably defined, and include key tasks, significant activities or special projects undertaken in a 12 month period. Council's performance target is to complete or substantially complete at least 90% of these tasks each year. KPA may not be listed under every strategy in every year and it is not intended that every activity of council is included.

Council's target is to complete (or substantially complete) at least 90% of current key KPA. Of the 272 KPA listed for 2017/18:

- 11 were cancelled
- 231 were completed and
- 10 substantially completed (i.e. 80% or more complete).

This results in 241 KPA completed or substantially completed, representing 92%.

A number of factors have contributed to KPA's not being completed:

- 13 due to environmental factors, including unexpected external factors (7), matters outside of Council's control (5) and failure of external partners (1)
- 11 due to capacity factors, including underestimation of workload against available staff resources (7) staff/resource numbers (3) and loss of staff through turnover/illness (1)
- 6 due to forecast timeline being ambitious

A list of the key planned activities and their status is included on the following pages.

- — Complete
- — Cancelled
- — 80% or more complete
- — Not complete

TABLE: 2017/18 KEY PLANNED ACTIVITIES

OBJECTIVE 1 – HEALTHY ENVIRONMENTS		
Protect and rehabilitate the natural environment	● Undertake priority works in the Southern Fleurieu Peninsula Roadside Vegetation Management Plan	● Continue to work with neighbouring councils, other levels of government and the community to develop and implement regional natural resource management strategies including planning for a review of the Southern Fleurieu Coastal Action Plan
● Plan for a review of the Victor Harbor Environmental Management Plan in 2018/19	● Undertake priority actions identified in the Southern Fleurieu Coastal Action Plan	● Advocate through the Adelaide Hills and Mount Lofty Ranges NRM Boards to develop and implement natural resource management strategies with a focus on environmental weed control
● Provide a European Wasp Management Program	● Undertake priority coastal protection works identified in the Victor Harbor Coastal Management Study, including seawall rectification adjacent to the Victor Harbor Bowling Club	● Implement the Renewable Energy Program (C-PREP3) in collaboration with Alexandrina and Yankalilla Councils to reduce energy costs and reduce greenhouse gas emissions
● Undertake the 2017/18 Environmental Weed Control Program as per Environmental Management Plan and Natural Resource Management Act	● Support activities of the Inman River Catchment Group, Victor Harbor Coastcare and Bush for Life	
● Implement priority initiatives in the Inman and Hindmarsh Rivers Estuarine Action Plans	● Provide environmental education programs at the SA Whale Centre	
● Undertake remediation work on the bank of the Inman River at Bay Road and Kent Drive		

Protect and enhance landscape and scenic amenity

- Incorporate desired landscape amenity investigations and subsequent outcomes into the Victor Harbor Development Plan
- Implement Council's 2017/18 Street Tree Planting Program
- Undertake landscaping of the Adelaide Road/Welch Road/Waterport Road roundabout

Adapt to the impact of climate change

- Continue to work with regional partners, to support implementation of regional priority adaptation options identified in "Resilient Hills and Coasts", the Climate Change Adaptation Plan
- Review existing plans and strategies with a view to developing a local Climate Adaption Plan in 2018/19 that considers ways to deal with issues at a local level and reinforces commitments to regional projects

OBJECTIVE 2 – ATTRACTIVE AND INCLUSIVE COMMUNITY

Provide for sustainable development and residential amenity

- Convene Council's Development Assessment Panel to determine development applications in accordance with the Development Act 1993, and provide advice to Council on development policy matters
- Improve development assessment help guides to reflect legislative changes and planning reforms
- Review and update development compliance and enforcement procedures

- Consider Council's strategic planning priorities in the context of the State Planning Review and the implementation of the Planning Development and Infrastructure Act

- Provide a Mainstreet Façade Grants Program

- Undertake design works for the Mainstreet Precinct Master Plan Stage 3

- Consider and progress opportunities to create pedestrian walkways between Ocean Street and surrounds

- Upgrade existing CCTV street cameras to enhance public safety and reduce crime

- Complete the Residential Review and commence a Residential Development Plan Amendment

- Consider the staged release of land in undertaking a Residential Development Plan Amendment

- Maintain the differential rate for vacant land use category to encourage infill development and contain our environmental footprint

- Implement changes in response to the amended Dog and Cat Management Act

- Implement the requirements of the Local Nuisance and Litter Control Act

Protect and promote heritage

- Plan for a heritage study that considers inter-war buildings to be undertaken in 2018/19

- Provide a Heritage Incentive Grant Scheme to support property owners to maintain local heritage listed items within the Council area

- Provide a heritage advisory service for Local and State Heritage listed places

- Commence Railway Turntable site construction/delivery

- Progress Native Title Claims

- Progress the Kungan Ngarrendjeri Yunnan Agreement

- Continue discussions with the Department of Environment and Natural Resources regarding a sculptures project on Granite Island

- Work with Oceanic Victor to establish marine tourism operations on Granite Island

- Advocate for Granite Island to be maintained as a key tourist attraction

Provide and maintain open space and recreation facilities

- Complete Stage 2 of the Bluff Boat Ramp holding area (subject to grant funding from SABFAC)

- Replace the GP Room floor at the Recreation Centre

- Replace/upgrade the boardwalk at the Hindmarsh River estuary

- In partnership with the Alexandrina Council support the operation of the Fleurieu Regional Aquatic Centre through the Fleurieu Region Aquatic Centre Authority

- Identify priority projects in the updated Victor Harbor Recreation and Open Space Strategy 2017 for consideration in the 2018/19 budget

- Undertake replacement/upgrade of the irrigation systems at the Lions Park, Causeway Plaza and Alf Siebert Reserve

- Undertake design and consultation for GT Fisher Reserve Playground upgrade

- Identify capital works from the Victor Harbor Local Area Bicycle Plan for consideration in 2018/19

Encourage community participation and interaction

- Provide improved disability access by identifying and upgrading problem footpath areas
- Investigate processes for Child Friendly Cities Accreditation
- Support the development of the Victor Harbor Men's Shed
- Assist the development of the Victor Harbor RSL and Victor Harbor Football Club joint facility
- Through the Star Club Field Officer Program deliver improved supports to local sporting clubs and enhanced support to Council on a range of recreation and sport matters
- Explore options to link schools and sporting clubs to expand after school sports programs
- Explore opportunities with the Office for Recreation and Sport to develop a regional sports academy model for the Fleurieu and Kangaroo Island
- Provide a Recreation and Sport Small Grants
- Maintain engagement with Encounter Bay Recreation Grounds users in their future planning
- Support Southern Volunteering in the provision of volunteering information and referral services
- Provide regular "Introduction to Volunteering" sessions for people interested in volunteering in the community

- Commence planning to host the biennial Positive Ageing Festival in collaboration with local community groups and organisations to promote health and wellbeing, support social connection, encourage opportunities for skill development and skill sharing and foster community engagement

- Encourage the Caring Neighbourhood Program and other programs that support isolated residents especially aged people, to develop connection with their community

- Undertake consultation on the concept plan for a proposed library refurbishment and extension

- Review and update internal procedures at the Victor Harbor Library

- Support the Southern Fleurieu Youth Advisory Committee in providing opportunities for young people to plan, implement and participate in arts and cultural activities

Cultivate a vibrant community culture

- Consider a new Youth Art / Photography Exhibition in Victor Harbor
- Organise and stage a New Year's Eve community celebration event
- Support local community celebrations during NAIDOC Week
- Provide an Arts and Culture Community Grants program
- Support the Victor Harbor Artisan Markets as a platform for practicing and professional artists to show, sell and demonstrate their art

- Reassess staging of the Mainstreet Precinct Master Plan to enhance opportunities for creating places for creative and social activities

- Undertake prudential assessment of the proposed Town Hall and Old Library development and undertake community consultation on the project proposal

OBJECTIVE 3 – THRIVING LOCAL ECONOMY

Support a competitive environment for business growth

- Provide information to local businesses on Council's procurement process and encourage local businesses to become prequalified contractors
- Implement the reviewed Outdoor Dining and Street Trading Policies
- Resource the Victor Harbor Horse Tram Advisory Committee
- Undertake structural maintenance of Council's tourism website
- Establish an Arts and Culture service area including the employment of an Arts and Culture Officer
- Undertake scheduled maintenance and renewal of the Victor Harbor Horse Tram tram line
- Maintain a succession plan for horses delivering the Horse Drawn Tram service
- Provide branded decorated Tram Horse harnesses

- Maintain the differential rating component of commercial and industrial land, with the proportion of differential rates above the base rate being used for the delivery of new and expanded economic development activities consistent with the Economic Development Strategy
- Organise and stage the Whale Time/Play Time Festival
- Organise and stage the Rock 'n' Roll Festival
- Organise and stage the South Australian Whale Season launch
- Lodge an expression of interest with the SA Tourism Commission to host a stage finish in 2018 Tour Down Under and BUPA Challenge Tour
- Consistent with Council's Major Events Policy consider opportunities that encourage improved reputation and business climate
- Continue implementation of the Mainstreet Annual Business Plan, including provision for trader support
- Coordinate the Victor Harbor Mainstreet Easter Hunt and Christmas events including Santa's Cave and street entertainment
- Continue to review the outcomes of the Economic Development and Tourism Service Review, including options for combining the SA Whale Centre and Visitor Information Centre

Promote a culture of innovation, creativity and collaboration

- Through regular newsletters and emails provide local businesses with information on training opportunities and funding assistance
- Deliver 2017 Victor Business Week in partnership with Business Victor Harbor to support business growth in the area
- Work with agencies such as the Commission for Small Business, Regional Development Australia, and the Department of State Development to design business support programs for local delivery
- Undertake an annual survey of businesses in Victor Harbor
- Participate in the Fleurieu Peninsula Tourism Board, Regional Tourism Plan and related activities
- Work with Regional Development Australia (Adelaide Hills, Fleurieu and Kangaroo Island) to support business linkages and regional economic development activities
- Implement the 2017/18 Digital Economy Action Plan in accordance with the adopted Digital Economy Strategy
- Provide corporate sponsorship for the 2017 Victor Harbor Business Awards
- Delivering a series of actions from the 2017/18 Agribusiness Action Plan, informed by the City of Victor Harbor's Agribusiness Reference Group and the Agribusiness Survey 2017

- Provide a discounted differential rate for primary production land in recognition of the economic and social importance of primary production to the district

- Continue to work with Victor Harbor TAFE to provide training opportunities that meet the expectations of the business community and local employers

Attract investment that expands the economy

- Initiate an 'Employment Lands' Review which may lead to a future related Development Plan Amendment
- Prepare a Victor Harbor Investment Attraction Strategy and complimentary Action Plan
- Complete negotiations and agreement for Council to enter into 'Infrastructure Agreements' with developers (ALDI, Coles/Bunnings, Makris)
- Maintain and update business plates on Maude Street and Lincoln Park precinct signage boards
- Establish and maintain an RV Waste Disposal system to attract motorhome visitors to Victor Harbor
- Continue to roll out Council's Place Branding Strategy including promoting co-branding by local businesses

OBJECTIVE 4 – SERVICES AND INFRASTRUCTURE SUPPORTING THE COMMUNITY

Facilitate access to health, education and community services

- Utilise information obtained from youth forums to inform service delivery and improve service delivery for young people
- Continue to work with State and Federal governments to maximise opportunities associated with policy and program reforms relating to health, education and community services
- Advocate for local and regional needs of older people through contributing to consultations and submissions related to aged care policy reform and related issues
- Position Caring Neighbourhood Program to maximise opportunities associated with the Commonwealth Aged Care Reforms
- Collaborate with other agencies and services to develop strategies that promote and facilitate coordinated services for young people and families with children
- Explore funding models and opportunities to sustain the Southern Fleurieu and KI Positive Ageing Taskforce beyond June 2018 in order to encourage coordination of service delivery and collaboration of service providers, including services that respond to the needs of older people

- Work in partnership with key stakeholders to continue the Dementia Friendly Communities initiative in order to raise awareness of local dementia services, information and support

- Prepare a Collective Impact Plan to inform a regional approach to support for the wellbeing of children

- Provide a Community Grants program to assist community groups in the planning, coordination and provision of community services to improve the wellbeing of people within the Victor Harbor community

- Prepare and introduce the South Australian Food Rating Scheme to all food business within the City of Victor Harbor

- Enforce specific public health legislation relating to food safety, on site waste water management, manufactured water systems, swimming pools/spas, disease prevention/control, pest and vermin control, sanitation, housing / accommodation, water quality, environmental management, contaminated land and emergency management

- Partner with the City of Onkaparinga in the delivery of a school based immunization program

- With consideration for the outcomes of the LGASA work to define a role for local government in supporting communities impacted by domestic violence, and in partnership with neighbouring councils, investigate the development a regional policy/plan to respond to domestic violence

- Consider the demand for land suitable for future health, education and community services in undertaking a Residential Development Plan Amendment

- Liaise with developers regarding the provision of land suitable for future health, education and community services

Provide key community infrastructure

- Continue negotiations regarding a suitable location for a local/regional cemetery to meet future demand

- Provide the Old School Building Community Centre as an affordable meeting space for local community groups

- Continue to provide community meeting spaces in the Library, Recreation Centre and Town Hall and through the sub-hire arrangements with various council leased facilities such as sporting grounds

- Ensure compliance with legislation in regard to council/community land to ensure local community interest is maintained, managed and protected

- Prepare an manage leases, licences, permits and agreements

- Manage Dedicated Land Lease Approvals for Crown Land

- Administer Council land transfers, sales, gifting, land exchanges, road opening and closing

- Develop and maintain Community Land Management Plans, Register and community land revocations
 - Complete the restructure of Community Land Management Plans
 - Further develop Council Roads Opening and Closing Register
 - Further develop the Road Register as defined by Local Government Act
 - Prepare the Community Land Revocation Process for existing road buffer (driveway exclusion reserves)
 - Provide further efficiencies within Synergy's Lease and Licence module and Community Land/Council Land Register module
 - Review Recreation Centre user agreements
 - Upgrade the section of the Foreshore Promenade adjacent to the Victor Harbor Bowling Club
 - Support the activities of the Town Pride Working Group and Encounter Lakes Beach Boys
 - Continue the Encounter Lakes and Franklin Island water quality monitoring program
 - Continue staged implementation of the Mainstreet Precinct Master Plan
- Create and maintain safe road and footpath networks**
- Complete the Town Centre Traffic Movement and Car Parking Strategy
 - Include Town Centre Traffic and Car Parking Strategy recommendations in 10 Year Capital Works Program
 - Complete railway interface risk assessments and agreement

- Continue to review and enforce regulatory parking arrangements
 - Complete bridge maintenance as identified from condition assessments and associated Asset Management Plan
 - Complete road maintenance as identified from condition assessments and associated Asset Management Plan
 - Complete kerb and channel maintenance and replacement as identified from condition assessments and associated Asset Management Plan including road reseals and re-sheeting of unsealed roads
 - Undertake Stage 3 (final) of the Ocean Road reconstruction
 - Undertake reconstruction of Wattlebury Road
 - Undertake Waitpinga Road Construction Stage 2
 - Undertake repairs to Dennis Bridge on Waitpinga Road, subject to Bridges Condition Review
 - Provide new footpaths on Adare Avenue (between Dinan Road and Hindmarsh Road), Cudmore Avenue (between Tom Thumb Grove and Hindmarsh Road), Dinan Road, Kingsford Street (between Oval Road and Granite Street), Laxton Street (between Coleman Avenue and Dinan Road), and Wattle Drive (between Pearsons Drive and Dinan Road)
- Advocate for improved local and regional transport**
- Continue regular meetings with the Department for Planning, Transport and Infrastructure regarding the provision improved local and regional networks

- Continue participation in the Southern and Hills LGA Roads Working Party
 - Advocate for improved regular passenger transport services between Victor Harbor and Goolwa and Victor Harbor and Adelaide including transport for young people
 - In partnership with Alexandrina Council provide the Southern Communities Transport Scheme (SCOTS) to assist transport disadvantaged people
 - Seek sustainable funding for community transport services beyond June 2018
 - Fit a wheelchair lift to Council's community bus
 - Review the Electric Highway Project with a view to determine community demand and need for expansion
- Support improved Information Communication Technology Services**
- Consider expansion of Council's fibre optic network as a part of future stages of the Mainstreet Precinct Upgrade Program
 - Work with NBN Co, the community and key business partners and neighbouring councils to maximise the potential of the NBN to deliver Council services
- Provide sustainable waste collection**
- Contribute to the upgrade of the Waste Transfer Station at the Goolwa Waste and Recycling Depot
 - Work with the Fleurieu Regional Waste Authority to ensure efficient kerbside waste collection systems

- Monitor and maintain the closed Victor Harbor landfill site in accordance with the Victor Harbor Landfill Environmental Management Plan and EPA licence conditions

Provide stormwater infrastructure

- Undertake Cakebread Road stormwater design
- Undertake stormwater upgrade at Field Avenue/Pine Avenue/Brand Avenue
- Upgrade coastal stormwater outlets including fitting of scour protection, headwalls, tidal gates and gross pollutant traps
- Upgrade stormwater infrastructure on Inman Valley Road (culvert crossing and Bacchus Wetland)
- Update asset data and develop a program for stormwater upgrades as a result of recent inspections
- Provide stormwater easement and infrastructure - Greenhills Road to Richardson Street
- Undertake Yandra Terrace stormwater upgrade Stage 2
- Complete Railway Terrace stormwater upgrade and fibre optic design
- Undertake Tabernacle Road stormwater design (Bay Road to Matthew Flinders Drive)
- Consider development of a framework to inform appropriate developer contributions to storm water and other infrastructure

Plan for water and electricity security

- Consider the local and regional implications of the State Government Energy Security Plan

- Consider how the State Government Energy Security Plan impacts on reducing energy demand and generating energy from renewable and sustainable sources

- Continue to support local initiatives such as the C-PREP3 Renewable Energy Program and Electric Highway

- Engage with SA Water to secure access to potable water that will allow for long term planning and development

- Through the Agribusiness Advisory Group consider opportunities to enhance long-term water security for the environment and agriculture through the sustainable management and use of local water resources

- Undertake irrigation renewal and upgrade as identified in the Open Space Asset Management Plan

- Continue to work with SA Water on options for the expansion of the Victor Harbor Recycled Water Program

- Provide for water sustainable urban design and rainwater harvesting for gardens in the Mainstreet Precinct Master Plan design

Facilitate capacity to deal with emergencies

- Continue to participate in the Fleurieu Bushfire Management Committee to develop and maintain a Regional Bushfire Management Plan

- Reapply for funding through the South Australian Fire and Emergency Services Commission (SAFECOM) when the opportunity arises, for the development of a Victor Harbor Emergency Management Plan that aligns with state and regional emergency management plans

- Continue to foster relationships with the State Government to advocate for community concerns

OBJECTIVE 5 – AN INNOVATIVE COUNCIL EMPOWERING THE COMMUNITY

Cultivate and demonstrate community leadership

- Maintain live streaming of Council meetings and audio recording
- Promote informal gatherings of Council not covered by Section 90 of the Local Government Act
- Provide Council and committee agendas and minutes on Council's website
- Respond to Freedom of Information requests and Section 270 Reviews of Council decisions
- Take a leadership role in advocating for issues of community concern as they arise
- Support the Southern Fleurieu Youth Advisory Committee as a means of developing young leaders
- Support the participation of local young people in leadership opportunities such as the United Nations Youth SA Conference, and YMCA SA Youth Parliament

- Encourage community representation on Council advisory committees
- Support staff membership of relevant professional associations
- Accept opportunities to present to community groups
- In cooperation with Alexandrina Council and District Council of Yankalilla explore the recommendations of the Local Government Expert Panel on collaborative efficiencies in local government
- Participate in the Southern and Hills Local Government Association, Regional Development Australia (Hills Fleurieu and KI), and Fleurieu Peninsula Tourism, and the Fleurieu Region Waste Authority
- Continue to provide a range of community service programs in partnership with neighbouring councils
- Continue involvement in the Australian Coastal Councils Association
- Provide training to Elected Members to facilitate the effective governing of Council and operation of Council's Section 41 and other committees
- Continue to provide Elected Members with information through weekly updates and informal gatherings
- Provide Elected Members with corporate support (administration, record keeping and IT)

Encourage active citizenship and community pride

- Provide a series of Australia Day Awards which recognise the achievement of the community
- Recognise the contribution of volunteers involved in Council programs and as members of Council advisory committees
- Provide a Volunteer Week Small Grants Program to assist community groups to recognise the contribution of their volunteers during National Volunteer Week
- Implement Council's Asset Management Plans which detail information about infrastructure assets including actions required to provide an agreed level of service in the most cost effective manner
- Grow community subscription to Council's e-newsletter, Victor Viewpoint
- Hold two community forums, including one as a part of Council's Annual Business Plan and budget consultation
- In line with the 'Your Council, Your Say' campaign provide a series of listening posts to increase community engagement with elected members
- Continue to restructure Council's corporate website to make it easier for people to find information

Provide effective and efficient levels of service delivery

- Complete Service Excellence Accreditation Audit for Fleurieu Families

- Undertake a review by the Australian Aged Care Quality Agency of the performance of Commonwealth Home Support Program funded services against the Home Care Standard
- Participate in service quality reviews of the Star Club Field Officer Program if undertaken by Office for Recreation and Sport
- Provide additional staff to Planning & Regulatory Services for departmental administration support in response to increasing service pressures and cost shifting from other levels of government
- Maintain the House of Assembly Roll from the State Electoral Commission
- Maintain the Council's Supplementary Voters Roll
- Implement priority outcomes from the Customer Service Review
- Purchase a second UCCX Switchboard Licence to improve business continuity
- Provide temporary internal ICT Special Projects position to develop the intranet to provide improved internal communication and data sharing within the organisation
- Undertake a library service review
- Participate in the Local Government Performance Excellence Program to monitor Council's performance and inform decisions on directing resources to get the best outcomes for the community

- Continue to maintain and update Council's website to promote the range and availability of services provided by Council
- Purchase Software Assurance to allow for future upgrades when they are approved by third party providers
- Maintain existing ICT services
- Complete the upgrade of the Council Chambers Audio Visual systems
- Streamline procurement for infrastructure services by utilising the revised Procurement Policy, Vendor Panel, and Market Place
- Increase the uptake of Vendor Panel across the organisation to support effective procurement processes
- Increase number of ESRI mapping licences
- Further investigate and implement as appropriate improved evidence based performance evaluation and productivity tools to more effectively measure the outcomes of community service projects

Operate in a strategically planned environment

- Maintain annual subscription to .id information products including profile.id and atlas.id with full community access via Council's website
- Provide training on 2016 Census results highlighting any significant changes or interesting trends

- Review and update Council's Long Term Financial Plan in line with 2016/17 actuals, 2017/18 budget and adopted Asset Management Plans
- Develop indicators of success and the reporting framework for new Community Plan 2036
- Facilitate budgeting and financial planning to assist Council in decision making and delivery of the Community Plan and annual business plan, concurrently meeting Council's legislated financial management obligations
- Develop the template for Council reports to provide stronger links to Council's Community Plan and other strategic documents
- Develop policy, procedures and framework for pending Mobile Food Van Legislation
- Develop new procedures including BPay VIEW, SAILIS reports, and electoral roll maintenance
- Work with Elected Members in development of policies, and to address gaps in Council's policy structure to meet Council's strategic objectives
- Review Council's policy framework
- Review Council's Volunteer Policy and Safe Environments Policy
- Consider how council reports can provide stronger links to Council's Sustainability Policy

Sustainably manage council's financial infrastructure assets

- Manage Council's assets in accordance with the Long Term Financial Plan and adopted Asset Management Plans
- Further develop internal budget procedures using PowerBudget software
- Arrange full revaluations and condition assessments for Bridges / Roads / Footpaths / Kerb and Channel and Open Space
- Maintain assessment record for non-rateable assessments and those eligible for mandatory or discretionary rate rebates
- Review and reconcile all non-rateable land
- Ensure Councils' financial internal controls and legislative compliance is being adhered to and rectify any deficiencies
- Maintain and develop Global Information Systems (GIS) and Asset Data Systems
- Maintain GIS / spatial systems within SynergySoft, ArcMap and ArcReader
- Provide and assist other staff with access and use of GIS/ spatial systems
- Deliver updated Aerial Ortho Imagery to Council every two years
- Continue debt recovery procedures to recover rate arrears efficiently and effectively

- Recruit part-time Rates Officer to address backlog and gaps in service and meet legislative requirements
- Review and update Council's Risk Management Framework
- Implement SkyTrust online hazard and incident reporting
- Provide the LGA Workers Compensation Scheme Healthy Lifestyle Program
- Participate in the Local Government LIFE App (Pilot Project) to identify organisational strengths and opportunities for improvement

- Undertake a self-audit of documented WHS and Risk Management Processes to meet legislative objectives under the South Australian WHS Act 2012
- Complete accredited Mental Health First Aid (MHFA) Training for relevant staff
- Seek recognition through Mental Health First Aid Australia as a MHFA Skilled Workplace
- Prepare a Mental Health First Aid Policy and appoint workplace Mental Health First Aid Officers
- Undertake annual employee Professional Development reviews

- Further develop electronic staff training database with linkages to WHS, personal and professional development, and specific job requirements
- Develop and implement a 2017/18 employee training program
- Transition long term temporary files to third party off-site storage provider
- Restructure local computer drives to align with the new file structure
- Formulate a reporting procedure for records management performance



FINANCIAL MANAGEMENT

The City of Victor Harbor's Annual Business Plan shows how council allocates its budget and what services, programs and projects will be delivered in the financial year.

Financial indicators identify emerging trends and comparative information about council's financial sustainability.

Although the indicators provide an assessment of financial performance and sustainability, they need to be interpreted in the context of council's operating environment.

The table (above) outlines target ratios set by council and the performance against these ratios over the past three years.

OPERATING SURPLUS RATIO

This ratio expresses the operating surplus (deficit) as a percentage of general and other rates. A positive operating surplus ratio indicates that the cost of services provided to the local community are being covered by operating revenues.

In 2017/18, a surplus ratio of 1% was achieved. While this is below council's target of 3%, financial sustainability is still demonstrated by a greater than breakeven position.

The 2017/18 Financial Statements (**Appendix 1**) show that the organisation remains in a sound financial position.

TABLE: FINANCIAL INDICATORS

Ratio	2017/18	2016/17	2015/16	Target
Operating Surplus	1%	4%	3%	3% to 10%
Net Financial Liabilities	47%	47%	42%	Less than 75%
Asset Sustainability	88%	99%	77%	80% average (3 years)

NET FINANCIAL LIABILITIES RATIO

This ratio expresses total liabilities as a percentage of operating revenue. The ratio demonstrates the extent to which council's total debt can be met by operating revenue.

In 2017/18, council's net financial liabilities ratio was 47%. This is well below council's target of less than 75% which indicates council is in a strong position to meet its financial obligations.

ASSET SUSTAINABILITY RATIO

This ratio indicates whether council is renewing existing assets in line with Asset Management Plan requirements.

A ratio of 88% was achieved in 2017/18 meeting council's target of greater than 80%. This high percentage indicates a greater expenditure on renewing existing assets.

SERVICE DELIVERY

Council reports on the levels of services it provides to the community.

Measureable levels of service can include things such as library membership, number of people using the Southern Communities' Transport Scheme, or number of development approvals.

The 'Highlights and Achievements' section at the beginning of this report outlines some of council's service delivery achievements.

In addition to the direct service delivery outlined in this report, council delivers a number of services through partnerships and memberships of other organisations including:

- Southern and Hills Local Government Association (Annual Report attached)
- Fleurieu Regional Waste Authority (Annual Report attached)
- Fleurieu Regional Aquatic Centre Authority (Annual Report attached)
- Local Government Association of South Australia
- Adelaide and Mount Lofty Ranges Natural Resources Management (NRM) Board
- SA Murray Darling Basin NRM Board
- Dog and Cat Management Board
- Country Arts SA
- Regional Development Australia - Hills, Fleurieu and Kangaroo Island
- Fleurieu Peninsula Tourism



STRATEGIC INDICATORS

A series of long term strategic indicators have been identified in the City of Victor Harbor Community Plan 2036 to reflect how effective council has been in making a difference in order to achieve its vision and objectives.

It is not intended that the indicators reflect a complete picture of every aspect of every objective. Rather they are intended to reflect longer term trends towards achieving desired outcomes, and provide information on how council can focus or refine its activities to better achieve its vision.

A number of indicators rely on data collected by other parties, or methods of data collection yet to be determined.





**ELECTED
MEMBERS**



ELECTED MEMBERS

The City of Victor Harbor's elected body comprises a Mayor and nine Councillors who are responsible for a variety of functions in accordance with the Local Government Act 1999 and Regulations.



Mayor Graham Philp



Cr Terry Andrews



Cr Peter Charles



Cr Pat Chigwidden



Cr Karen Dutton



Cr Tim Glazbrook



Cr Nicholas Hayles



Cr Moira Jenkins



Cr Bob Marshall



Cr Carol Schofield

Elections for elected members are held every four years in accordance with the Local Government (Elections) Act 1999. The next election will be held in November 2018.

ELECTED MEMBER ALLOWANCES

Elected members are paid an annual allowance as determined by the Remuneration Tribunal on a four yearly basis, in accordance with Section 76 of the Local Government Act 1999. The Remuneration Tribunal, in determining allowances, has regard to the role of members, the size, population, revenue, as well as relevant economic and social factors in the council area.

In 2017/18 elected members received the following allowances:

- Mayor - \$51,200
- Deputy Mayor - \$16,000
- Presiding member of a prescribed committee - \$16,000
- Councillors - \$12,800
- Councillors who are presiding members of a Section 41 Committee that is not a prescribed committee - \$12,800 plus \$150 per meeting (up to \$900)

In addition elected members are entitled to other support including reimbursement of travel and childcare expenses.

Council's elected member allowances and support policy sets out a comprehensive summary of the provisions of the Local Government Act 1999 and the Regulations in respect to elected member allowances, expenses and provision of facilities, support and benefits. It also provides the circumstances under which Council approves the reimbursement of additional expenses on a discretionary basis.

MEETING ATTENDANCE

City of Victor Harbor hold their ordinary council meetings on the fourth Monday of the month from 5.30pm. During 2017/18 there were 12 ordinary meetings and 7 special meetings.

Total number of meetings	19
Mayor Philp	18
Cr Terry Andrews	16
Cr Peter Charles	19
Cr Pat Chigwidden	18
Cr Karen Dutton	17
Cr Tim Glazbrook	19
Cr Nicholas Hayles	16
Cr Moira Jenkins	17
Cr Bob Marshall	14
Cr Carol Schofield	17

ELECTED MEMBER TRAINING

The following is a record of Elected Member attendance at training during 2017/18.

Training	Date	Mayor G Philp	Cr T Andrews	Cr P Charles	Cr P Chigwidden	Cr K Dutton	Cr T Glazbrook	Cr N Hayles	Cr M Jenkins	Cr B Marshall	Cr C Schofield
Elected Members Workshop – FRWA Kerbside Waste Collection	16/10/17	✓		✓	A		✓	✓	✓		A
Horse Tram Workshop	11/09/2017	✓	✓	✓	✓		✓	✓	✓	✓	✓
Boating Facilities Advisory Committee Workshop	30/01/2018	✓		✓			✓	✓		✓	
Boating Advisory Committee Workshop	16/02/2018	✓					✓	✓			
2018/2019 Capital Budget Proposals	19/02/2018	✓	✓	✓	✓		✓	✓	✓	✓	A
Elected Members Workshop – Code of Practice for Meeting Procedures	19/02/2018	✓	✓	✓	✓		✓	✓	✓	✓	
District Inspection – Bus Tour	28/02/2018	✓	✓	A	✓	✓	✓	✓	✓	A	A
Informal Gathering – Signage Policy Review	19/03/2018	A	✓	✓	A	A	✓	✓	A	✓	A
2018/2019 Budget Workshop	19/03/2018	A	✓	✓	✓	A	✓	✓	A	✓	✓
Arts & Culture Workshop & Economic Development Strategy Workshop	03/04/2018	✓	✓	✓	✓	✓	✓	✓	✓	✓	
2018/2019 Budget Workshop	09/04/2018	✓	✓	✓	A	A	✓	✓	✓	✓	✓
Informal Gathering – Annual Business Plan	16/04/2018	A	✓	✓	✓	✓	✓	✓	✓	A	✓
Informal Gathering – Adelaide Road Corridor	16/04/2018	A	✓	✓	✓	✓	✓	✓	✓	A	✓
Other Informal Gathering – Economic Development & Tourism Committee	18/04/2018		✓						✓		✓
Strategic Risk Management	07/05/2018	✓		✓	✓	A	✓	✓	✓	A	✓
Library Service Review	21/05/2018	✓		✓	✓	A	✓	✓		A	A
2018/2019 Annual Business Plan & Budget – review Public Consultation	18/06/2018	✓	✓	✓	✓	A	✓	✓	✓	✓	✓
Other Informal Gathering – Victor Harbor Beachfront Caravan Park	18/06/2018	✓	✓	✓	✓	A	✓	✓	✓	✓	✓

Key: A - Apology ✓ - Attended

DECISION MAKING STRUCTURE

Council makes decisions directly or indirectly through the following mechanisms:

- Council meetings (strategic planning, financial plans, budget, policies etc.)
- Regional subsidiaries
- Council Assessment Panel
- Authorised officers via appointment by the Chief Executive Officer
- Chief Executive Officer through delegated authority of the council (including sub-delegation to council officers)
- Regional representation

The council also draws on a number of committees to assist with its decision making. Details of the committees established by the City of Victor Harbor are provided below.

AUDIT COMMITTEE

The City of Victor Harbor's Audit Committee was constituted in 2007, under Section 126 of the Local Government Act 1999 and also operates in accordance with the Local Government (Financial Management) Regulations 1999.

Audit Committee Members

- Cr Tim Glazbrook (Chair)
- Cr Moira Jenkins
- Cr Nicholas Hayles
- Claudia Goldsmith
- David Papa

Role of the Audit Committee

The Audit Committee met on a quarterly basis during 2017/18. Items discussed during the year, as required by the committee charter included:

- Internal audit program and results
- External audits
- Financial policies
- Service reviews
- Annual financial statements
- Internal control assessments and sample testing
- Annual business plan and budget
- Budget reviews
- Asset management plans
- Risk management and register.

SECTION 41 COMMITTEES

While the council is the primary decision making body, Section 41 of the Local Government Act 1999, gives council the power to establish committees to:

- Assist the council in the performance of its functions
- Inquire into and report to the council on matters within the scope of the council's responsibilities
- Provide advice to the council, and
- Exercise, perform or discharge delegated powers, functions or duties.

When establishing a committee, the council determines the reporting and other requirements that apply to the committee. In the case of the City of Victor Harbor, Section 41 committees play an advisory role to assist council in its decision making.

Section 41 committee meetings are open to the public. Meeting times, agendas and minutes are provided on council's website and are available to be viewed in hard copy at the Civic Centre.

During 2017/18 the City of Victor Harbor convened the following Section 41 committees:

- Arts and Culture Committee
- Boating Advisory Committee
- Disability Access Advisory Committee
- Economic Development and Tourism Committee
- Fleurieu Region Community Services Advisory Committee
- Heritage Advisory Committee
- Recreation Centre Management Committee
- Southern Communities Transport Advisory Committee
- Recreation and Sport Advisory Committee
- Victor Harbor Horse Tram Committee

COMMITTEES ESTABLISHED UNDER OTHER LEGISLATION

Several committees have also been established under other legislation.

- Work Health and Safety Committee
- Enterprise Bargaining Committee
- Council Assessment Panel
- Strategic Planning and Development Policy Committee
- Emergency Management Committee

COMMITTEE MEMBER ALLOWANCES

Each independent member of the Audit Committee received \$350 per meeting.

The Presiding Member of the Council Assessment Panel received \$450 per meeting and other panel members received \$350 each per meeting.

Independent members of the Victor Harbor Horse Tram Committee receive a \$250 sitting fee per meeting.

REPRESENTATIVE APPOINTMENTS

Council holds a number of representative positions on local and regional organisations.

Local Representation:

- Inman River Catchment Group
- Carrickalinga Board of Management
- Victor Harbor High School Governing Council
- Victor Harbor R-7 School Governing Council
- Encounter Youth (Schoolies Festival)
- Victor Harbor CoastCare
- Friends of the Victor Harbor Library

Regional Representation:

- Fleurieu Peninsula Tourism Marketing Committee
- Southern and Hills Local Government Association – Roads Working Party
- Regional Development Australia – Adelaide Hills, Fleurieu and Kangaroo Island
- Hills, Fleurieu and Kangaroo Island Emergency Management Committee
- Zone Emergency Management Committee

National Representation:

- Australian Coastal Councils' Association (formerly Sea Change Taskforce)

REGIONAL SUBSIDIARIES

Council is a member of three regional subsidiaries established under Section 43 of the Local Government Act.

- Fleurieu Regional Waste Authority
- Southern and Hills Local Government Association
- Fleurieu Regional Aquatic Centre Authority

Subsidiary annual reports are provided as attachments to this document.

GOVERNANCE

PROCURED GOODS & SERVICES

The City of Victor Harbor's Procurement Policy and Procedures reflects council's commitment to obtaining value for money in the expenditure of public funds and ensuring ethical, accountable and transparent practices in the contracting out of services and competitive tendering. They also provide for procurement for the use of local goods and services.

Services that were contracted out or subject to a competitive tender process in 2017/18:

- Civil equipment hire
- Vehicle and plant acquisitions
- Horse float
- Traffic management
- Community energy program
- Cleaning services (public toilets)
- Swains Crossing bridge - concrete patch repair
- Caring Neighbourhood Program - Social stretch class instructor
- Window and gutter cleaning services
- Pine tree removal
- After hours answering services
- Fire extinguisher and fire panel testing service
- Printing and distribution of council rates and dog registration notices

- Technical/site supervision consultancy works
- Open space fence replacements
- Asset data collection
- Crozier Road/Torrens Street intersection design
- Armstrong Road slip lane design
- Martha Close reconstruction / sealing design
- Victor Harbor oval design
- Drainage design works
- Design consultancy - George T Fisher playground upgrade
- Design, documentation and specifications Mainstreet Upgrade (Stage 2)
- Encounter Bikeway, Bridge Terrace - Design
- Waitpinga Road Construction Works
- Hindmarsh Estuary Boardwalk
- Petrel Avenue Stage 1 Construction
- Bluff Jetty Boat Ramp "Well" Construction
- Victor Harbor Turntable Precinct - Civil Works
- Victor Harbor Recreation Centre Roofing Replacement
- Public Art Works - Victor Harbor Turntable Site
- Coral Street Arts and Culture Centre (Information required to satisfy prudential report)

NATIONAL COMPETITION POLICY

The National Competition Policy seeks to remove competitive advantages and disadvantages that arise solely through the ownership differences between public sector and private sector organisations.

There are no significant business activities with an annual gross operating income greater than \$2 million to disclose or that are considered significant to council's core business activities.

Council is party to the following regional subsidiaries established under Section 43 of the Local Government Act 1999:

- Fleurieu Regional Waste Authority established to provide waste and recycling services for the City of Victor Harbor, Alexandrina Council, District Council of Yankalilla and Kangaroo Island Council
- Southern and Hills Local Government Association established to advocate and lobby on behalf of Adelaide Hills Council, Alexandrina Council, Kangaroo Island Council, Mount Barker District Council, City of Victor Harbor and District Council of Yankalilla
- Fleurieu Regional Aquatic Centre Authority established by the City of Victor Harbor and Alexandrina Council to provide facilities and services at the Aquatic Centre.

The annual report of each regional authority is provided as an attachment to this document.

In 2017/18 the City of Victor Harbor operated the following business activities that are not considered 'significant' under the National Competition Policy principles:

- Horse Drawn Tram
- SA Whale Centre
- Victor Harbor Visitor Information Centre

The City of Victor Harbor reviewed its by-laws in 2015/16 and these were gazetted on 25 August 2016. Consideration was given to the principles of the National Competition Policy during this process.

Council was satisfied that the benefits to the community relating to the effective management of activities prescribed in the by-laws, outweigh the potential restrictions on competition or costs posed by a by-law.

City of Victor Harbor by-laws include:

- By-law 1: Permits and Penalties
- By-law 2: Moveable Signs
- By-law 3: Roads
- By-law 4: Local Government Land
- By-law 5: Dogs
- By-law 6: Cats
- By-law 7: Foreshore

Council has a competitive neutrality complaint procedure in place. No competitive neutrality complaints were received during the reporting period.

COMMUNITY LAND

Council adopted its initial community land management plans in December 2004, with council properties added to the Land Register accordingly.

In accordance with Chapter 11 of the Local Government Act 1999, the table below outlines properties that are subject to inclusion (or revocation) as Community Land within the register during 2017/18.

TABLE: COMMUNITY LAND

Assess No.	Certificate of Title	Lot	Plan	Community Land Status	Description
A13232	CT 6206/226	10	D113495	Yes	Landscaped public viewing area for railway turntable with sealed car parking area (0.1026 ha)
A13279	CT 620/143	500	D117300	Yes	Small undeveloped buffer reserve on Franklin Island on lake edge (0.0212 ha)
A13280	CT 620/144	501	D117300	Yes	Small undeveloped buffer reserve on Franklin Island on lake edge (0.0035 ha)
A5562	CT 5777/345	40	D99	Land acquired but excluded from community land status at purchase	Sealed public car park (0.13 ha in total)
A5562	CT 5840/195	41,42	D99	Land acquired but excluded from community land status at purchase	Sealed public car park

LOCAL NUISANCE AND LITTER CONTROL

During 2017/18 the council investigated 124 complaints (including follow ups) under the Local Nuisance and Litter Control Act.

A break down of the complaints are provided below:

- Unsightly – 15
- Noise – 31
- Litter – 21
- Air pollution – 52
- Insanitary – 5

During the reporting period, the council's focus was to educate offenders in the first instance through discussions and sending formal warning letters, when necessary. Consequently, council did not expiate, prosecute or abate any complaints.

TRANSPARENCY

FREEDOM OF INFORMATION

Information statement

Council publishes an updated Freedom of Information Statement on its website annually in accordance with the requirements of Section 9(1a) of the Freedom of Information Act 1991.

The purpose of the Information Statement is to assist members of the public to identify the functions and decision making processes of council, detail the type of information held by council and how it can be accessed.

This statement is available on council's website.

Freedom of Information Applications

Three applications were received under the Freedom of Information Act from 1 July 2017 to 30 June 2018, and one application brought forward from the previous financial year.

Two applications were granted access in full. One application was granted partial access. One application was refused access (via FOI) as the documents were available to the public on the Council's website.

INTERNAL REVIEW OF COUNCIL DECISIONS

During the year Council received one applications for review of a Council decision under Section 270 of the Local Government Act 1999.

The request was in relation to livestreaming and confidentiality.

Council's 'internal review of a council decision procedure' is available online at www.victor.sa.gov.au.

ITEMS CONSIDERED IN CONFIDENCE

All Council and Committee meetings are open for the public to observe.

On occasion, council may order that the public be excluded from the meeting to enable a matter to be considered in confidence (pursuant to Section 90 of the Local Government Act 1999).

Where Section 90 of the Local Government Act 1999 was utilised to exclude the public, the minutes outlined the grounds on which the order was made.

During 2017/18 the City of Victor Harbor convened 12 ordinary and 7 special meetings at which a total of 481 items were considered.

The public was excluded from the meetings for 22 agenda items. Fifteen (15) of these items have since been released from confidence either in full or in part.

The date, subject of item and grounds upon which Council determined to exclude the public from the meeting are outlined in the table (right).

Grounds on which the public can be excluded from the meeting include:

- (a) Personal affairs
- (b) Commercial advantage
- (c) Trade secret
- (d) Commercial information (not a trade secret)
- (e) Security / safety
- (f) Maintenance of law
- (g) Breach of law
- (h) Legal advice
- (i) Litigation
- (j) Minister of the Crown
- (k) Tenders for supply of goods or services
- (m) Amendment to Development Plan
- (n) Freedom of Information Act 1991

TABLE: STATUS OF ORDERS

Date	Subject	Confidential order clause
24 July 2017	2016/17 Annual Review of Confidential Items	90(3)(g)
24 July 2017	Tender: Yandra Terrace Stormwater Upgrade Stage 2	90(3)(k)
24 July 2017	Tender: Brand and Field Avenue Stormwater Upgrade	90(3)(k)
24 July 2017	CEO Selection Panel – Appointment of HR Consultant	90(3)(d)(k)
24 July 2017	Economic Development and Tourism Committee – 12 July 2017	90(3)(a)
1 August 2017	CEO Selection Panel – CEO Position Description and Selection Criteria	90(3)(b)
28 August 2017	Victor Harbor Youth Club and Notice of Motion	90(3)(a)(h)
25 September 2017	McKinlay Street Car Park	90(3)(d)
25 September 2017	Tender: Bay Road and Kent Drive Riverbank Remediation Works	90(3)(k)
25 September 2017	Tender: Council Chambers Audio Visual Upgrade / Replacement	90(3)(k)
25 September 2017	Code of Conduct: Alleged Inappropriate Conduct	90(3)(a)(g)
26 September 2017	CEO Selection Panel – CEO Recruitment	90(3)(a)
27 November 2017	Fleurieu Regional Aquatic Centre Authority: Audit and Risk Management Committee Appointment of Members	90(3)(a)
27 November 2017	Outstanding Court Order – Stock Road	90(3)(a)
27 November 2017	Victor Harbor Youth Club	90(3)(a)(h)
18 December 2017	Strategic Planning and Development Policy Committee (S101A) Minutes 11 December 2017 (Confidential Item)	90(3)(k)
18 December 2017	2018 Australia Day Award Recipients	90(3)(g)
22 January 2018	McKinlay Street Car Park	90(3)(d)
29 January 2018	Question on Notice: Trailer Signage	90(3)(f)
26 February 2018	McKinlay Street Car Park – Exempt from Community Land Status	90(3)(d)
14 May 2018	Strategic Land Purchase	90(3)(d)
25 June 2018	Code of Conduct: Alleged Breach	90(3)(a)(g)

COUNCIL DOCUMENTS

REGISTERS AND CODES

The following registers and codes are required to be kept by council under the Local Government Act 1999 and other relevant legislation:

Registers

- Council's Delegations Register
- Register of Community Land
- Parking Control Register
- Register of Dogs
- Register of Public Streets and Roads
- Register of Employees' Salaries and Wages and Benefits
- Register of Elected Members' Interests (Returns)
- Register of Interests (Officers)
- Register of Elected Member Allowances and Benefits
- Register of Land Management Agreements
- Register of Development Applications
- Register of Fees and Charges
- Register of By-Laws

Codes

- Code of Conduct for Elected Members
- Code of Conduct for Employees
- Code of Practice for Access to Meetings and Documents
- Code of Practice for Meeting Procedures

DOCUMENTS AVAILABLE FOR PUBLIC INSPECTION

The following documents are made available for public inspection at the council office or on council's website, www.victor.sa.gov.au

- Notice and agenda for meetings of council and council committees
 - Minutes of meetings of the council or council committees
 - Documents and reports to the council or council committee (except any confidential items made under Section 90 of the Local Government Act 1999)
 - Recommendations adopted by resolution of the council
 - Strategic Management Plans which include Asset Management Plans and Long Term Financial Plans
 - Annual Business Plan and summary
 - Annual Budget
 - Audited Financial Statements
 - Annual Report
 - Extracts from council's assessment book
 - List of fees and charges
 - Management Plans for Community Land
 - Procedures for the review of Council decisions and any report under Section 270(8)
 - Terms of Reference for Council Committees
- Charters for subsidiaries established by the council
 - Council by-laws
 - Campaign Donations Return under the Local Government (Elections) Act 1999
 - Representation Options papers and reports on council's boundaries
 - Victor Harbor (City) Development Plan
 - Agenda and Minutes of Council's Development Assessment Panel (reasonable access provided in accordance with the Development Act)
 - Documents relating to approved development (within the Development Regulations and to relevant consents and/or copyright obligations)
 - Rates Policy Summary (refer to Council's Annual Business Plan)

COUNCIL POLICY DOCUMENTS

The following policies have been adopted by council, and are available for viewing at the council office or online at www.victor.sa.gov.au

- Agribusiness and Rural Affairs
- Asset Accounting
- Asset Management
- Budget Framework
- Building and Swimming Pool Inspection
- Car Parking Fund
- Civic Centre Room Availability
- Cross Over and Crossing Place
- Community and Sporting Leases, Licenses and Financial Assistance
- Community Grants
- Complaints Handling
- Council Meeting Procedures
- Debt Management
- Donations
- Elected Member Access to Information
- Elected Member Allowances, Reimbursements and Support
- Elected Member Training and Development
- Election Caretaker
- Election Signs Policy and Guidelines
- Enforcement
- Flag Management
- Footpaths
- Fraud and Corruption Prevention
- Graffiti Management
- Informal Gatherings
- Internal Control
- Internal Review of Council Decision Procedure
- Light Fleet, Plant and Heavy Vehicles Changeover Replacement
- Major Events and Festivals
- Media
- Mobile Food Vendor Permit
- Order Making
- Outdoor Dining and Street Traders Permit
- Parks and Street Furniture Donation
- Policy and Procedure Framework
- Privacy
- Procurement
- Prudential Management
- Public Consultation
- Reimbursement of Elected Member Expenses
- Request for Service
- Risk Management
- Road Naming
- Rural Property Addressing – Road Signage Management
- Sale and Disposal of Council Land and Other Assets
- Signage Management
- Social Media
- Staff and Elected Member Record Management
- Street Permit
- Supplementary Elections
- Sustainability
- Treasury
- Tree Management
- Unreasonable Complainant
- Conduct Management
- Volunteer
- Whistleblower Protection
- WHS Contractor Management

COMMUNITY ENGAGEMENT

COMMUNITY CONSULTATION

The City of Victor Harbor is committed to open, accountable and responsive decision making achieved by effective communication and consultation between council and the community.

During 2017/18 council received around 1,450 responses for its consultation activities.

Consultations were advertised in the local newspaper, in Victor Viewpoint (council's monthly e-newsletter), online at www.yoursay.victor.sa.gov.au, displayed in the council office, promoted on community radio and, where appropriate, directly sent to key stakeholder groups.

QUESTIONS FROM THE GALLERY

Questions from the gallery at council meetings enable an opportunity for members of the public to address questions to Elected Members or officers of the council.

There were 21 questions raised by members of the gallery at council meetings during 2017/18.

DEPUTATIONS

A deputation is a person or group of persons (up to three) who wish to appear personally before council in order to address the council on a particular matter. A written request to the Mayor is required. In 2017/18 the following deputations were made to council.

Date	Subject
28/08/2017	Granite Island Sculptures (Department of Environment, Water and Natural Resources)
25/09/2017	The Fairways Village (Mr Roy Fyfe)
25/09/2017	14 Esplanade, Victor Harbor (Ms Pauline Webb)
18/12/2017	Encounter Coast Surfing Reserve (Ms Khairunnisa Schebella)
18/12/2018	Parking Signage (Mr Alistair Parker)
26/02/2018	Community Centre Redevelopment (Mr Lew Saunders)
26/03/2018	Road Traffic Conditions on Kleinig Drive, Hayborough (Mr Robert Lee)
26/03/2018	Encounter Bay Football Club – Clubroom Extension (Mr Cameron Hallett)
26/03/2018	Mud N Tars Motorcycle Club – Twilight Race Meeting (Mr Sam Hutchinson)
28/05/2018	Energy Programs (Mr Michael Smoker)
28/05/2018	South Coast Choral and Arts Society (Mr Bill Lowe)

PETITIONS

Petitions can be submitted to council on any issue within the council's jurisdiction. They should set out clearly the request or submission of the petitioners and be delivered to the Principal Office of the council. A form to assist the petitioner is available on council's website, www.victor.sa.gov.au.

In 2017/18, the following petitions were submitted to the City of Victor Harbor:

Date	Subject
26/03/2018	Safety Upgrade of Road Traffic Conditions on Kleinig Drive, Hayborough
26/03/2018	Cycling and Walking Paths
28/05/2018	Brandwood Reserve Tree Placement

REPRESENTATION QUOTA

The City of Victor Harbor has 10 Elected Members, including the Mayor.

Section 12(4) of the Local Government Act 1999 requires the council to undertake a comprehensive review of the structure of council at least once every eight years. The City of Victor Harbor concluded its most recent review in April 2017, and no changes were made to the council's representation structure.

The Representation Quota is determined by dividing the total number of electors for the area of the council by the number of members of the council. The City of Victor Harbor's total representation quota is 1:1,214.

The following table shows the current representative structure for the City of Victor Harbor and comparative data for similar councils.

Council	Elected Members	Electors	Representative Quota
Alexandrina Council	12	20,211	1,684
Yankalilla District Council	9	4,277	475
Barossa Council	12	17,555	1,462
Berri Barmera	9	7,319	813
Copper Coast	11	11,231	1,021
Light Regional Council	11	10,358	941
Loxton Waikerie	11	8,272	752
Murray Bridge	10	14,372	1,437
Port Pirie	10	13,031	1,303
Wattle Range	12	8,506	708
Yorke Peninsula	12	9,197	766
City of Victor Harbor	10	12,418	1,214





OUR ORGANISATION



EXECUTIVE TEAM



CHIEF EXECUTIVE OFFICER
Victoria MacKirdy



INTERIM DIRECTOR, CORPORATE AND COMMUNITY SERVICES
Kellie Knight-Stacey



DIRECTOR, PLANNING AND REGULATORY SERVICES
Graham Pathuis



DIRECTOR, ENVIRONMENT AND INFRASTRUCTURE
Glenn Sanford

EXECUTIVE TEAM EMPLOYMENT PACKAGES

The City of Victor Harbor employs four staff members classified as Senior Officers. These officers are employed on a performance based fixed-term contract and include the following positions:

- Chief Executive Officer;
- Director of Corporate and Community Services;
- Director of Environment and Infrastructure; and
- Director of Planning and Regulatory Services.

Each Senior Officer receives a total employment cost (TEC) package inclusive of a base salary, and business and private use of a council vehicle and statutory superannuation entitlements.

COUNCIL STAFF

HUMAN RESOURCES AND STAFFING LEVELS

The City of Victor Harbor is one of the city's major employers.

At 30 June 2018 council employed 136 staff equalling 105.78 full time equivalents (FTE).

Over 470 volunteers provided support to activities such as the Visitor Information Centre, South Australian Whale Centre, Library, Southern Communities Transport Scheme, community services, graffiti removal programs, gardening and river and coastal protection initiatives.

INDUSTRIAL RELATIONS

There were no matters referred to the SA Industrial Relations Commission during 2017/18.

TRAINING AND DEVELOPMENT

The City of Victor Harbor provides training and development opportunities for its employees to ensure that they are able to fulfil the requirements of their roles and meet the needs of the community.

Employees are encouraged to take advantage of council's comprehensive training programs that are supported by annual budget allocations.

Council also supports employee's requests to attend professional conferences within their respective disciplines. This ensures that they maintain their professional accreditation, develop their knowledge and network with their peers.

Training undertaken in 2017/18 was in the areas of Risk Management, SynergySoft modules, Eye Safety, Mental Health First Aid, First Aid, Emergency Management, WorkZone Traffic Management, Civil Construction, Contractor Management, Equine First Aid, Incident and Hazard Reporting Software, Leadership/People Management and Asbestos Management.

Council also promotes learning on-the-job, a program of job rotation, higher duties and internal promotion to ensure that skills are retained and developed within the organisation.

HEALTH AND WELLBEING

The City of Victor Harbor aims to provide and promote a healthy and safe working environment by providing a Healthy Lifestyle Program. The program is available to all staff and includes an online interactive health program, general health assessments, fitness tests, weight loss programs, nutrition seminars, eye and hearing testing, skin cancer checks, influenza and hepatitis vaccinations.

WORK HEALTH AND SAFETY

In 2017/18, Council had three Workers Compensation claims amounting to three days lost time due to injury.

This is compared to one workers compensation claim and 10 days lost time in the previous reporting year. This is below council's targets for the period.

TRAINEESHIPS AND APPRENTICESHIPS

Council supported six individuals in traineeship and apprenticeship opportunities in 2017/18 within five different work areas of council.

These initiatives, undertaken in partnership with Statewide Group Training (SA) Inc., have provided a valuable learning environment for our youth by enhancing their abilities to gain future employment.



FINANCE

Council prepared its 2017/18 Annual Business Plan in conjunction with the annual budget process. The Annual Business Plan is the framework for services, programs and projects for the year and provides important links and references to council's strategic plans including the Community Plan 2036, Long Term Financial Plan, Asset Management Plans as well as council policies.

The 2017/18 Statement of Comprehensive Income indicates operating income of \$26,227,000 and expenses of \$26,026,000 resulting in a surplus of \$201,000.

RATES

Council's total rate revenue (including NRM Levy) increased from \$19.9 million in 2016/17 to \$20.8 million in 2017/18, a total increase of 4.5%.

Council adopted the Valuer General's total capital valuation of the district at \$4,051,851,100 (rateable) representing a total increase of \$79,177,400 or 2%.

In determining the rates in the dollar for calculation of rates, council considered the likely rate of inflation, increased insurance, power and water costs, waste management requirements, impacts of growth

Table: Differential General Rates

Land Use Category	Differential Basis	Rate in the Dollar
Residential	Base Rate	0.4075
Commercial	Base Rate + 30%	0.5297
Industrial	Base Rate + 15%	0.4686
Primary Production	Base Rate - 10%	0.3667
Vacant Land	Base Rate + 50%	0.6112
Other	Base Rate	0.4075

and development, expanded legislative responsibilities and the continuing decline in general purpose grants and other external funding opportunities.

The adopted rates in the dollar were determined using the land use categories outlined in the table (above).

As a result of the above adopted rates in the dollar:

- Average rates across all categories increased by 3.5%.
- Average residential rates increased by 3.1%.

OTHER REVENUE

The City of Victor Harbor is heavily reliant on rate revenue as the main source of income with rate revenue representing 79.2% of the council's total revenue.

The other 20.8% of revenue was received through a combination of the following:

User Pay Charges - \$2.36M

Includes fees and charges for the Horse Drawn Tram, SA Whale Centre, facility hire, cemetery, car parking, boat launching, Visitor Information Centre bookings, leases and licences.

Statutory Charges - \$0.49M

Includes development lodgement and assessment fees, dog registration, property searches and expiations.

Grants - \$1.56M

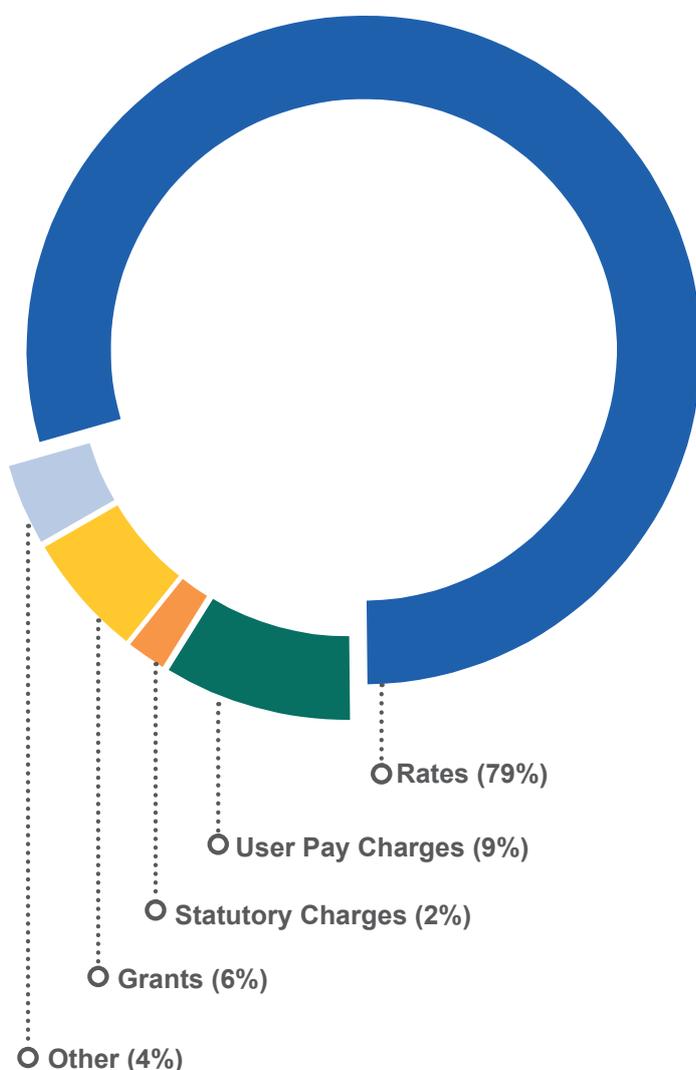
Includes grants for library, community services, tourism, roads, environment and Financial Assistance Grants.

Other Revenue - \$1.02M

Includes interest on investment deposits, donations and sponsorships, and reimbursements from the community, government and other councils.

The chart below shows the distribution of revenue received by category.

Graph: Distribution of Revenue



BORROWINGS

Council has not taken out any new fixed term borrowings in 2017/18 and has relied on variable loans to fund cash flow requirements.

At the 30 June 2018, total borrowings were just under \$11.4 million made up of \$7.7 million in fixed term borrowings and \$3.7 million in variable loans. The use of a combination of fixed term and variable loans allows Council to minimise interest repayments whilst considering risk associated with interest rate fluctuations. Loan borrowings as at 30 June 2018 represent 4.2% of total assets.

PRUDENTIAL REQUIREMENTS

Under Section 48 of the Local Government Act 1999, council is required to obtain and consider a prudential assessment for projects where the expected capital cost is likely to exceed \$4 million over the ensuing five years. There were no prudential assessments required to be carried out during the reporting period.

ASSETS

Council's existing asset base was increased by \$8.37 million including new capital construction totalling \$5.30 million and renewal capital projects totalling \$3.07 million.

Revaluation of roads, kerbing, storm-water, and open space assets resulted in an increase of \$12.98 million.

This was offset by disposal of assets and a reduction in the carrying value of the assets (depreciation) of \$8.6 million.

LOOKING AHEAD TO 2018/19

THESE PAGES HIGHLIGHT A SELECTION OF ACTIVITIES AND PROJECTS THE CITY OF VICTOR HARBOR WILL UNDERTAKE IN 2018/19.

A DETAILED LISTING IS AVAILABLE IN THE CITY OF VICTOR HARBOR'S ANNUAL BUSINESS PLAN.



A NEW WAY TO REGISTER PETS

Council will support pet owners as dog and cat registration across the State is transitioned to Dogs and Cats Online



ROLL OUT NEW FOOD RATING SCHEME

The South Australian food rating scheme will be rolled out to all food businesses in the council area



FACILITATE COUNCIL ELECTIONS

Council will facilitate the 2018 council elections, promote community participation and provide the new council training



DELIVER & SUPPORT COMMUNITY EVENTS

Continue to add to the town's vibrancy through council's events program and support of community events



NEW MANAGEMENT MODEL FOR TRAM

A new management model is proposed for the Horse Drawn Tram service as a Section 42 Subsidiary



ADELAIDE ROAD CORRIDOR WORKS

Stage 1 of the Adelaide Road Footpath and Crossing Master Plan will see construction of new footpaths and a shared pathway



MORE NEW FOOTPATHS

New footpaths on Bond Ave, Broadway, High St, Pine Ave, Renown Ave, Riverview Road and Tabernacle Road



PROTECTING OUR PRECIOUS COASTLINE

The seawall adjacent the Victor Harbor Bowling Club will be repaired inline with council's Coast Management Study



A NEW NATURE PLAYGROUND

Victor Harbor's premier playground on the foreshore at George T Fisher Reserve will be upgraded



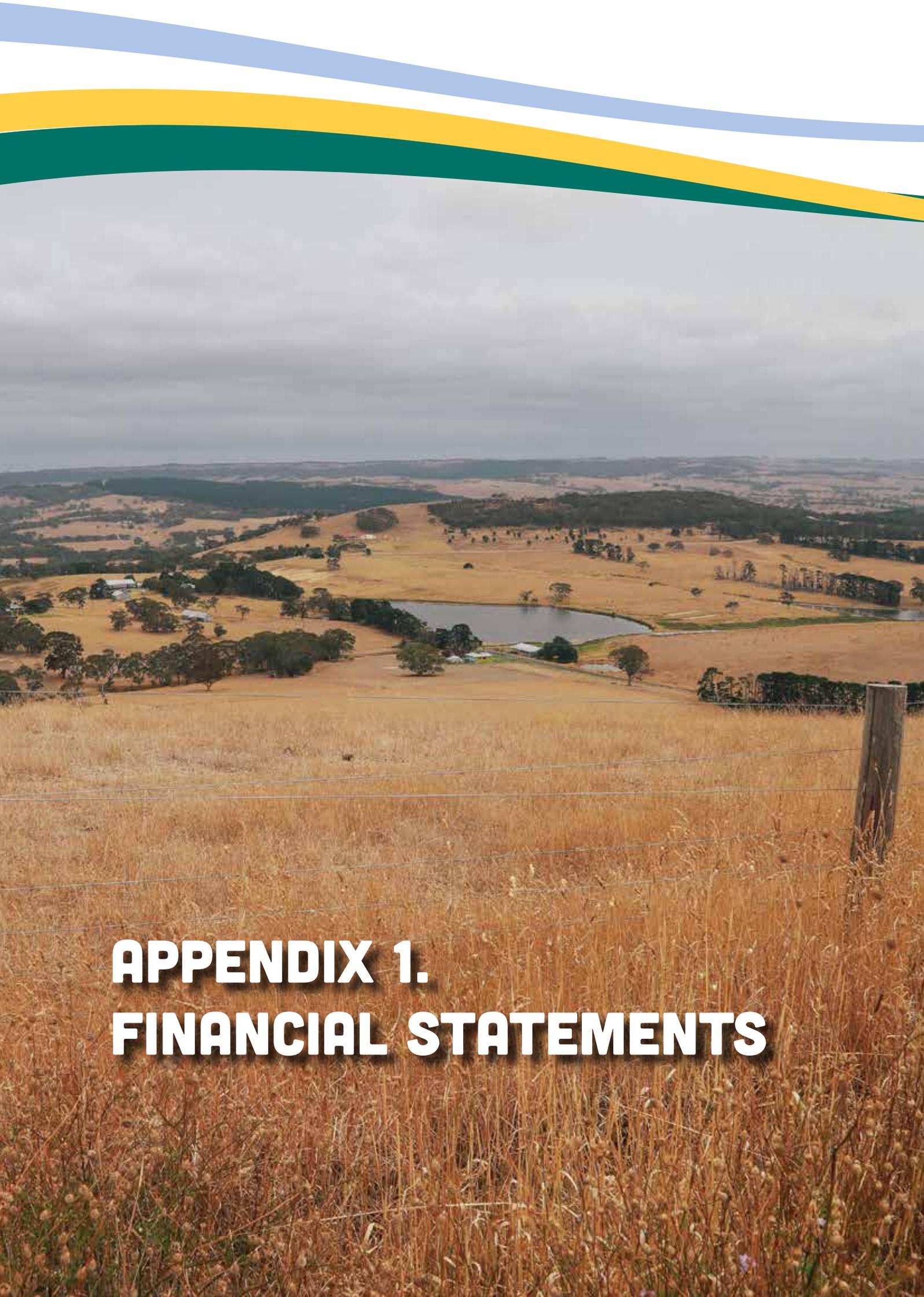
MAINSTREET UPGRADE CONTINUES

The Victor Harbor Mainstreet Precinct upgrade will continue with Stage 2 works set to transform Ocean Street's north



STORMWATER UPGRADES

Stormwater upgrades will be undertaken at Petrel Avenue in Encounter Bay and Shields Crescent in Encounter Bay



APPENDIX 1. FINANCIAL STATEMENTS

City of Victor Harbor

General Purpose Financial Statements for the year ended 30 June 2018

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General Purpose Financial Statements
for the year ended 30 June 2018

Certification of Financial Statements

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

In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2018 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Victoria MacKirdy
CHIEF EXECUTIVE OFFICER



Graham Philp
MAYOR

Date: 5 November 2018

City of Victor Harbor

Statement of Comprehensive Income for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Income			
Rates Revenues	2a	20,791	19,935
Statutory Charges	2b	491	441
User Charges	2c	2,359	2,453
Grants, Subsidies and Contributions	2g	1,564	2,530
Investment Income	2d	91	112
Reimbursements	2e	824	782
Other Income	2f	73	90
Net Gain - Equity Accounted Council Businesses	19	34	16
Total Income		26,227	26,359
Expenses			
Employee Costs	3a	9,674	9,111
Materials, Contracts & Other Expenses	3b	9,478	9,439
Depreciation, Amortisation & Impairment	3c	6,357	6,224
Finance Costs	3d	517	557
Net loss - Equity Accounted Council Businesses	19	-	35
Total Expenses		26,026	25,366
Operating Surplus / (Deficit)		201	993
Asset Disposal & Fair Value Adjustments	4	(2,152)	(1,221)
Amounts Received Specifically for New or Upgraded Assets	2g	1,345	2,704
Physical Resources Received Free of Charge	2h	831	-
Net Surplus / (Deficit) ¹		225	2,476
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	12,987	2,710
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	9a	(281)	-
Total Other Comprehensive Income		12,706	2,710
Total Comprehensive Income		12,931	5,186

¹ Transferred to Statement of Changes in Equity

City of Victor Harbor

Statement of Financial Position

as at 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	1,846	1,590
Trade & Other Receivables	5b	1,302	3,843
Inventories	5c	334	318
Total Current Assets		3,482	5,751
Non-Current Assets			
Financial Assets	6a	1,046	594
Equity Accounted Investments in Council Businesses	6b	10,786	10,752
Infrastructure, Property, Plant & Equipment	7a	270,916	258,486
Other Non-Current Assets	6c	644	258
Total Non-Current Assets		283,392	270,090
TOTAL ASSETS		286,874	275,841
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	2,397	4,435
Borrowings	8b	966	912
Provisions	8c	1,963	2,186
Total Current Liabilities		5,326	7,533
Non-Current Liabilities			
Borrowings	8b	10,431	10,039
Provisions	8c	736	819
Total Non-Current Liabilities		11,167	10,858
TOTAL LIABILITIES		16,493	18,391
Net Assets		270,381	257,450
EQUITY			
Accumulated Surplus		64,204	63,995
Asset Revaluation Reserves	9a	204,950	192,244
Other Reserves	9b	1,227	1,211
Total Council Equity		270,381	257,450

Statement of Changes in Equity
for the year ended 30 June 2018

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2018					
Balance at the end of previous reporting period		63,995	192,244	1,211	257,450
a. Net Surplus / (Deficit) for Year		225	-	-	225
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	12,987	-	12,987
- IPP&E Impairment (Expense) / Recoupments Offset to ARR	7a	-	(281)	-	(281)
Other Comprehensive Income		-	12,706	-	12,706
Total Comprehensive Income		225	12,706	-	12,931
c. Transfers between Reserves		(16)	-	16	-
Balance at the end of period		64,204	204,950	1,227	270,381
2017					
Balance at the end of previous reporting period		61,327	189,534	1,403	252,264
a. Net Surplus / (Deficit) for Year		2,476	-	-	2,476
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	2,710	-	2,710
Other Comprehensive Income		-	2,710	-	2,710
Total Comprehensive Income		2,476	2,710	-	5,186
c. Transfers between Reserves		192	-	(192)	-
Balance at the end of period		63,995	192,244	1,211	257,450

City of Victor Harbor

Statement of Cash Flows

for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Cash Flows from Operating Activities			
<u>Receipts</u>			
Operating Receipts		28,627	26,587
Investment Receipts		91	112
<u>Payments</u>			
Operating Payments to Suppliers and Employees		(21,495)	(18,679)
Finance Payments		(535)	(591)
Net Cash provided by (or used in) Operating Activities	11b	6,688	7,429
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		1,345	2,704
Sale of Replaced Assets		136	206
Repayments of Loans by Community Groups		165	132
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(3,068)	(5,829)
Expenditure on New/Upgraded Assets		(4,856)	(6,139)
Loans Made to Community Groups		(625)	-
Net Cash provided by (or used in) Investing Activities		(6,903)	(8,926)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings		1,357	4,800
Proceeds from Bonds & Deposits		26	-
<u>Payments</u>			
Repayments of Borrowings		(912)	(4,174)
Repayment of Bonds & Deposits		-	(47)
Net Cash provided by (or used in) Financing Activities		471	579
Net Increase (Decrease) in Cash Held		256	(918)
plus: Cash & Cash Equivalents at beginning of period	11	1,590	2,508
Cash & Cash Equivalents at end of period	11	1,846	1,590

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

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n/a - not applicable

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies

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

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 5 November 2018.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

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

1.4 Rounding

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

2 The Local Government Reporting Entity

City of Victor Harbor is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 1 Bay Road, Victor Harbor. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income Recognition

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

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

In recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2015/16	\$264,316	\$565,319	(\$301,003)
2016/17	\$1,118,377	\$567,084	\$621,293
2017/18	\$328,125	\$578,919	(250,794)

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

had the grants been paid in the year to which they were allocated.

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

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

5 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

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

6.2 Materiality

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

Buildings - new construction/extensions	\$10,000
Roads, Drainage & Other Infrastructure	\$10,000
Plant & Machinery	\$5,000
Minor Plant & Tools	\$1,000
Reserve Furniture & Equipment	\$1,000
Office Furniture & Equipment	\$1,000

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

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

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

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

Plant, Furniture & Equipment

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years

Building & Other Structures

Buildings & Other Structures	10 to 100 years
Park Furniture	20 to 40 years
Walkways & Trails	15 to 30 years
Playground equipment	5 to 15 years
Plant & Machinery	2 to 20 years
ICT Equipment	2 to 10 years
Office Furniture	5 to 10 years

Infrastructure

Sealed Roads	16 to 60 years
Unsealed Roads	10 to 15 years
Bridges – Concrete	80 to 100 years
Traffic Devices	20 to 45 years
Stormwater Drainage	80 to 100 years
Footpaths	30 to 50 years
Kerbing	60 to 70 years

Other Assets

Library Books	10 to 15 years
Artworks	indefinite

6.5 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing.

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

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

6.6 Borrowing Costs

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

Weighted avg. discount rate 1.94% (2017, 1.63%)
Weighted avg. settlement period 5 years (2017, 5 years)

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

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

10 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset

class and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

11 Equity Accounted Council Businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

12 GST Implications

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

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

13 New accounting standards and UIG interpretations

In the current year, Council adopted all of the 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 adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

City of Victor Harbor has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective.

The standards that are expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 January 2018

- AASB 9 *Financial Instruments* This replaces AASB 139 *Financial Instruments: Recognition and Measurement*, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

- AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

AASB 15 will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions*. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards.

The standards are not expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 January 2017

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*
- AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*

Effective for annual reporting periods beginning on or after 1 January 2018

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*
- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- AASB 2016-6 *Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*
- AASB 2017-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 4*

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 16 *Leases*
- AASB 16 *Leases (Appendix D)*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 1058 *Income of Not-for-Profit Entities (Appendix D)*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*
- AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*
- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 1059 *Service Concession Arrangements: Grantors (Appendix D)*

Effective for annual reporting periods beginning on or after 1 January 2021

- AASB 17 *Insurance Contracts*
- AASB 17 *Insurance Contracts (Appendix D)*

14 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.

15 Disclaimer

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

City of Victor Harbor

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 2. Income

\$ '000	Notes	2018	2017
(a). Rates Revenues			
General Rates			
General Rates		20,545	19,626
Less: Mandatory Rebates		(198)	(145)
Less: Discretionary Rebates, Remissions & Write Offs		(24)	(8)
Total General Rates		20,323	19,473
Other Rates (Including Service Charges)			
Natural Resource Management Levy		394	384
Total Other Rates		394	384
Other Charges			
Penalties for Late Payment		54	50
Legal & Other Costs Recovered		20	28
Total Other Charges		74	78
Total Rates Revenues		20,791	19,935
(b). Statutory Charges			
Development Act Fees		66	68
Town Planning Fees		171	127
Health & Septic Tank Inspection Fees		8	12
Animal Registration Fees & Fines		98	87
Parking Fines / Expiation Fees		85	83
Other Licences, Fees & Fines		11	11
Sundry		3	4
Search Fees		49	49
Total Statutory Charges		491	441
(c). User Charges			
Cemetery/Crematoria Fees		132	171
Parking Fees		124	85
Sundry		75	144
Caravan Park		245	236
Community Transport		130	136
Horse Drawn Tram		465	395
Recreation Centre		62	61
Whale Centre		182	168
Tourism Marketing & Sales		679	713
Other Leases, Hire & Rentals		265	261
Other		-	83
Total User Charges		2,359	2,453

City of Victor Harbor

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 2. Income (continued)

\$ '000	Notes	2018	2017
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		34	51
- Banks & Other		9	7
- Loans to Community Groups		48	54
Total Investment Income		91	112
(e). Reimbursements			
Private Works		5	5
Council Contributions		465	527
Employee Reimbursements		12	13
Utilities, Insurance and Cleaning		65	116
Other		277	121
Total Reimbursements		824	782
(f). Other Income			
Sundry		50	71
Community Services		9	8
Donations and Contributions		7	2
Workers Compensation Premium/Claims		-	6
Insurance Claims		3	2
Tourism and Culture		4	1
Total Other Income		73	90
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		1,345	2,704
Other Grants, Subsidies and Contributions		1,564	2,530
Total Grants, Subsidies, Contributions		2,909	5,234
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		1,244	4,251
State Government		283	1,012
Other		1,382	(29)
Total		2,909	5,234
(ii) Individually Significant Items			
Grant Commission (FAG) Grant Recognised as Income		328	1,118

2018: Of the 2018/19 Financial Assistance Grant (FAG) \$328k has been prepaid in June 2018 and has been reported as a Grant for the 2017/18 year.

City of Victor Harbor

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 2. Income (continued)

\$ '000	Notes	2018	2017
(h). Physical Resources Received Free of Charge			
Roads, Bridges & Footpaths		434	-
Stormwater Drainage		270	-
Kerbing		116	-
Open Space		11	-
Total Physical Resources Received Free of Charge		831	-

Note 3. Expenses

(a). Employee Costs

Salaries and Wages		7,529	7,203
Employee Leave Expense		1,130	877
Superannuation - Defined Contribution Plan Contributions	18	665	578
Superannuation - Defined Benefit Plan Contributions	18	134	180
Workers' Compensation Insurance		300	321
Other		197	209
Less: Capitalised and Distributed Costs		(281)	(257)
Total Operating Employee Costs		9,674	9,111
Total Number of Employees (full time equivalent at end of reporting period)		106	102

(b). Materials, Contracts and Other Expenses

(i) Prescribed Expenses

Auditor's Remuneration			
- Auditing the Financial Reports		16	15
Elected Members' Expenses		192	193
Election Expenses		6	25
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		146	141
Subtotal - Prescribed Expenses		360	374

City of Victor Harbor

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 3. Expenses (continued)

\$ '000	Notes	2018	2017
(b). Materials, Contracts and Other Expenses (continued)			
(ii) Other Materials, Contracts and Expenses			
Legal Expenses		120	148
Levies Paid to Government - NRM levy		396	383
Levies - Other		28	27
Professional Services		454	426
Sundry		854	936
Materials		1,916	2,233
Energy and Water		723	641
External Plant Hire		81	75
Insurances		453	428
Waste Services		1,471	1,429
Advertising		78	107
Information and Communications		556	539
Donations and Contributions		100	221
Rates and taxes		57	57
Regional Board Contributions		657	88
Street Cleaning		99	100
Tourism/Culture and Economic Development		531	605
Environmental Projects		78	85
Community Service Projects		466	537
Subtotal - Other Material, Contracts & Expenses		9,118	9,065
Total Materials, Contracts and Other Expenses		9,478	9,439
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Buildings & Other Structures		1,000	1,001
Infrastructure			
- Stormwater Drainage		495	470
- Roads		2,409	2,383
- Kerbing		263	259
- Footpaths		249	226
- Bridges		256	256
- Open Space		493	486
- Carparks & Traffic		228	193
- Other Infrastructure		90	72
Plant & Equipment		644	620
Furniture & Fittings		89	117
Library Books		141	141
Subtotal		6,357	6,224
(ii) Impairment			
Nil			
Total Depreciation, Amortisation and Impairment		6,357	6,224

City of Victor Harbor

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 3. Expenses (continued)

\$ '000	Notes	2018	2017
(d). Finance Costs			
Interest on Loans		517	557
Total Finance Costs		517	557

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

Assets Renewed or Directly Replaced

Proceeds from Disposal		136	206
Less: Carrying Amount of Assets Sold		(2,288)	(1,427)
Gain (Loss) on Disposal		(2,152)	(1,221)
Net Gain (Loss) on Disposal or Revaluation of Assets		(2,152)	(1,221)

Note 5. Current Assets

(a). Cash & Cash Equivalents

Cash on Hand at Bank		245	319
Deposits at Call		1,601	1,271
Total Cash & Cash Equivalents		1,846	1,590

(b). Trade & Other Receivables

Rates - General & Other		449	368
Council Rates Postponement Scheme		79	57
Accrued Revenues		211	331
Debtors - General		108	286
Other Levels of Government		238	2,497
GST Recoupment		(2)	55
Prepayments		68	107
Loans to Community Organisations		151	142
Total Trade & Other Receivables		1,302	3,843

City of Victor Harbor

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 5. Current Assets (continued)

\$ '000	Notes	2018	2017
(c). Inventories			
Stores & Materials		294	276
Trading Stock		40	42
Total Inventories		334	318

Note 6. Non-Current Assets

(a). Financial Assets

Receivables

Loans to Community Organisations		1,046	594
Total Financial Assets		1,046	594

(b). Equity Accounted Investments in Council Businesses

Fleurieu Regional Waste Authority	19	10,503	253
Fleurieu Regional Aquatic Authority	19	283	10,499
Total Equity Accounted Investments in Council Businesses		10,786	10,752

(c). Other Non-Current Assets

Capital Works-in-Progress		644	258
Total Other Non-Current Assets		644	258

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 7a. Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2017				Asset Movements during the Reporting Period							as at 30/6/2018				
		At Fair Value	At Cost	Accumulated Dep'n	Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Impairment Loss (recognised in Equity) (Note 9)	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Dep'n	Accumulated Impairment	Carrying Value
						New / Upgrade	Renewals										
Land - Community	3	14,944	-	-	14,944	-	-	-	-	-	-	-	14,944	-	-	-	14,944
Land - Other	2	32,576	-	-	32,576	-	-	-	-	-	-	-	32,576	-	-	-	32,576
Buildings & Other Structures	3	42,460	157	17,690	24,927	-	(70)	(1,000)	-	-	-	-	42,460	99	18,603	-	23,956
Buildings & Other Structures	2	491	-	51	440	-	-	-	-	-	-	-	491	32	51	-	472
Infrastructure																	
- Stormwater Drainage	3	52,646	1,677	13,499	40,824	1,626	(205)	(495)	-	-	361	-	54,009	2,354	13,921	-	42,442
- Roads	3	98,776	1,640	24,755	75,661	551	(526)	(2,409)	-	-	4,616	-	105,485	-	26,489	-	78,996
- Kerbing	3	21,589	389	7,053	14,925	192	(52)	(263)	-	-	1,810	-	23,965	-	7,248	-	16,717
- Footpaths	3	9,889	902	3,137	7,654	284	(6)	(249)	-	(55)	-	-	11,154	1	3,340	-	7,815
- Bridges	3	28,753	-	7,761	20,992	-	-	(256)	-	-	1,509	-	26,348	-	4,103	-	22,245
- Open Space	3	12,822	964	5,181	8,605	404	(1,096)	(493)	-	-	4,791	-	16,484	-	4,169	-	12,315
- Carparks & Traffic	3	8,509	1,746	2,401	7,856	1,179	(196)	(228)	(281)	(92)	-	-	9,663	1,316	2,606	-	8,373
- Other Infrastructure	3	3,073	524	1,232	2,365	954	(90)	(90)	-	-	-	-	-	4,752	1,322	-	3,430
Plant & Equipment																	
Furniture & Fittings																	
Library Books	2	936	2,080	1,105	975	15	-	(89)	-	-	-	-	-	2,096	1,195	-	901
Artworks	2	287	66	480	522	9	-	(141)	-	-	47	-	287	9	-	-	510
Total Infrastructure, Property, Plant & Equipment		327,751	18,850	88,115	258,486	5,302	(2,287)	(6,357)	(281)	(147)	13,134		337,866	20,805	87,755		270,916
Comparatives		322,332	14,345	82,199	254,478	3,117	(1,426)	(6,224)			2,710		327,751	18,850	88,115		258,486

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment &
Investment Property

\$ '000

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

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

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

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

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

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment &
Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Other Information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

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

Highest and best use

The following non financial assets of Council are being utilised at other than their highest and best use:

For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land.

Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1991. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provincial services to the community, rather than the use of those assets for the generation of revenue.

For buildings and other structures on and in the land, including infrastructure "highest and best use" is determined in accordance with the land on and in which they are situated.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment &
Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Adjustments:

Adjustments for found or re-measured assets have been processed against the revaluation reserve as shown in Note 7 for road, kerb, footpath, open space and furniture & fittings assets and does not represent a formal revaluation of these asset classes.

Capitalisation thresholds used by Council for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Buildings	\$10,000
Roads, Drainage & Other Infrastructure	\$10,000
Plant & Machinery	\$5,000
Minor Plant & Tools	\$1,000
Reserve Furniture & Equipment	\$1,000
Office Furniture & Equipment	\$1,000

Estimated Useful Lives: Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

Building & Other Structures	10 to 100 years
Sealed Roads	16 to 60 years
Unsealed Roads	10 to 15 years
Kerbing	60 to 70 years
Footpaths	30 to 50 years
Bridges — Concrete	80 to 100 years
Traffic Devices	20 to 45 years
Stormwater Drainage	80 to 100 years
Park Furniture	20 to 40 years
Playground Equipment	15 to 50 years
Walkaways and Trails	15 to 30 years
Plant & Machinery	2 to 20 years
ICT Equipment	2 to 10 years
Office Furniture	5 to 10 years
Library Books	2 to 7 years
Artworks	indefinite

Transition to AASB 13 - Fair Value Measurement

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Land & Land Improvements

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

Freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 30 June 1997 at current replacement cost. Additions are recognised at cost.

Land assets were valued as at 30 June 2016 by Maloney Field Services. The next scheduled valuation of these assets is to be undertaken in 2018/19.

Buildings & Other Structures

Buildings and other structures were revalued as at 30 June 2016 by Maloney Field Services utilising the Market Approach or the Cost Approach. The factors considered in selecting the appropriate valuation technique include whether the underlying land is designated Community Land or Excluded/Revoked from Community Land Status, together with other factors which determine whether highest and best use of the property is the current use that would maximise the value of the asset. The next scheduled valuation of these assets is to be undertaken in 2019/20.

Infrastructure

Road, Bridges, Kerb, Footpath and Open Space assets were revalued at written down replacement cost by Assetic Pty Ltd as at 30 June 2018. The next scheduled revaluation of these assets is to be undertaken in 2019/20. Stormwater, Carparks and Traffic were last revalued in 2016/17 their next scheduled revaluation is to be undertaken in 2019/20. Other Infrastructure is recognised at cost.

Plant & Equipment

These assets are recognised at cost.

Furniture & Fittings

These assets are recognised at cost.

All other Assets

These assets are recognised at cost.

Library books and other lending materials are capitalised in bulk and written out when fully depreciated. Artworks were independently valued by Theodore Bruce Auctions as at 30 June 2015. The next scheduled valuation of these assets is to be undertaken in 2018/19.

City of Victor Harbor

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 8. Liabilities

\$ '000	Notes	2018 Current	2018 Non Current	2017 Current	2017 Non Current
(a). Trade and Other Payables					
Goods & Services		1,147	-	3,226	-
Payments Received in Advance		768	-	754	-
Accrued Expenses - Employee Entitlements		270	-	265	-
Accrued Expenses - Finance Costs		98	-	116	-
Accrued Expenses - Other		83	-	69	-
Deposits, Retentions & Bonds		31	-	5	-
Total Trade and Other Payables		2,397	-	4,435	-
(b). Borrowings					
Loans		966	10,431	912	10,039
Total Borrowings		966	10,431	912	10,039
All interest bearing liabilities are secured over the future revenues of the Council					
(c). Provisions					
Long Service Leave		886	108	1,041	152
Annual Leave		1,067	-	1,135	-
Landfill Depot Remediation Liability		10	628	10	667
Total Provisions		1,963	736	2,186	819

City of Victor Harbor

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 9. Reserves

\$ '000	1/7/2017	Increments (Decrements)	Transfers	Impairments	30/6/2018
(a). Asset Revaluation Reserve					
Land - Community	33,399	-	-	-	33,399
Buildings & Other Structures	18,331	-	-	-	18,331
Infrastructure					
- Stormwater Drainage	28,518	361	-	-	28,879
- Roads	67,465	4,616	-	-	72,081
- Kerbing	6,626	1,810	-	-	8,436
- Footpaths	6,025	(55)	-	-	5,970
- Bridges	17,651	1,509	-	-	19,160
- Open Space	5,400	4,791	-	-	10,191
- Carparks & Traffic	6,106	(92)	-	(281)	5,733
- Other Infrastructure	1,536	-	-	-	1,536
Library Books	1,068	47	-	-	1,115
Artworks	119	-	-	-	119
Total Asset Revaluation Reserve	192,244	12,987	-	(281)	204,950
Comparatives	189,534	2,710	-	-	192,244

\$ '000	1/7/2017	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2018
(b). Other Reserves					
Car Park Development	359	4	-	-	363
Developers Contributions	360	1	-	-	361
Economic Development	255	9	-	-	264
Open Space	237	-	(21)	-	216
Renewable Energy	-	23	-	-	23
Total Other Reserves	1,211	37	(21)	-	1,227
Comparatives	1,403	(192)	-	-	1,211

PURPOSES OF RESERVES

Asset Revaluation Reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

Car Park Development

Developer Contributions are used for planning, design and construction of car parking facilities within the prescribed area.

Developers Contributions

Developer contributions are used for the construction of footpaths, drainage and other infrastructure.

Economic Development

From commercial/industrial rates and used for economic development initiatives including tourism.

Renewable Energy

Contributions from solar programs participants and contractors and used for renewable energy initiatives.

City of Victor Harbor

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 10. Assets Subject to Restrictions

\$ '000	Notes	2018	2017
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Council does not hold any assets subject to restrictions

Note 11. Reconciliation to Statement of Cash Flows

(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 Balance Sheet as follows:

Total Cash & Equivalent Assets	5	1,846	1,590
Balances per Statement of Cash Flows		1,846	1,590

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

Net Surplus/(Deficit)		225	2,476
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		6,357	6,224
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(34)	19
Non-Cash Asset Acquisitions		(831)	-
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(1,345)	(2,704)
Net (Gain) Loss on Disposals		2,152	1,221
		6,524	7,236
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		2,249	296
Net (Increase)/Decrease in Inventories		(16)	(27)
Net Increase/(Decrease) in Trade & Other Payables		(1,763)	(151)
Net Increase/(Decrease) in Other Provisions		(306)	75
Net Cash provided by (or used in) operations		6,688	7,429

(c). Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical Resources Received Free of Charge	21	831	-
Amounts recognised in Income Statement		831	-
Total Non-Cash Financing & Investing Activities		831	-

(d). Financing Arrangements

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

Corporate Credit Cards		20	20
LGFA Cash Advance Debenture Facility		13,031	12,088

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

City of Victor Harbor

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).												
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)				
	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017			
\$ '000													
Business Undertakings	895	808	1,255	1,259	(360)	(451)	-	-	343	679			
Community Services	1,040	1,582	2,780	2,678	(1,740)	(1,096)	726	689	3,526	3,626			
Culture	102	95	1,569	1,253	(1,467)	(1,158)	104	48	1,074	1,058			
Economic Development	667	823	1,996	1,884	(1,329)	(1,061)	-	12	132	121			
Environment	132	91	3,689	3,926	(3,557)	(3,835)	-	-	46,840	41,403			
Recreation	201	199	2,821	2,609	(2,620)	(2,410)	4	-	13,852	10,042			
Regulatory Services	400	393	1,890	1,799	(1,490)	(1,406)	-	-	26	24			
Transport & Communication	698	547	4,377	4,267	(3,679)	(3,720)	380	539	125,621	123,665			
Plant Hire & Depot/Indirect	185	114	906	951	(721)	(837)	-	-	2,714	2,714			
Unclassified Activities	301	275	1,285	1,327	(984)	(1,052)	-	-	72,887	72,887			
Council Administration	348	337	3,458	3,413	(3,110)	(3,076)	19	24	19,859	19,622			
Revenue	21,258	21,095	-	-	21,258	21,095	331	1,188	-	-			
Total Functions/Activities	26,227	26,359	26,026	25,366	201	993	1,564	2,500	286,874	275,841			

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

BUSINESS UNDERTAKINGS

Caravan Parks, Private Works, Horse drawn tram and Whale Centre

COMMUNITY SERVICES

Crime Prevention, Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Health Services, Community Support, Senior Citizens Facilities, Youth Services, Community Assistance, Community Transport, Family and Neighbourhood Support, Cemeteries, Public Conveniences and Car Parking.

CULTURE

Library Services, Town Hall and Other Cultural Services.

ECONOMIC DEVELOPMENT

Regional Development, Support to Local Businesses, Tourism, and Other Economic Development.

ENVIRONMENT

Waste Services, Coastal Protection, Environment Projects, Stormwater Drainage, Natural Resource Management, Street Cleaning, Street Lighting and Street Scaping.

RECREATION

Parks and Gardens, Indoor and Outdoor.

REGULATORY SERVICES

Dog and Cat Control, Building Control, Town Planning, Clean Air/Pollution Control, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

TRANSPORT

Bridges, Community Bus Service, Footpaths and Kerbing, Roads – sealed and unsealed, Traffic Management, LGGC – roads (formula funded), and Other Transport.

PLANT HIRE & DEPOT

Plant and Machinery, Depot and Indirect Works.

UNCLASSIFIED ACTIVITIES

Other Property, Loans and Interest.

COUNCIL ADMINISTRATION

Governance, Administration n.e.c., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose and Rates Administration.

REVENUE

General Rates, Separate Rates, LG Grants Commission

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 13. Financial Instruments

\$ '000

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Carried at lower of cost and net realisable value; Interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates between 1.75% and 2.5% (2017: 1.5% and 1.75%). Short term deposits have an

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Rates & Associated Charges

(including legals & penalties for late payment)

Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 6.75% (2017: 7.0%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Fees & Other Charges

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Receivables

Other Levels of Government

Accounting Policy:

Carried at nominal value.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

Receivables

Retirement Home Contributions

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Liabilities

Creditors and Accruals

Accounting Policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Liabilities

Retirement Home Contributions

Accounting Policy:

To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.

Terms & Conditions:

Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.

Carrying Amount:

Approximates fair value for short tenancies; may be non-materially overstated for longer tenancies.

Liabilities

Interest Bearing Borrowings

Accounting Policy:

Carried at the principal amounts. Interest is charged as an expense as it accrues.

Terms & Conditions:

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 4.15% and 6.9% (2017: 4.15% and 6.9%).

Carrying Amount:

Approximates fair value.

Liabilities

Finance Leases

Accounting Policy:

Accounted for in accordance with AASB 117.

City of Victor Harbor

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2018					
<u>Financial Assets</u>					
Cash & Equivalents	1,846	-	-	1,846	1,846
Receivables	1,603	-	-	1,603	1,831
Other Financial Assets	10,752	-	-	10,752	10,786
Total Financial Assets	14,201	-	-	14,201	14,463
<u>Financial Liabilities</u>					
Payables	2,698	-	-	2,698	1,629
Current Borrowings	966	-	-	966	966
Non-Current Borrowings	-	10,431	-	10,431	10,431
Total Financial Liabilities	3,664	10,431	-	14,095	13,026
2017					
<u>Financial Assets</u>					
Cash & Equivalents	1,590	-	-	1,590	1,590
Receivables	3,368	-	-	3,368	3,962
Other Financial Assets	10,787	113	47	10,947	10,752
Total Financial Assets	15,745	113	47	15,905	16,304
<u>Financial Liabilities</u>					
Payables	3,700	-	-	3,700	3,681
Current Borrowings	912	-	-	912	912
Non-Current Borrowings	-	10,119	5,099	15,218	10,039
Total Financial Liabilities	4,612	10,119	5,099	19,830	14,632

The following interest rates were applicable to Council's Borrowings at balance date:

	30 June 2018		30 June 2017	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	5.98%	11,397	5.85%	10,951
		11,397		10,951

Net Fair Value

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 13. 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 Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

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

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

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

Note 14. Commitments for Expenditure

\$ '000

Notes

2018

2017

Other Expenditure Commitments

Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	34	50
Employee Remuneration Contracts	1,267	892
Street Sweeping	117	96
Asset Maintenance	147	173
Security Services	70	163
Other	11	25
	1,646	1,399

These expenditures are payable:

Not later than one year	1,096	946
Later than one year and not later than 5 years	550	453
Later than 5 years	-	-
	1,646	1,399

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 15. Financial Indicators

\$ '000	Amounts 2018	Indicator 2018	Prior Periods 2017	2016
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These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

1. Operating Surplus Ratio

Operating Surplus	201			
Total Operating Income	26,227	1%	4%	3%

This ratio expresses the operating surplus as a percentage of total operating revenue.

2. Net Financial Liabilities Ratio

Net Financial Liabilities	12,299			
Total Operating Income	26,227	47%	47%	42%

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.

Adjustments to Ratios

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.

Adjusted Operating Surplus Ratio		(0%)	1%	3%
Adjusted Net Financial Liabilities Ratio		47%	47%	42%

3. Asset Sustainability Ratio

Net Asset Renewals	3,068			
Infrastructure & Asset Management Plan required expenditure	3,484	88%	99%	77%

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 16. Uniform Presentation of Finances

\$ '000	2018	2017
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	26,227	26,359
less Expenses	(26,026)	(25,366)
Operating Surplus / (Deficit)	201	993
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(3,068)	(5,829)
<i>add back</i> Depreciation, Amortisation and Impairment	6,357	6,224
<i>add back</i> Proceeds from Sale of Replaced Assets	136	206
Subtotal	3,425	601
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(4,856)	(6,139)
<i>add back</i> Amounts Received Specifically for New and Upgraded Assets	1,345	2,704
<i>add back</i> Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-
Subtotal	(3,511)	(3,435)
Net Lending / (Borrowing) for Financial Year	115	(1,841)

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 17. Operating Leases

\$ '000	2018	2017
Leases commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:		
Not later than one year	317	304
Later than one year and not later than 5 years	1,106	1,014
Later than 5 years	1,659	1,463
	<u>3,082</u>	<u>2,781</u>

Lease Payment Commitments of Council

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.

No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease return or acquire the equipment leased.

No lease contains any escalation clause

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

Not later than one year	85	112
Later than one year and not later than 5 years	93	80
Later than 5 years	69	42
	<u>247</u>	<u>234</u>

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 18. Superannuation

\$ '000

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2017/18; 9.50% in 2016/17). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2016/17) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 19. Interests in Other Entities

\$ '000

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

	Council's Share of Net Income		Council's Share of Net Assets	
	2018	2017	2018	2017
Joint Ventures	34	(19)	10,786	10,752
Total	34	(19)	10,786	10,752

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2018	2017
Fleurieu Regional Aquatic Authority	Aquatic Centre	10,503	10,499
Fleurieu Regional Waste Authority	Waste Management	283	253
Total Carrying Amounts - Joint Ventures & Associates		10,786	10,752

Fleurieu Regional Aquatic Authority

A joint initiative between the City of Victor Harbor and Alexandrina Council, the Fleurieu Regional Aquatic Centre is owned by the Fleurieu Regional Aquatic Authority. The City of Victor Harbor and Alexandrina Council are joint owners of the FRAA owing 50% each.

Fleurieu Regional Waste Authority

Established by the City of Victor Harbor, Alexandrina Council, District Council of Yankalilla and Kangaroo Island Council in July 2010, this organisation is responsible for the waste management function across the Fleurieu and Kangaroo Island Council areas.

The principal place of business of each entity is within the boundaries of the constituent councils. There are no restrictions on the ability of these entities to pay cash dividends to or make repayment of advances to Council. Council has an ongoing commitment to make contributions to support the ongoing activities of each business in accordance with the terms of each agreement.

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2018	2017	2018	2017	2018	2017
Fleurieu Regional Aquatic Authority	50%	50%	50%	50%	50%	50%
Fleurieu Regional Waste Authority	35%	35%	35%	35%	25%	25%

City of Victor Harbor

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 19. Interests in Other Entities (continued)

\$ '000

(c) Movement in Investment in Joint Venture or Associate

	Fleurieu Regional Aquatic Authority		Fleurieu Regional Waste Authority	
	2018	2017	2018	2017
Opening Balance	10,499	-	253	237
Share in Operating Result	4	(35)	30	16
New Capital Contributions	-	10,534	-	-
Council's Equity Share in the Joint Venture or Associate	10,503	10,499	283	253

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position

	Fleurieu Regional Aquatic Authority		Fleurieu Regional Waste Authority	
	2018	2017	2018	2017
Cash and Cash Equivalents	890	194	623	937
Trade & Other Receivables	8	100	448	213
Non-Current Assets	20,201	20,875	2,781	2,357
Total Assets	21,099	21,169	3,852	3,507
Current Trade and Other Payables	93	170	1,010	840
Current Financial Liabilities	-	-	495	602
Current Provisions	-	-	111	235
Non-Current Trade and Other Payables	-	-	195	37
Non-Current Financial Liabilities	-	-	1,161	980
Non-Current Provisions	-	-	71	90
Total Liabilities	93	170	3,043	2,784
Net Assets	21,006	20,999	809	723

Statement of Comprehensive Income

	Fleurieu Regional Aquatic Authority		Fleurieu Regional Waste Authority	
	2018	2017	2018	2017
Other Income	3,049	1,001	7,856	7,547
Total Income	3,049	1,001	7,856	7,547
Employee Costs	-	-	2,888	2,758
Materials, Contracts & Other Expenses	2,368	877	4,195	3,959
Depreciation, Amortisation and Impairment	673	193	602	700
Finance Costs	-	-	84	103
Total Expenses	3,041	1,070	7,769	7,520
Other Revenue / Expense Items	-	-	(1)	21
Operating Result	8	(69)	86	48

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 20. Non-Current Assets Held for Sale & Discontinued Operations

\$ '000

Council does not have any Non-Current Assets Held for Sale or any Discontinued Operations.

Note 21. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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

1. LAND UNDER ROADS

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

At reporting date, Council controlled 384 km of road reserves of average width 19.8 metres.

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. BANK GUARANTEES

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

4. LEGAL MATTERS

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 2 appeals against planning decisions made prior to reporting date. Those 2 appeals have since been withdrawn.

Note 22. Events after the Balance Sheet Date

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 23. Related Party Transactions

\$ '000	2018	2017
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Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 17 persons were paid the following total compensation:

The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	1,054	794
Total	<u>1,054</u>	<u>794</u>

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

Receipts from Key Management Personnel comprise:

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

Planning and Building Application Fees	-	2
Total	<u>-</u>	<u>2</u>

One KMP has a relationship with Oops Security Pty Ltd. Council paid this entity \$4,777.60 in 2017/18.

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



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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT

To the members of City of Victor Harbor

Opinion

We have audited the accompanying financial report of City of Victor Harbor (the Council), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of City of Victor Harbor.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

Basis for Opinion

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

Council's Responsibility for the Financial Report

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

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA Registered Company Auditor
Partner

5 November 2018

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renaë Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROLS

To the members of City of Victor Harbor

Independent Assurance Report on the Internal Controls of City of Victor Harbor

Opinion

We have audited the compliance of City of Victor Harbor (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2017 to 30 June 2018 have been conducted properly and in accordance with law.

In our opinion, City of Victor Harbor has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2017 to 30 June 2018.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2017 to 30 June 2018. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Council's Responsibility for Internal controls

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

Our Independence and Quality Control

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

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the Local Government Act 1999 in relation only to the Internal Controls specified above for the period 1 July 2017 to 30 June 2018. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Limitations of Controls

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

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

Limitation of Use

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

5 November 2018

General Purpose Financial Statements
for the year ended 30 June 2018

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Victor Harbor for the year ended 30 June 2018, the Council's Auditor, Galpins Accountants, Auditors and Business Consultants has acted in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



Victoria MacKirdy
CHIEF EXECUTIVE OFFICER



Tim Glazbrook
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 5 November 2018

General Purpose Financial Statements
for the year ended 30 June 2018

Statement by Auditor

I confirm that, for the audit of the financial statements of City of Victor Harbor for the year ended 30 June 2018, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Tim Muhlhausler
Galpins Accountants, Auditors and Business Consultants

Dated this 5th day of November 2018.

city of
Victor Harbor



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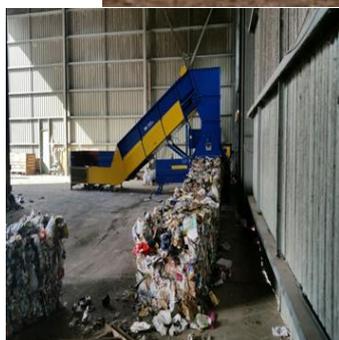


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FLEURIEU REGIONAL
WASTE AUTHORITY

Annual Report - 2017-2018



Photographs Cover-Clockwise

1. New waste transfer shed – Goolwa Waste and Recycling Depot
2. New baler in action at the Kangaroo Island Resource Recovery Centre
3. Waste collection truck outside new mechanical workshop – Goolwa Waste and Recycling Depot
4. Inside new mechanical workshop – Goolwa Waste and Recycling Depot
5. Recyclable load unloaded in the new waste transfer shed – Goolwa Waste and Recycling Depot

CONSTITUENT COUNCILS:

Alexandrina Council
City of Victor Harbor
District Council of Yankalilla
Kangaroo Island Council



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About The Authority

WHO WE REPRESENT

The Fleurieu Regional Waste Authority (FRWA) was formed by the member councils of the Fleurieu Peninsula in South Australia:

- Alexandrina Council
- City of Victor Harbor
- District Council of Yankalilla
- Kangaroo Island Council

WHAT WE DO

FRWA provides waste and recycling services on behalf of the four member councils. This includes:

- The operation of four Waste and Recycling Depots,
- The provision of waste, recycling and green waste kerbside collection services,
- Public litter bin collections,
- Event bin provision and collection, and
- The provision of community information and education.

These services are covered by a Service Level Agreement with each Council setting out the key performance indicators that must be achieved and the agreed budgets to deliver the services.

The services are benchmarked against comparable services provided by local government and the private sector.

OUR HISTORY

In 2007 the Constituent Councils of the Fleurieu Region unanimously adopted the Fleurieu Peninsula Waste Strategy. A key recommendation of the strategy was that if Councils decided to own and operate common assets, then they should establish a Regional Subsidiary pursuant to Section 43 of the SA Local Government Act, 1999.

The Fleurieu Regional Waste Authority (FRWA) was subsequently established as a regional subsidiary.

The FRWA Charter was approved in January 2010 and the second revision was completed and gazetted in November 2016.

THE FUTURE

An important factor going forward for FRWA is to ensure the region has the necessary strategy, infrastructure and planning in place to meet the legislative requirements under the EPA's Environment Protection (Waste to Resources Policy) and the region's population growth.

Education and promotional programs within the community will continue to remain a high priority with community education being based around:

- Waste avoidance and reduction,
- Reduction of food organics and greenwaste in general waste,
- Recycle right and recycle more, and
- Hazardous waste management.

The Authority is cooperating with neighbouring councils and other waste authorities in South Australia to develop a best-practice approach in sustainable waste and resources management.

The Authority commits to its continued support of local and regional businesses and services as their preferred suppliers where possible.



Chairperson's Message

I was pleased to be appointed as the Chair of the Board of Management of the

Fleurieu Regional Waste Authority ('FRWA') in December 2017. Accordingly, I have occupied this position for only the second half of the financial year to which this Annual Report relates. However, in that time it has become very clear to me that my fellow Board Members demonstrate commitment, professionalism, knowledge and passion in striving to achieve the best outcomes for FRWA and, in turn, its member councils (Alexandrina, Kangaroo Island, Victor Harbor and Yankalilla) and the communities of those council areas. In saying that, I am also acutely aware of the fact that the looming November local government elections will see a change in the composition of the Board in moving forward into 2019 and beyond. Therefore, I take this opportunity to say a heartfelt 'thank you' to any of the current Board Members who will not be returning after November and to express my appreciation to all of the Board Members for ensuring that my settling in to the role has been seamless and supported.

The Board is, of course, complemented by a dedicated and professional staff led by a committed and insightful Executive Officer and without whom the Board, could not function as effectively as it does. I thank the Executive Officer, the Managers and all other staff of FRWA for their hard work and contributions.

What I have learned in my first six months is that as Australians we are among the world's largest producers of waste, indeed with the exception of the USA, we produce more waste per person per year than any other country. In short, we are a society of high consumers, buoyed by the continuous state of growth around the edges of this major continent. However, we are also becoming more aware of the fact that as community waste

increases, the liveability of those communities decreases. Therefore, it is of particular relevance that at FRWA we have a strong focus on the identification of opportunities to improve and a commitment to community education to assist with the understanding of not only the problems but also of the opportunities and how our communities can work with us in the pursuit of those opportunities and our regional objectives.

The disposal of solid waste general waste from residents and businesses has traditionally involved disposal to landfill. There has, at least until recent times, been a mentality that as waste was taken from our doorsteps and disposed of at landfills, hidden away from community lines of sight; it did not really affect us. That option is now recognised as being dated, unsustainable and, in SA, expensive because of the landfill levy that our communities bear for each tonne of waste disposed to landfill.

I am pleased to be at the start of my journey with FRWA at a time when there is an increasing awareness of the need to focus on sustainable objectives of waste minimisation and waste recovery and recognition, that waste is both an environmental and a resource issue that we must face and address. This is the case not only for the current but also for future generations. The policy decisions we make today will determine the waste future that we face tomorrow and into the next century. One leading example is Sweden where waste to landfill is, essentially, banned and has been for some time. It is currently estimated that 98% of the waste produced in Sweden is reused or recycled. If the Swedes can achieve this level of resourcefulness, so can we.

However, as readers of this Report will be aware, we have (and the rest of the world insofar as it was engaged in sending recyclable materials to China, has) recently experienced the change in Chinese Government policy known as the *China National Sword Policy*. This has seen the stringent enforcement of restrictions on the importation of recyclable materials to the point that our recyclable materials are no longer acceptable in China. However, contrary to the initial country-wide

reaction of this being a type of 'doomsday' scenario, more level-headed thinking is now prevailing and the opportunities that are emerging are exciting in their potential. It is certainly my belief that FRWA will be a leader in this new direction, including by increased levels of appropriate and necessary collaboration with other SA local government waste authorities.

It is against this background that the future in waste is both a challenging and an exciting place. In my opinion, the skills and the mindsets and the commitment are already in place at FRWA and this will ensure that the communities which we represent will be both at the forefront of these issues and adequately protected. In my opinion, FRWA is well placed strategically and financially to continue to deliver and to further develop sustainable waste management solutions for its region in accordance with its vision and it is in this context that I am pleased to submit the Annual Report for the 2018 financial year.

MICHAEL KELLEDY
CHAIRPERSON, FRWA BOARD OF MANAGEMENT

The FRWA Board

FRWA is governed by a nine member Board comprising an Independent Chair to govern and lead the Authority and eight other members, made up of an Elected Member and one Officer from each Constituent Council.



Independent Chairperson
Michael Kelledy



Simon Grenfell
General Manager
Infrastructure and Assets



Jim Davis
Councillor
Alexandrina Council



Glenn Sanford
Director Environment &
Infrastructure
City of Victor Harbor



Tim Glazbrook
Councillor
City of Victor Harbor



Andy Baker
Chief Operating Officer
Operations
District Council of Yankalilla



Glen Rowlands
Mayor
District Council of Yankalilla



John Fernandez
Technical Programs Manager
Kangaroo Island Council



Peter Denholm
Councillor
Kangaroo Island Council

BOARD MEETINGS

During the 2017/18 financial year the Board met eight times with each council taking turns in hosting the proceedings. All Board members complied with the statutory requirements.

Executive Officer's Message



2017/18 was a successful year of solid performance for the Authority. We have been implementing a number of major projects over the past 12 months to improve service delivery in kerbside collections, achieve higher efficiencies in transport as well as in waste and recycling depot operations.

I would like to acknowledge the dedication and good work of the FRWA management team and all FRWA staff and thank the FRWA Board their strategic guidance and excellent support.

BEST PRACTICE SERVICES

Over the last 12 months total waste generated across the region showed a slight downward trend in Alexandrina Council, City of Victor Harbor and DC Yankalilla and a slight increase for Kangaroo Island Council.

Through its best practice services FRWA achieved a 66% diversion of waste from landfill across the region which follows the trend of previous years and is a 3% increase to the previous financial year.

The Authority formed closer working relationships with other waste authorities in the state to advance activities and programs that will ensure sustainability and resource and cost efficiencies in the way we are managing our waste within the FRWA region and beyond.

In the light of recent changes to the global commodity market for recyclable materials, improved material resource recovery, the development of on-shore processing facilities as well as markets for recycled products is a high priority for the industry sector.

FRWA actively represented the interests of its member councils in addressing those issues and will continue this process through regional and statewide cooperation with local and state government entities, its business partners and the

Waste Management Association of Australia/SA Branch.

KERBSIDE COLLECTIONS

The Authority continued to provide reliable and cost effective kerbside waste collection services for over 50,000 residential and small business premises across all member councils.

Over the last 12 months we delivered about 1.7 million bin pickups across our region and collected 12,058t of general waste, 4,528t of greenwaste and 4,658t of comingled dry recyclables. The diversion rate of waste away from landfill and into the recycling and greenwaste stream improved by one percent to 43% compared to the results of the previous year.

There have been a number of significant operational changes to kerbside collection services which commenced two years ago with the introduction of fortnightly kerbside collection in Alexandrina Council in July 2016.

In October 2017 **KANGAROO ISLAND COUNCIL** moved to a new kerbside collection system, introducing a green organics bin to 12 townships and coastal settlements on the island for the first time and exchanging 140L for 240L recycling bins to provide appropriate volume to households for the new fortnightly collection schedule. Commercial bins on Kangaroo Island were also exchanged for full colour bodied bins to better identify these customers. Public litter bins have been upgraded and exchanged for the standard 240L maroon bins used across FRWA's mainland collection areas.

Four tourist waste and recycling stations were



installed on popular tourism cross roads or meeting points to offer designated services self-drive tourists for the first time.

Picture 1 - Visitor Recycling and General Waste Station

With the change to the new kerbside system we released the island's first dated and collection specific collection calendar which was distributed to all householders together with the 'Kangaroo Island Recycling and Disposal Guide for Households and Small Businesses'.

Kangaroo Island Council provided subsidized compost equipment to residents and introduced Exceptional Circumstances (EC) bins, providing an additional 140L general waste bin free of charge to those eligible residents for whom fortnightly collection of general waste may cause some hardship.

An island-based education officer was appointed to provide waste education and information at local markets and shows and to present to schools, residents groups and businesses.

Sophie Thomson, of ABC's Gardening Australia held



Picture 2 - Sophie Thomson, Presenter ABC Gardening Australia

a series of very popular composting workshops in May 2018, attracting an audience of over 121 residents in Penneshaw, American River, Parndana and Kingscote.

DISTRICT COUNCIL OF YANKALILLA followed in the footsteps of Alexandrina Council and Kangaroo Island Council and resolved to introduce a kerbside greenwaste bin for the first time and to move to a fortnightly collection schedule from 1 July 2018. Authority staff assisted council at five community information sessions during May 2018, to inform residents of the upcoming change to kerbside collections and how to make best use of the new system.

In preparation of the start of the new systems over 3,000 green organics bins were delivered to households in May and June 2018. We would like to

acknowledge the fantastic work of local sporting clubs who took up the delivery of all new greenwaste bins to householders.

Council also implemented the system for free of charge Exceptional Circumstances bins to eligible householders and offered a range of composting equipment at subsidized prices.

Three composting workshops were presented by Sophie Thomson during June 2018 with good attendance by an enthusiastic audience.

FRWA would like to take the opportunity to acknowledge the ongoing support through grant funding for composting equipment, kitchen caddies and caddy bags from **GREEN INDUSTRIES SA**.

KERBSIDE BIN AUDIT 2017

Following the audits in 2012 and 2014, FRWA facilitated a bin audit across the four member councils in November 2017.

The audit included domestic and commercial kerbside bins (general waste, recycling and organics) as well as a small sample of public litter bins.



Picture 3 - KESAB Bin Audit Team

When compared to results from 2014, the main points to note from the 2017 bin audit were:

- Reduced recyclables in domestic, business and public litter bins (except Kangaroo Island businesses),
- Reduced garden waste in general waste bins (except slight increase in commercial bins),
- Increased compostable food waste, which is a significant component of the recoverable resources, ranging from 42% Kangaroo Island, Domestic to 62% Victor Harbor businesses,
- Increased contamination from general waste in domestic recycling bins for mainland councils

but reduced in mainland business recycling bins,

- Kangaroo Island contamination of recycling bins with general waste reduced in for domestic bins but increased for businesses, and
- Slightly reduced contamination of the domestic organics bins.



Picture 4 - A clean load of recyclable - Bin Audit 2017

The findings of the 2017 FRWA audit were not dissimilar to other regions; organic waste (mainly food, often still wrapped/ uneaten) continued to be a major component of the recoverable resources found in the recycling bin and general waste bin from householders, businesses as well as in public litter bins.



Picture 5 -Uneaten food waste in general waste to landfill - Bin Audit 2017

Along with disposing recyclables to the general waste bin, the incorrect presentation of otherwise recyclable material was a factor that affected the level of recyclables able to be recovered (e.g. recyclables in plastic).

Confusion over what recoverable materials need to be recovered using specialist services instead of the

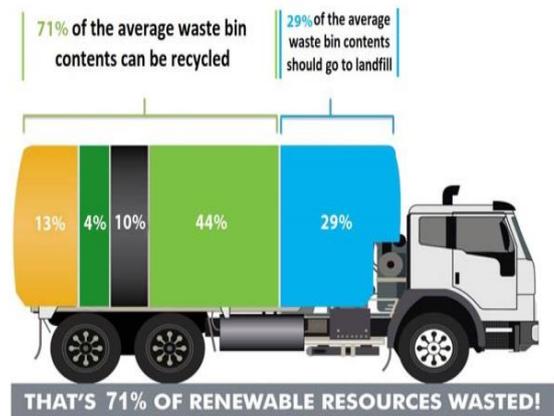
kerbside system also appeared to be a factor (e.g. textiles, E.waste, soft plastics).

Available space in the appropriate domestic bins did not appear to be a limiting factor and the kerbside system.

Fortnightly kerbside collection services for of all waste streams appeared to perform better than 4-weekly, in relation to the weekly equivalent yield for recyclables and organics.

It had been suggested that the 4-weekly collection may deter placement of food waste in green bins potentially due to concerns regarding odour, vermin or hygiene.

However, data showed that although the collection frequency appeared to influence the yield in recycling and green organics bins, it was not reflected in the overall proportion of green waste and organics that is placed in the waste to landfill bin, even when the waste and organics bins were collected on the same day.



Picture 6 - Kerbside collection truck with percentage split based on 2017 Bin Audits



Picture 7- Bin tagging team

BIN TAGGING PROGRAM

Bin tagging is a 101 bin education program for householders. FRWA, with the support of grant funding from Green Industries SA

conducted the first round of bin tagging in

selected areas in Strathalbyn and Mount Compass between April and June 2018. Inspectors undertook weekly visual inspections of kerbside bins in the project areas to gauge how well each household was diverting waste from landfill by using the recycling and the greenwaste bins.

Bins were tagged with 'Thank You' tags for the correct use of the bin, or 'Alert' tags to indicate cross contamination and areas for improvement. Only if waste was not placed in the incorrect bin (for example greenwaste in the recycling bin) or if a bin was used for waste not collected through the kerbside system (e.g. electronic waste) an 'Unacceptable' tag was placed on the bin.

A 'Recycle' person was made by a Strathalbyn family to greet the bin inspectors. At the conclusion of the program results showed an overall improvement in waste separation. There were variations between the degrees of improvement across the areas



Picture 8 Recycle person made by Strathalbyn family

sampled, with the starting points being quite different but all showed a measurable improvement in contamination rates of all 3 waste streams as follows:

- 14.5% less general waste bins containing recyclables
- 12% less recycling bins containing non-recyclables
- 4.5% less green organics bins containing non-compostable items.

2018/19 will see the program continued in other member councils, starting with City of Victor Harbor in September 2018.

WASTE AND RECYCLING DEPOTS (WRDs) in Goolwa, Strathalbyn, Yankalilla and Kingscote continued to be hubs of activities to efficiently manage waste and recycling needs for our communities. 56.9% of all waste generated in the FRWA region was managed through WRDs and we achieved a diversion rate of 82.8% of waste from landfill and into various recycling streams across, including of:

- 3,900t of greenwaste processed into mulch,
- 8,900t of rock and inert construction waste processed into road base,
- 1,100t of scrap metal diverted to recyclers,
- 2,018 mattresses (37% increase to 2016/17) stripped with metal springs recovered for recycling,
- 35,000 litres of waste oil (28% increase to 2016/17) collected and diverted to recyclers,
- 616kg of light globes (70% increase to 2016/17),
- 15t batteries (88% increase to 2016/17), and
- 11t of DrumMuster containers diverted to recyclers.

Alexandrina Council largely completed the redevelopment work of the Goolwa Waste and Recycling Depot and since June 2018 the new FRWA office and the gate operations are now co-located at the worksite. Customer service for residents and small businesses transferred to the new layout on 1 July 2018, offering a modern and customer friendly facility for the community with a much improved service.

Kangaroo Island Resource Recovery Centre

With the assistance of grant funding from Green Industries SA the authority was able to purchase a baler for its Kangaroo Island operations.



Picture 9 - New baler on KI

This baler replaced an older model which was not capable of baling kerbside dry recyclables. With the new plant we are now in a position to produce much improved paper and cardboard bales and bale recyclables in readiness for transport to the mainland for processing.



Picture 10 - KI baler in action

FRWA continued to offer free **E-WASTE** drop off services in line with the framework set out under the National Computer and Television Scheme.

A total of 85t of E-waste was collected under the National Scheme across three regional drop-off centers, a slight decrease of 4% compared to the tonnages collected during the previous year.

COMMUNITY INFORMATION AND EDUCATION

The Authority continued its successful **EDUCATION AND INFORMATION PROGRAM** to community groups, kindergartens and primary schools. Through the year we delivered a total of 19 presentations to 956 children in childcare centres, kindies and primary schools on the mainland and 12 presentations to 590 children in childcare or at schools on Kangaroo Island.



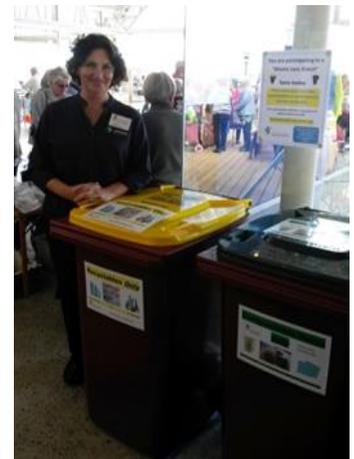
Picture 11 - FRWA Education Officer for KI, Mary Alice Swan at Penneshaw Kindergarten

In addition to Sophie Thomson’s composting workshops we had information stalls at 3 local markets of which one market day was held as a waste-less event. Including of a presentation to a community group, we achieved a total engagement with over 420 people on the island.

For our mainland council we attended 2 local markets and delivered 8 presentations to various community groups on best practice for recycling and waste reuse.

FRWA’s education officer was involved in organizing the first waste-less events with 236 people in attendance.

FRWA’s Project Officer assisted with the implementation of the fortnightly kerbside collection on Kangaroo Island and District Council of Yankalilla, with ongoing responsibility for the FRWA website, media promotion and advertising, design and printing of FRWA publications.



Picture 12 - Tess Sapia, FRWA Education Officer

FRWA’S PEOPLE

FRWA employs 40 staff of which

- 30% work in kerbside collections,
- 40% in WRD operations, and
- 30% in community education and corporate services.

FINANCE AND GOVERNANCE

The Authority is committed to meeting the highest standards in governance, financial and human resources management.

FRWA CHARTER

FRWA's Charter must be reviewed at least once in every four years and Revision 2 of the Charter was gazette on 17 November 2016.

INTERNAL AUDIT COMMITTEE

The Committee conducted six meetings during the 2017/18 financial year and provided advice and recommendations to the FRWA Board on the Authority's financial performance, the review of core financials controls, policies and procedures and asset management matters.

EXTERNAL MANAGEMENT REVIEW

UHY Haines Norton Chartered Accountants completed quarterly external finance reviews during the financial year.

FINANCIAL STATEMENTS

Nexia Edward Marshall audited the 2017/18 Financial Statements which were provided to all Constituent Councils.

I am pleased to report that the overall performance of the Authority during the 2017/18 financial year meets budget expectations and the Audited Financial Statements for the year have confirmed FRWA's expected results and performance.

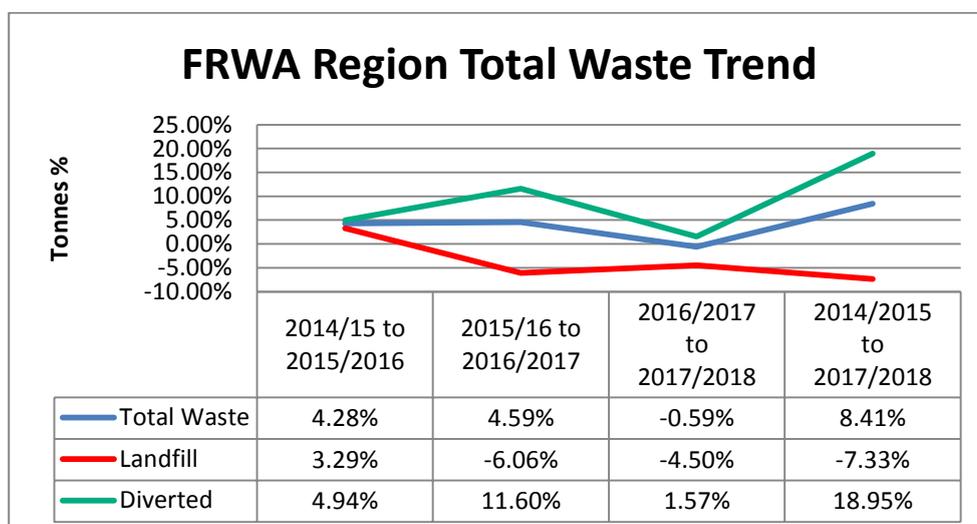
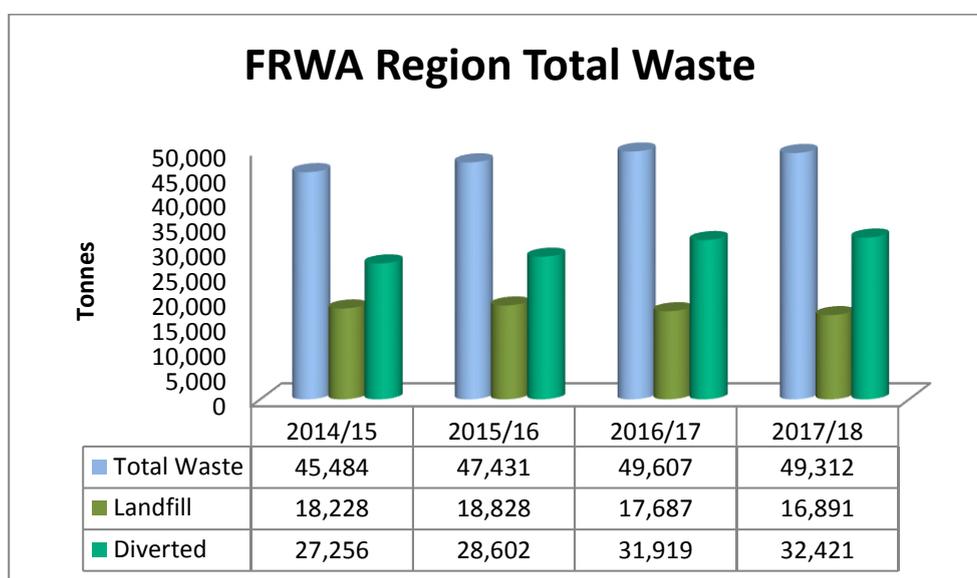
A complete copy of the Audited Financial Statement 2018 forms part of this report.

MARINA WAGNER
EXECUTIVE OFFICER

FRWA Region Waste Statistics 2017/18

Annual Regional Waste by Type	FRWA Region	Alexandrina	City of Victor Harbor	DC Yankalilla	KI Council
	Kerbside & WRDs (t)	3 Bin Kerbside & WRDs (t)	3 Bin Kerbside only (t) **	2 Bin Kerbside & WRD (t)	2 Bin Kerbside/3 Bin Kerbside from 1 October 2017 & WRD (t)
Waste to Landfill	16,891.15	9,136.73	3,679.06	2,204.43	1870.93
Waste Diverted from Landfill	32,420.64	27,325.25	2,408.90	1,079.53	1606.97
Total 2016/17 (MSW, Greenwaste, Recycling Kerbside and WRDs)	49,311.80	36,461.98	6,087.96	3,283.96	3,477.90

Trends from 2014/15 to 2017/18

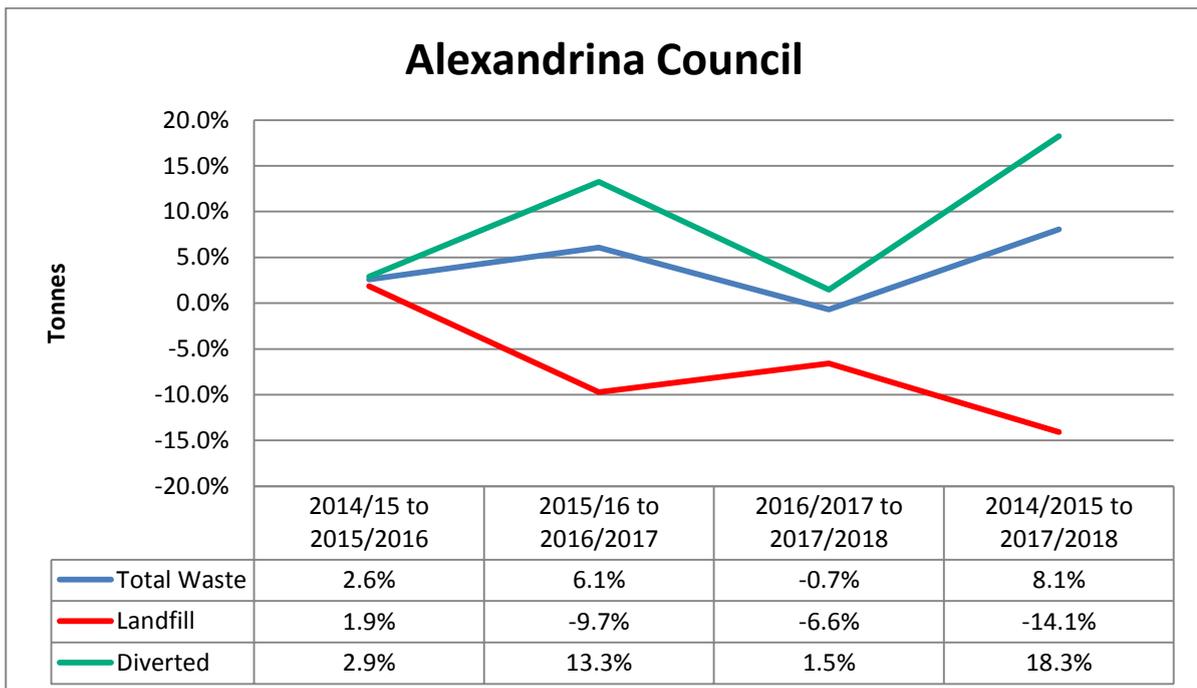


Waste Statistics 2017/18 per Member Council

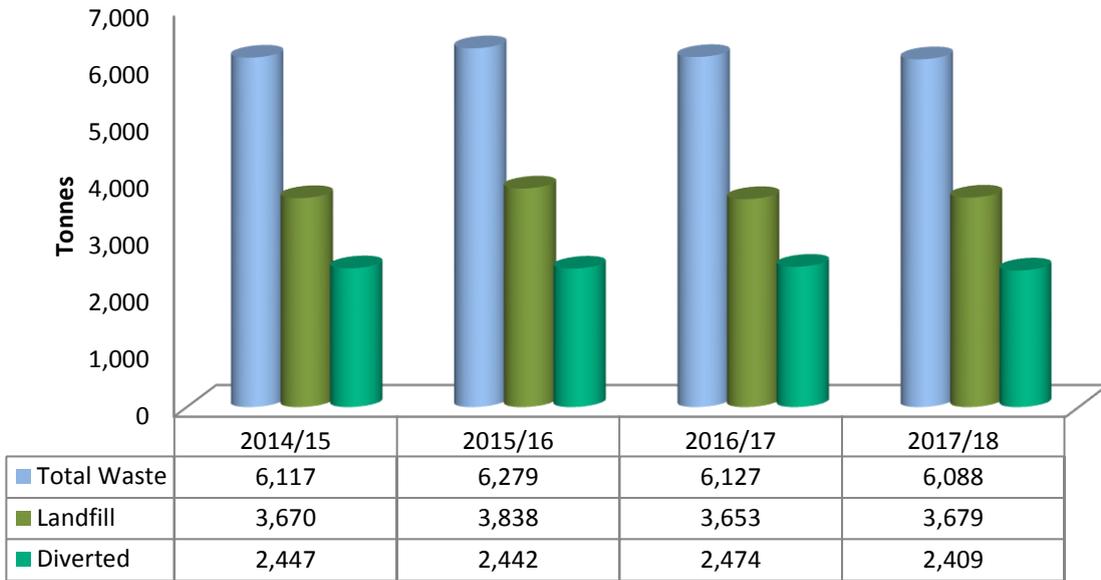
	FRWA Region	Alexandrina Council	City of Victor Harbor	District Council of Yankalilla	Kangaroo Island Council
Subtotal Kerbside Waste to Landfill	12,058.41	4,891.90	3,679.06	1,695.13	1792.32
Kerbside Greenwaste	4,528.38	3,085.19	1,247.64		195.55
Kerbside Recyclables	4,658.01	2,590.91	1,161.26	391.44	514.40
Subtotal Kerbside Waste Diverted from Landfill	9,186.39	5,676.10	2,408.90	391.44	709.95
Grand Total Kerbside Waste	21,244.80	10,568.00	6,087.96	2,086.57	2,502.27
WRD Waste					
Subtotal WRD Waste to landfill	4,832.74	4,244.83		509.30	78.61
Subtotal WRD Waste Diverted from Landfill	23,234.25	21,649.15		688.09	897.02
Grand Total WRD Waste	28,067.00	25,893.98		1,197.39	975.63
Total Waste					
Total Waste to Landfill	16,891.15	9,136.73	3,679.06	2,204.43	1870.93
Total Waste Diverted from Landfill	32,420.64	27,325.25	2,408.90	1,079.53	1606.97
Grand Total all Waste Streams	49,311.80	36,461.98	6,087.96	3,283.96	3,477.90

*The tables above only includes waste streams that are weighed; there are a large range of waste products diverted from landfill not included in the table above which are managed per item, including: mattresses, lounges, fluoro lights, paint, tyres, x-rays, mobile phones and a wide range of salvage items.

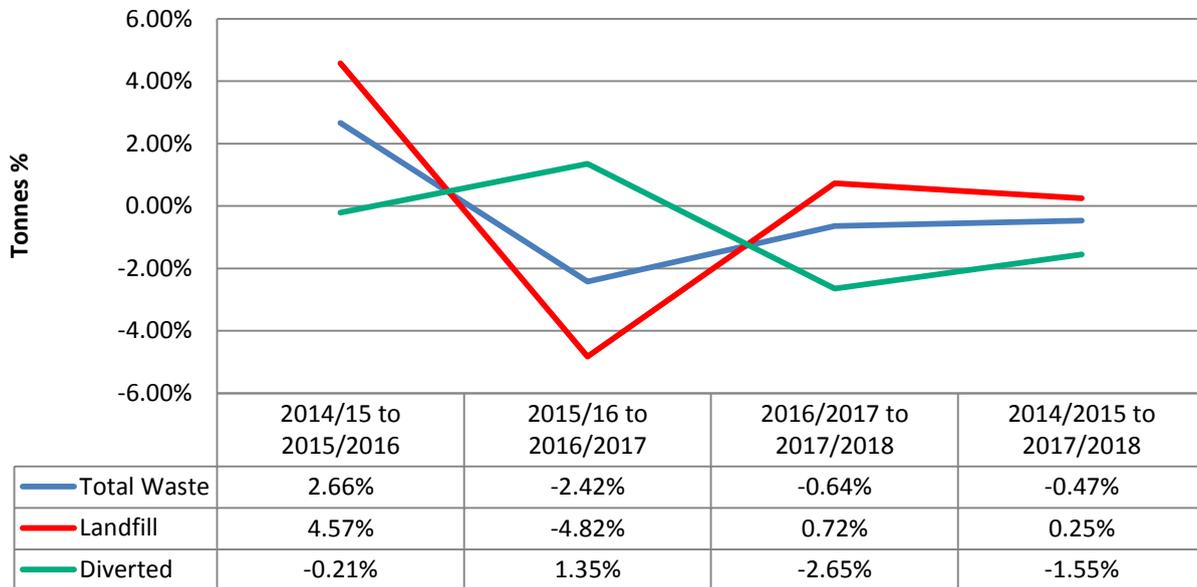
Trends from 2014/15 to 2017/18



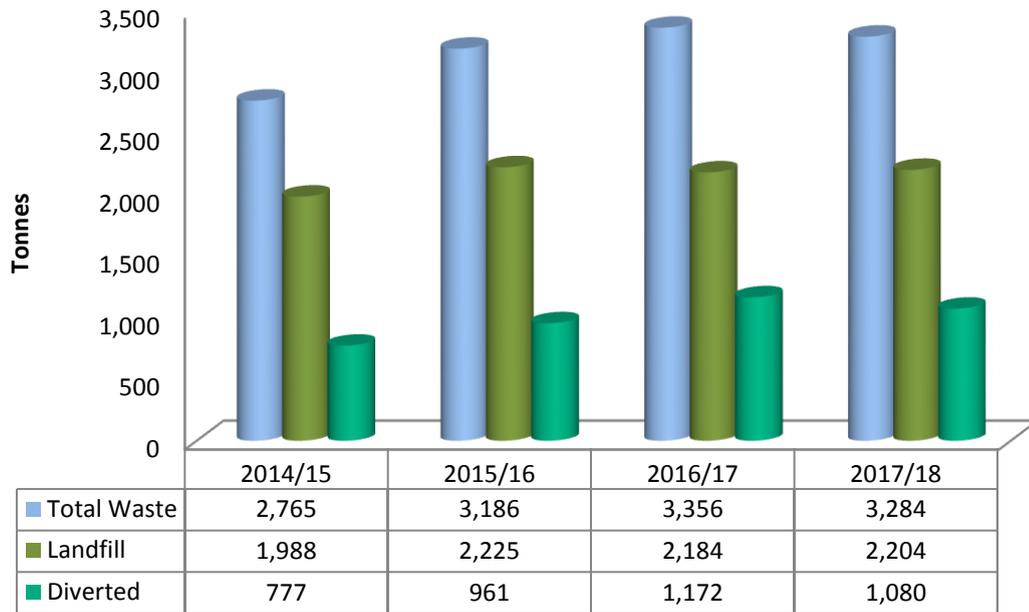
City of Victor Harbor



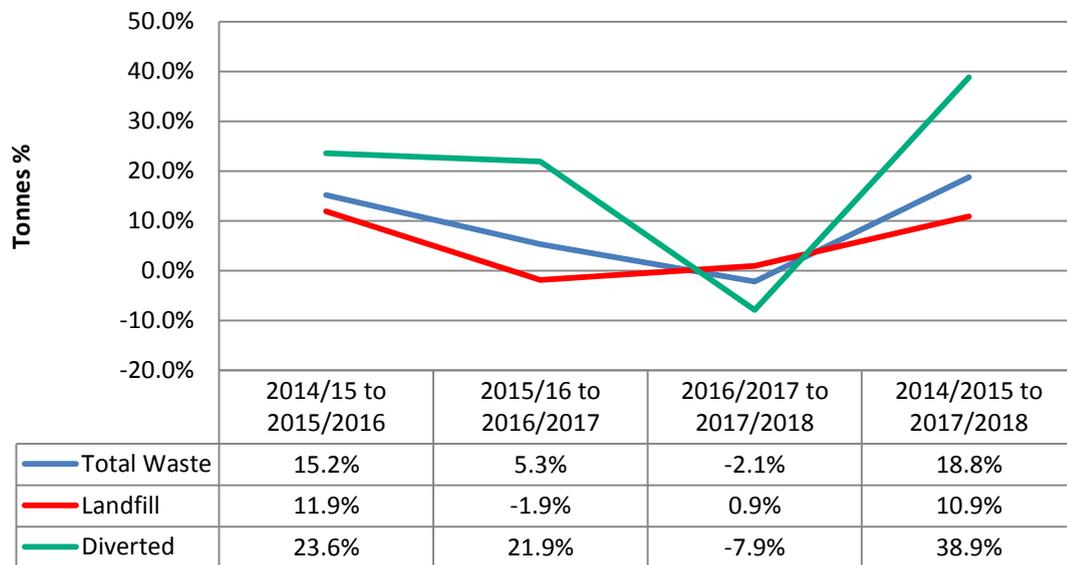
City of Victor Harbor



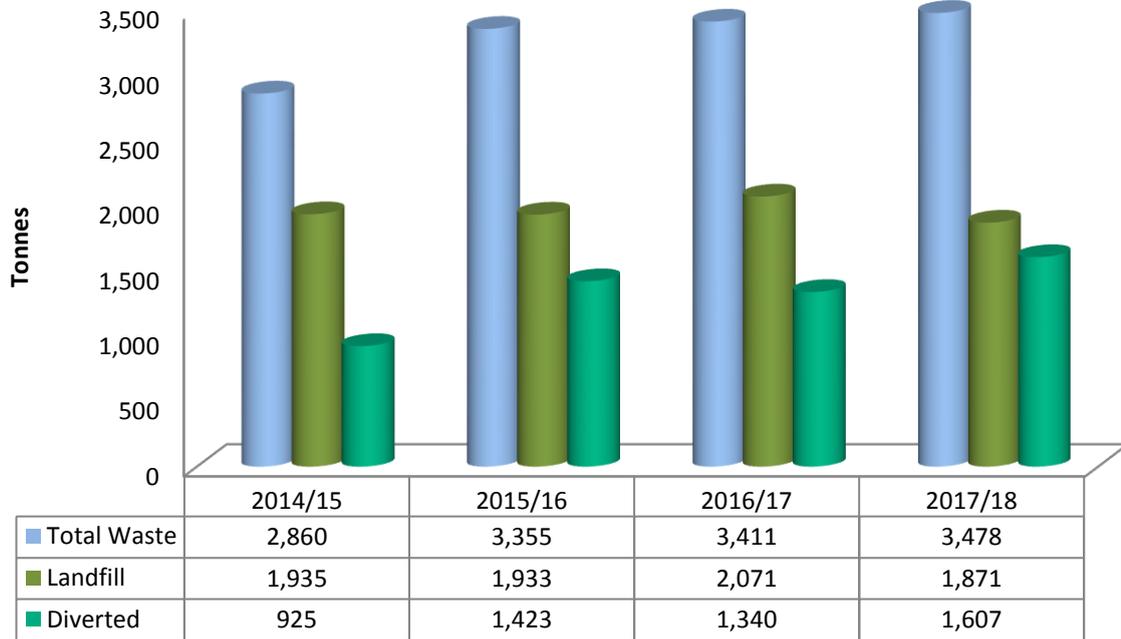
DC Yankalilla



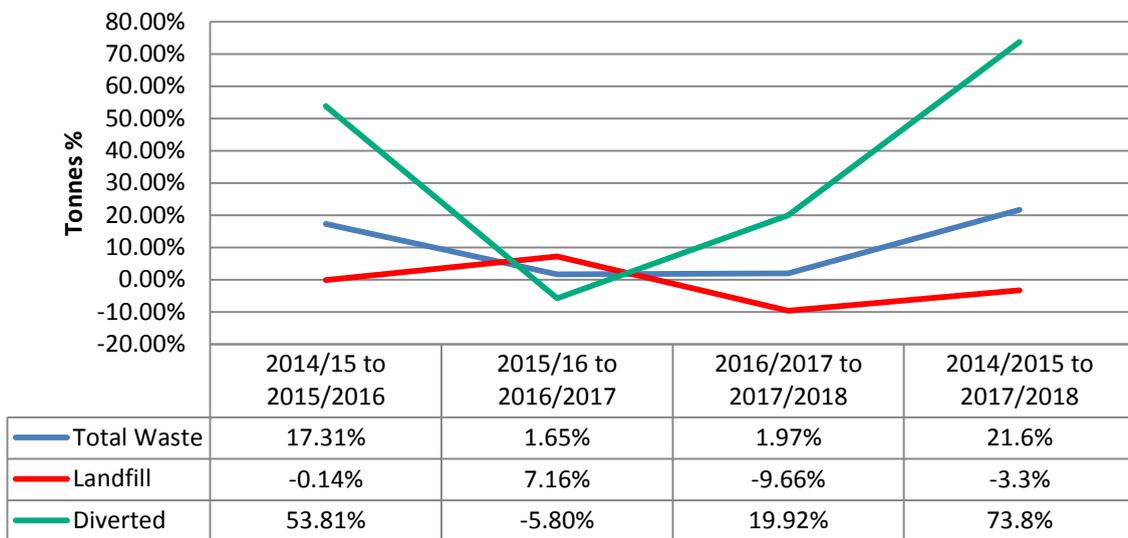
DC Yankalilla



Kangaroo Island Council

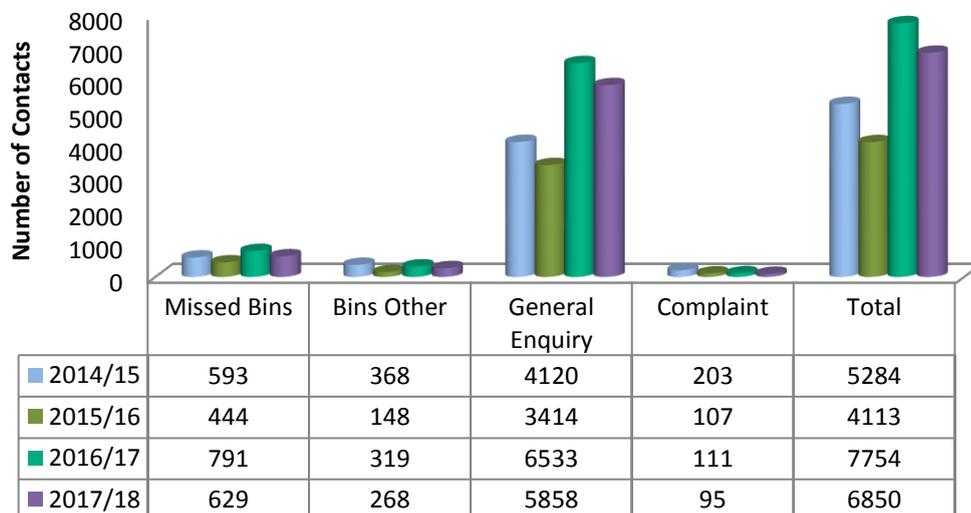


Kangaroo Island Council



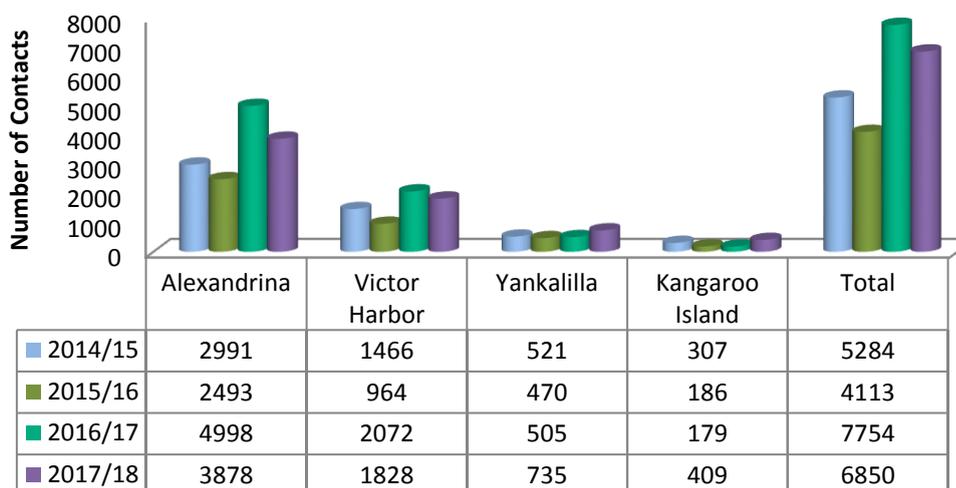
FRWA Customer Service Contact (Calls, Emails and Letters)

FRWA Customer Service Calls by Category - 2014/15 to 2017/18



FRWA Customer Service Contact by Council Area

Customer Service Calls by Council Area - 2014/15 to 2017/18



Financial Statements

2017-2018

FLEURIEU REGIONAL WASTE AUTHORITY

General Purpose Financial Reports for the year ended 30 June 2018

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FLEURIEU REGIONAL WASTE AUTHORITY



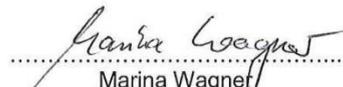
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by 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 2018 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.


.....
Michael Kelliedy
CHAIR OF THE BOARD


.....
Marina Wagner
EXECUTIVE OFFICER

Date: 26 Sep 2018

FLEURIEU REGIONAL WASTE AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
INCOME			
User charges	2	7,711,038	7,498,687
Grants, subsidies and contributions	2	116,956	23,000
Investment income	2	2,948	7,539
Reimbursements	2	7,932	13,416
Other income	2	17,524	4,619
Total Income		<u>7,856,398</u>	<u>7,547,261</u>
EXPENSES			
Employee costs	3	2,888,006	2,757,828
Materials, contracts & other expenses	3	4,194,620	3,959,033
Depreciation, amortisation & impairment	3	602,350	699,586
Finance costs	3	84,107	103,666
Total Expenses		<u>7,769,083</u>	<u>7,520,113</u>
OPERATING SURPLUS / (DEFICIT)		87,315	27,148
Asset disposal & fair value adjustments	4	<u>(1,000)</u>	<u>20,909</u>
NET SURPLUS / (DEFICIT)		86,315	48,057
transferred to Equity Statement			
Other Comprehensive Income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>86,315</u>	<u>48,057</u>

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

FLEURIEU REGIONAL WASTE AUTHORITY

STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	622,770	937,241
Trade & other receivables	5	323,005	204,944
Inventories	5	125,195	7,528
Total Current Assets		<u>1,070,970</u>	<u>1,149,713</u>
Non-current Assets			
Infrastructure, property, plant & equipment	6	2,781,701	2,357,347
Total Non-current Assets		<u>2,781,701</u>	<u>2,357,347</u>
Total Assets		<u>3,852,671</u>	<u>3,507,060</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	7	1,009,656	839,598
Borrowings	7	495,270	602,029
Provisions	7	111,151	235,278
Other current liabilities	8	195,312	37,372
Total Current Liabilities		<u>1,811,389</u>	<u>1,714,277</u>
Non-current Liabilities			
Borrowings	10	1,161,470	980,200
Provisions	7	71,117	90,203
Total Non-current Liabilities		<u>1,232,587</u>	<u>1,070,403</u>
Total Liabilities		<u>3,043,976</u>	<u>2,784,680</u>
NET ASSETS		<u>808,695</u>	<u>722,380</u>
EQUITY			
Accumulated Surplus		808,695	722,380
TOTAL EQUITY		<u>808,695</u>	<u>722,380</u>

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

FLEURIEU REGIONAL WASTE AUTHORITY

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2018

	Notes	Accumulated Surplus	TOTAL EQUITY
2018		\$	\$
Balance at end of previous reporting period		722,380	722,380
Net Surplus / (Deficit) for Year		86,315	86,315
Other Comprehensive Income			
Balance at end of period		808,695	808,695
2017			
Balance at end of previous reporting period		674,323	674,323
Net Surplus / (Deficit) for Year		48,057	48,057
Other Comprehensive Income			
Balance at end of period		722,380	722,380

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

FLEURIEU REGIONAL WASTE AUTHORITY

STATEMENT OF CASH FLOWS for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
User charges		7,729,013	7,516,040
Investment receipts		6,381	5,867
Grants utilised for operating purposes		116,956	23,000
Reimbursements		7,932	13,415
Other revenues		14,091	4,619
<u>Payments</u>			
Employee costs		(2,888,006)	(2,689,955)
Materials, contracts & other expenses		(4,263,537)	(4,002,637)
Finance payments		(84,107)	(119,009)
Net Cash provided by (or used in) Operating Activities		638,723	751,340
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Sale of replaced assets		7,000	20,909
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(758,323)	(362,951)
Expenditure on new/upgraded assets		(276,382)	(60,191)
Net Cash provided by (or used in) Investing Activities		(1,027,705)	(402,233)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from borrowings		721,722	-
<u>Payments</u>			
Repayments of borrowings		(647,211)	(567,007)
Net Cash provided by (or used in) Financing Activities		74,511	(567,007)
Net Increase (Decrease) in cash held		(314,471)	(217,900)
Cash & cash equivalents at beginning of period	9	937,241	1,155,141
Cash & cash equivalents at end of period	9	622,768	937,241

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

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 26th September 2018.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with 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 this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

2 The Local Government Reporting Entity

The Fleurieu Regional Waste Authority is incorporated under the SA Local Government Act 1999 and has its principal place of business at 1226 Port Elliot Road, Goolwa South Australia 5214. These financial statements include the Authority's direct operations and all entities through which the Authority controls resources to carry on its functions. In the process of reporting on the Authority as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

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

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Authority's operations for the current reporting period.

Fleurieu Regional Waste Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 1 - Significant Accounting Policies (cont.)

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.

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

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

5 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

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

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 Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given in Note 6.

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of 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.

Fleurieu Regional Waste Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 1 - Significant Accounting Policies (cont.)

6.5 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets carried at fair value 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, are not assessed for impairment.

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

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery are recognised as liabilities until the service is delivered or the amount is refunded as the case may be.

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

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

Fleurieu Regional Waste Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 1 - Significant Accounting Policies (cont.)

9.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to the employees' nominated superannuation fund. No changes in accounting policy have occurred during either the current or previous reporting periods.

10 GST Implications

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

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

11 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 16	Leases
AASB 1058	Income of Not-for-Profit Entities

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

(Standards not affecting local government have been excluded from the above list.)

Authority is of the view that other than AASB 16 and AASB 1058, none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

Accounting Standard AASB 16 *Leases* may have a material effect on the amounts disclosed in these reports, particularly in relation to Infrastructure, Property, Plant & Equipment, but does not commence until the 2019/20 financial period, and it is not the Authority's intention to adopt this Standard early.

Accounting Standard AASB 1058 *Income of Not-for-Profit Entities* may have a material effect on the amounts disclosed in these reports, particularly in relation to the timing of revenues from grants & subsidies, but does not commence until the 2019/20 financial period, and it is not the Authority's intention to adopt this Standard early.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 2 - INCOME

	Notes	2018 \$	2017 \$
USER CHARGES			
Waste Disposal Operations		<u>7,711,038</u>	<u>7,498,687</u>
		<u>7,711,038</u>	<u>7,498,687</u>
INVESTMENT INCOME			
Interest on investments			
Banks & other		<u>2,948</u>	<u>7,539</u>
		<u>2,948</u>	<u>7,539</u>
REIMBURSEMENTS			
- other		<u>7,932</u>	<u>13,415</u>
		<u>7,932</u>	<u>13,415</u>
OTHER INCOME			
Sundry		<u>17,524</u>	<u>4,619</u>
		<u>17,524</u>	<u>4,619</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Other grants, subsidies and contributions		<u>116,956</u>	<u>23,000</u>
		<u>116,956</u>	<u>23,000</u>
Sources of grants			
State government		<u>116,956</u>	<u>23,000</u>
		<u>116,956</u>	<u>23,000</u>
Conditions over grants & contributions			
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions:</i>			
<i>Plant & Equipment</i>		<u>90,000</u>	<u>-</u>
<i>Unexpended at the close of this reporting period</i>		<u>90,000</u>	<u>-</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 3 - EXPENSES

	Notes	2018 \$	2017 \$
EMPLOYEE COSTS			
Salaries and Wages		2,419,042	2,328,205
Employee leave expense		58,080	63,675
Superannuation		212,778	209,534
Superannuation - defined benefit plan contributions	15	6,108	6,087
Workers' Compensation Insurance		146,159	108,248
Other		45,839	42,079
Total Operating Employee Costs		2,888,006	2,757,828
Total Number of Employees		32	35
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		10,020	9,870
- Auditing of Internal Controls		1,930	1,900
Board members' expenses		20,246	24,857
Operating Lease Rentals - non-cancellable leases			
- minimum lease payments		25,890	26,887
Subtotal - Prescribed Expenses		58,086	63,514
<u>Other Materials, Contracts & Expenses</u>			
Contractors		969,040	822,294
Energy		564,568	564,382
Waste disposal		1,603,844	1,527,724
Maintenance		362,255	371,108
Legal expenses		43,567	27,846
Parts, accessories & consumables		150,480	134,209
Professional services		59,718	60,329
Sundry		383,062	387,627
Subtotal - Other materials, contracts & expenses		4,136,534	3,895,519
		4,194,620	3,959,033
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Plant, machinery & equipment		602,350	699,586
		602,350	699,586
FINANCE COSTS			
Interest on loans		84,107	103,666
		84,107	103,666

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2018	2017
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	7,000	20,909
Less: Carrying amount of assets sold	<u>(8,000)</u>	<u>-</u>
Gain (Loss) on disposal	<u>(1,000)</u>	<u>20,909</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	<u>(1,000)</u>	<u>20,909</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 5 - CURRENT ASSETS

	Notes	2018	2017
CASH & EQUIVALENT ASSETS		\$	\$
Cash on Hand and at Bank		269,510	261,421
Deposits at Call		<u>353,260</u>	<u>675,820</u>
		<u>622,770</u>	<u>937,241</u>
 TRADE & OTHER RECEIVABLES			
Debtors - general		294,425	154,460
Prepayments		<u>28,580</u>	<u>50,484</u>
Total		<u>323,005</u>	<u>204,944</u>
 <i>Amounts included in receivables that are not expected to be received within 12 months of reporting date.</i>		-	-
 INVENTORIES			
Stores & Materials		<u>125,195</u>	<u>7,528</u>
		<u>125,195</u>	<u>7,528</u>

FLEURIEU REGIONAL WASTE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018**

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Fair Value Level	2017 \$				2018 \$			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Buildings & Other Structures	-	3,181	(3,181)	-	-	3,181	(3,181)	-
Plant, machinery & equipment	-	5,512,719	(3,155,372)	2,357,347	-	6,500,239	(3,718,538)	2,781,701
Office Equipment, Furniture & Fittings	-	20,634	(20,634)	-	-	20,634	(20,634)	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	-	5,536,534	(3,179,187)	2,357,347	-	6,524,054	(3,742,353)	2,781,701
<i>Comparatives</i>	-	5,228,537	(2,594,747)	2,633,790	-	5,536,534	(3,179,187)	2,357,347

This Note continues on the following pages.

FLEURIEU REGIONAL WASTE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018**

Note 6 (cont.) - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2017	CARRYING AMOUNT MOVEMENTS DURING YEAR							2018	
	\$	\$							\$	
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers		Net Revaluation	CARRYING AMOUNT
	New/Upgrade	Renewals	In				Out			
Plant, machinery & equipment	2,357,347	276,382	758,323	(8,000)	(602,350)	-	-	-	-	2,781,701
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	2,357,347	276,382	758,323	(8,000)	(602,350)	-	-	-	-	2,781,701
<i>Comparatives</i>	2,633,790	60,514	362,951	(322)	(699,586)	-	-	-	-	2,357,347

This Note continues on the following pages.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 6 (cont.) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Buildings & Other Structures

Buildings and other structures are recognised on a cost basis.

Plant, Furniture & Equipment

These assets are recognised on a cost basis.

Capitalisation thresholds used by the Authority for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Buildings - new construction/extensions	\$5,000

Estimated Useful Lives: Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

Plant, Furniture & Equipment	3 to 20 years
Building & Other Structures	30 to 80 years

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 7 - LIABILITIES

	Notes	2018		2017	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		481,194		390,483	
Accrued expenses - employee entitlements		352,200	-	311,310	-
Accrued expenses - other		74,638	-	91,599	-
Revenue Received in Advance		95,475	-	41,307	-
Other		6,149	-	4,896	-
		<u>1,009,656</u>	<u>-</u>	<u>839,598</u>	<u>-</u>
 BORROWINGS					
Loans		495,270	1,161,470	602,029	980,200
		<u>495,270</u>	<u>1,161,470</u>	<u>602,029</u>	<u>980,200</u>
 <i>All interest bearing liabilities are secured over the future revenues of the Authority</i>					
 PROVISIONS					
Employee entitlements (including oncosts)		111,151	71,117	41,400	90,203
Other		-	-	193,878	-
		<u>111,151</u>	<u>71,117</u>	<u>235,278</u>	<u>90,203</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 8 - OTHER CURRENT LIABILITIES

	2018	2017
	\$	\$
OTHER		
	Notes	
Deferred gate sales	195,312	37,372
	<u>195,312</u>	<u>37,372</u>

Revenue received from gate takings associated with rock to be crushed at a later date is quarantined as an other liability until such time as it is utilised for crushing expenditure.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 9 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2018 \$		2017 \$
Total cash & equivalent assets	5	<u>622,770</u>		<u>937,241</u>
Balances per Cash Flow Statement		<u>622,770</u>		<u>937,241</u>

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

Net Surplus (Deficit)	86,315	48,057
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	602,350	699,586
Net increase (decrease) in unpaid employee benefits	(19,086)	34,707
Net (Gain) Loss on Disposals	<u>1,000</u>	<u>(20,909)</u>
	670,579	761,441
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(118,061)	92,126
Net (increase) decrease in inventories	(117,667)	22,640
Net increase (decrease) in trade & other payables	170,059	(80,945)
Net increase (decrease) in other provisions	(124,127)	28,727
Net increase (decrease) in other liabilities	<u>157,940</u>	<u>(72,649)</u>
Net Cash provided by (or used in) operations	<u>638,723</u>	<u>751,340</u>

(c) Financing Arrangements

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

Corporate Credit Cards	10,000	10,000
LGFA Cash Advance Debenture facility	500,000	500,000

(d) Changes in Liabilities Arising from Financing Activities

	Cash flows		Non cash flows	
	1 July 2017		Re-classificaton	30 June 2018
Short term borrowings	602,029	(587,595)	480,836	495,270
Long term borrowings	980,200	662,106	(480,836)	1,161,470
Total	<u>1,582,229</u>	<u>74,511</u>	-	<u>1,656,740</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 10 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as *loans and receivables*.

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 0.05% and 0.50% (2017: 0.10% and 1.75%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although the Authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Authority's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable in six monthly instalments; interest is charged at variable rates between 4.00% and 6.65% (2017: 4.45% and 6.65%)</p> <p>Carrying amount: approximates fair value.</p>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 10 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2018	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets					
Cash & Equivalents	\$ 622,770	\$ -	\$ -	\$ 622,770	\$ 622,770
Receivables	294,425	-	-	294,425	323,005
Total	917,195	-	-	917,195	945,775
Financial Liabilities					
Payables	582,818	-	-	582,818	582,818
Current Borrowings	561,499	-	-	561,499	495,270
Non-Current Borrowings	-	1,103,730	178,847	1,282,577	1,161,470
Total	1,144,317	1,103,730	178,847	2,426,894	2,239,558
2017	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets					
Cash & Equivalents	937,241	-	-	937,241	937,241
Receivables	145,052	-	-	145,052	204,944
Total	1,082,293	-	-	1,082,293	1,142,185
Financial Liabilities					
Payables	436,686	-	-	436,686	436,689
Current Borrowings	675,728	-	-	675,728	602,029
Non-Current Borrowings	-	1,056,031	-	1,056,031	980,200
Total	1,112,414	1,056,031	-	2,168,445	2,018,918

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

	30 June 2018		30 June 2017	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
Fixed Interest Rates	4.63	\$ 1,656,740	5.46	\$ 1,582,230
		<u>1,656,740</u>		<u>1,582,230</u>

Net Fair Value

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

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any allowance for doubtful debts. 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 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.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 11 - COMMITMENTS FOR EXPENDITURE

	2018	2017
<u>Notes</u>	\$	\$
Other Expenditure Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Kangaroo Island MGB Replacement	-	275,000
Board & Employee Remuneration Contracts	408,218	576,280
Maintenance Contracts	-	24,000
	408,218	875,280
These expenditures are payable:		
Not later than one year	211,374	487,063
Later than one year and not later than 5 years	196,844	388,217
Later than 5 years	-	-
	408,218	875,280

Kangaroo Island Council provide MGB's for residents and small commercial operations and provision for replacement of these bins on the island has been accrued since 2011. This amount was spent in full during the 2017/18 year with the change to fortnightly waste collection on the island and replacement of existing MGB's for residents and small businesses under the kerbside collection system.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 12 - FINANCIAL INDICATORS

	2018	2017	2016
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These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

The Information Paper was revised in May 2015 and the financial indicators for previous years have been re-calculated in accordance with the revised formulas.

Operating Surplus Ratio

<u>Operating Surplus</u>	1.1%	0.0%	0.0%
Total Operating Income			

This ratio expresses the operating surplus as a percentage of total operating revenue.

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	27%	22%	28%
Total Operating Income			

Net Financial Liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue.

Adjustments to Ratios

*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. These **Adjusted Ratios** correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.*

Adjusted Operating Surplus Ratio	1.1%	0.0%	0.0%
Adjusted Net Financial Liabilities Ratio	27%	22%	28%

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	99%	87%	95%
Infrastructure & Asset Management Plan required expenditure			

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 13 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Authority prepared on a simplified Uniform Presentation Framework basis.

All Authorities in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Authorities provide a common 'core' of financial information, which enables meaningful comparisons of each Authorities finances.

	2018	2017
	\$	\$
Income	7,856,398	7,547,261
Expenses	<u>(7,769,083)</u>	<u>(7,520,113)</u>
Operating Surplus / (Deficit)	87,315	27,148
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	758,323	362,951
Add back Depreciation, Amortisation and Impairment	(602,350)	(699,586)
Proceeds from Sale of Replaced Assets	<u>(7,000)</u>	<u>(20,909)</u>
	148,973	(357,544)
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	<u>276,382</u>	<u>60,191</u>
	276,382	60,191
Net Lending / (Borrowing) for Financial Year	<u>(338,040)</u>	<u>324,501</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 14 - OPERATING LEASES

Lease payment commitments of the Authority

The Authority had entered into a non-cancellable operating lease for office premises in Goolwa that ended on 30th June 2018.

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

	2018	2017
	\$	\$
Not later than one year	-	26,000
	<u>-</u>	<u>26,000</u>

The Authority is currently negotiating a lease agreement for office and workshop premises at Goolwa with Alexandrina Council. This leasing arrangement had not been finalised as at signing of these financial statements.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 15 – SUPERANNUATION

The Authority makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2017/18; 9.50% in 2016/17). No further liability accrues to the Authority as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. The Authority makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2016/17) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), the Authority does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 16 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

At times there are contingencies, assets and liabilities that do not qualify for recognition in the Balance Sheet but knowledge of those items is considered relevant to the user of the financial report in making and evaluating decisions about the allocation of scarce resources. From our knowledge there are no known contingencies, assets or liabilities that should be disclosed that have not been included in the balance sheet.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 17 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Authority include the Independent Board Chair, External Member of the Internal Audit Committee and Executive Officer under section 112 of the Local Government Act 1999. In all, three persons were paid the following total compensation:

	2018 \$	2017 \$
Salaries, allowances & other short term benefits	163,422	162,832
Post-employment benefits	17,883	17,362
Long term benefits	4,902	4,644
Termination benefits	-	-
TOTAL	186,207	184,838

FLEURIEU REGIONAL WASTE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018**

**Note 18 - EVENTS OCCURING AFTER REPORTING DATE IN THE
BALANCE SHEET**

There are no events subsequent to 30 June 2018 that need to be disclosed in the financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FLEURIEU REGIONAL WASTE AUTHORITY**

Opinion

We have audited the financial report of Fleurieu Regional Waste Authority, which comprises the Statement of Financial Position as at 30 June 2018, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information and the Certification of Financial Statements.

In our opinion, the financial report presents fairly, in all material respects, the financial position of Fleurieu Regional Waste Authority as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and 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 entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The Board are responsible for the other information. The other information comprises the information included in the entity's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board's Responsibility for the Financial Report

The Board of Fleurieu Regional Waste Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011. The Board's responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report so that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the financial report, the Board of Fleurieu Regional Waste Authority are responsible for assessing the association'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 Board of Management either intends to liquidate the association or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FLEURIEU REGIONAL WASTE AUTHORITY (CONT)**

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.

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

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

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



Nexia Edwards Marshall
Chartered Accountants



Jamie Dreckow
Partner

Adelaide, South Australia
Dated: 26 September 2018

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FLEURIEU REGIONAL WASTE AUTHORITY



**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2018, the Authority's Auditor, Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

Michael Kellegly
CHAIR OF THE BOARD
Fleurieu Regional Waste Authority

**PRESIDING MEMBER
AUDIT COMMITTEE**
Subsidiary is exempt from the
requirements for an external audit
committee

Date: 10/9/18

FLEURIEU REGIONAL WASTE AUTHORITY



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2018, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

A handwritten signature in black ink, appearing to read 'Marina Wagner', is placed over a light grey rectangular background.

.....
Marina Wagner
EXECUTIVE OFFICER
Fleurieu Regional Waste Authority

**PRESIDING MEMBER
AUDIT COMMITTEE**
Subsidiary is exempt from the
requirements for an external audit
committee

Date: 23rd August 2018

FLEURIEU REGIONAL WASTE AUTHORITY



**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2018, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

.....
Glenn Rappensberg
CHIEF EXECUTIVE OFFICER
Alexandrina Council

**PRESIDING MEMBER
AUDIT COMMITTEE**
Subsidiary is exempt from the
requirements for an external audit
committee

Date: 27 / 8 / 2018

FLEURIEU REGIONAL WASTE AUTHORITY



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2018, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

A handwritten signature in black ink, appearing to read 'Victoria MacKirdy', positioned above a horizontal dotted line.

Victoria MacKirdy
CHIEF EXECUTIVE OFFICER
City of Victor Harbor

**PRESIDING MEMBER
AUDIT COMMITTEE**
Subsidiary is exempt from the
requirements for an external audit
committee

Date: 6 September 2018

FLEURIEU REGIONAL WASTE AUTHORITY



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2018, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

A handwritten signature in blue ink, appearing to read 'Nigel Morris', is positioned above a dotted line.

.....
Nigel Morris
CHIEF EXECUTIVE OFFICER
District Council of Yankalilla

PRESIDING MEMBER
AUDIT COMMITTEE
Subsidiary is exempt from the
requirements for an external audit
committee

Date: 23rd August 2018

FLEURIEU REGIONAL WASTE AUTHORITY



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2018, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



Andrew Boardman **CHIEF
EXECUTIVE OFFICER**
Kangaroo Island Council

**PRESIDING MEMBER
AUDIT COMMITTEE**
Subsidiary is exempt from the
requirements for an external audit
committee

Date: 24 August 2018

**FLEURIEU REGIONAL WASTE AUTHORITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of Fleurieu Regional Waste Authority for the year ended 30 June 2018, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board and 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*.



Nexia Edwards Marshall
Chartered Accountants



Jamie Dreckow
Partner

Adelaide
South Australia

27 August 2018

Lot 1226 Pt Elliot Road
(PO Box 2375)
Goolwa SA 5214
Telephone: (08) 8555 7405
Website: www.frwa.com.au



Fleurieu Regional Waste Authority





Southern & Hills Local Government Association

Adelaide Hills Council | Alexandrina Council | Kangaroo Island Council | Mount Barker District Council
City of Victor Harbor | District Council of Yankalilla |



ANNUAL REPORT 2017-2018



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Area of 8,656 Km²



Population
120,989



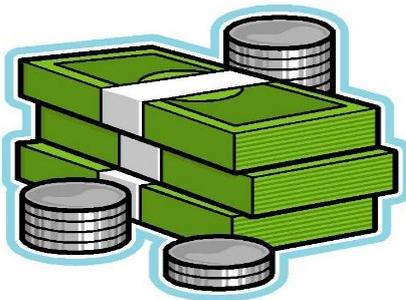
Prominent retirement
destination



Coastline 652 Kilometres



Total Council revenue
\$174.9 million



Adelaide Hills, Fleurieu and
Kangaroo Island are major
tourism destinations



5,539 kilometres of Local
Roads



25% projected
Population increase
by 2026



About the Southern & Hills Local Government Association region

The Southern & Hills Local Government Association was first formed in July 1969 and is now constituted as a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. Consisting of six (6) local government Councils:

- Adelaide Hills Council
- Alexandrina Council
- Kangaroo Island Council
- Mt Barker District Council
- City of Victor Harbor
- District Council of Yankalilla

Collectively these six (6) Councils have:

- ☑ More than 120,000 people as at 30th June 2017.
- ☑ 5,539 kilometres of local roads
- ☑ Area consists of 8,656 square kilometres.
- ☑ An ocean coastline of 652 Km.
- ☑ The River Murray and lakes form the southeast boundary of the region.
- ☑ The region has extreme diversity from the foothill suburbs of Adelaide to the isolation of the inaccessible west coast of Flinders Chase National Park.
- ☑ Significant areas within the region are under primary production include highly productive farm, horticulture, viticulture, forestry, fishing and intensive animal keeping enterprises and in the more undulating parts sheep farming, cereal growing and dairying.
- ☑ The region contributed nearly \$3 billion in gross value to the State economy in 2006/07 or 4.4% of gross state product.
- ☑ Much of the area has, (by South Australian standards) a high rainfall.
- ☑ A large part of the area is within the 30 Year Plan for Greater Adelaide.
- ☑ Significant growth pockets both in population and development, placing demands on infrastructure and the natural environment.
- ☑ Projected change in the population to 2026 by approximately 25%.
- ☑ Within the region, Victor Harbor and Goolwa are key retirement destinations.
- ☑ Within the region, The Adelaide Hills, The Fleurieu and Kangaroo Island are all major tourism destinations.
- ☑ Kangaroo Island is a major component of the Australian and SA tourism plan with tourist numbers targeted to double over the next decade.

The Southern and Hills Local Government Association Board**June 2018**

Council	Elected Member Representative	Council Staff Representative
Adelaide Hills Council	Deputy Mayor Jan - Claire Wisdom	CEO Andrew Aitken
Alexandrina Council	Mayor Keith Parkes	CEO Glenn Rappensberg
Kangaroo Island Council	Mayor Peter Clements	CEO Andrew Boardman
Mt Barker District Council	Mayor Ann Ferguson	CEO Andrew Stuart
City of Victor Harbor	Mayor Graham Philip	CEO Victoria MacKirdy
District Council of Yankalilla	Mayor Glen Rowlands	CEO Nigel Morris

Office Bearers 2017 – 2018

President	Mayor Keith Parkes, Alexandrina Council
Deputy President	Mayor Glen Rowlands, District Council of Yankalilla
Executive Officer	Mr Graeme Martin
Auditor	Mr Jon Colquhoun, FCA, HLB Mann Judd
Elected under the provisions of the Constitution of the Local Government Association	
Delegates to LGA Board	Mayor Keith Parkes Deputy Mayor Jan – Claire Wisdom (via Metro)
Proxy Delegate to LGA Board	Mayor Glen Rowlands, District Council of Yankalilla
Delegates to SAROC	Mayor Keith Parkes Mayor Glen Rowlands Mr Graeme Martin
Proxy Delegate to SAROC	Vacant

President's Forward

The 2017-2018 year largely has seen Southern and Hills Local Government Association consolidate its role and activities.

Core activities have included the continuing work of the existing Roads Working Party and the 2020 Transport Plan review, monitoring the S&HLGA Regional Public Health plan and implementing the region's Climate Change Adaptation Plan, working very closely with the RDA to further the Regional Infrastructure Plan, as well as maintaining and reviewing key strategy and performance documents such as the Annual Action Items, Annual Budget and adopting a new 4 year Business Plan.

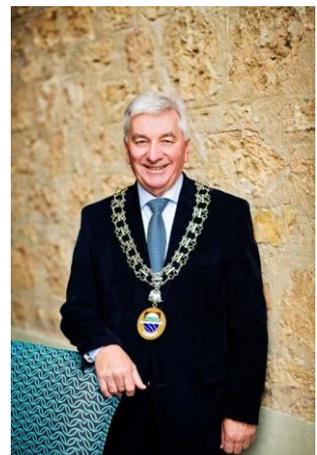
There has been much discussion and analysis around the challenges and opportunities ahead given upcoming changes to the Local Government Association of South Australia and the potential to restructure S&HLGA in terms of membership councils, revisiting the charter and the relationship with LGA SA. Having a coordinated regional voice is more important than ever, and for the Hills and Fleurieu and Kangaroo Island region, we have much in the way of learnings and contributions that can be made to the broader sector given our proximity to the capital city of Adelaide and our diverse mix of industries, geography and demographics.

We acknowledge and continue to work with the State Government's Office of Local Government. We have partnered with our regional economic development organisation, Regional Development Australia as well as PIRSA and the Natural Resource Management Boards as we continue to confront the many impacting regional issues.

Thank you to our Executive Officer, Graeme Martin for his continued energy and drive in supporting the body.

In closing, I acknowledge and thank all the member councils for their support during the year, and say how much I value ongoing contribution of member Mayors and CEOs.

**Mayor Keith Parkes
President**



The Board

The Board held 6 ordinary bi-monthly meetings during the year. Board Members are generally the Mayor and Chief Executive Officer of each Council. To provide the opportunity for Board Members to gain first hand knowledge of regional issues, meetings are hosted by Member Councils on a rotational basis and were held at:

1 September 2017	–	Alexandrina
27 October 2017	-	Adelaide Hills
15 December 2017	-	Mt. Barker
9 February 2018	-	Kangaroo Island
27 April 2018	-	Adelaide Hills
22 June 2018	-	Alexandrina

Key Issues acted on by the Board included:

- o Continued to work closely with the Adelaide Hills Fleurieu and Kangaroo Island Regional Development Australia Board and with RDA officers to complete the 2010 Hills Rail Realignment study, develop the regional Infrastructure Priority Plan, the regional China Engagement strategy, Board governance and membership and a regional workplan in partnership with PIRSA. The S&HLGA and the RDA are both represented on the Kangaroo Island Commissioner's Economic Growth Advisory Board.
- o Continued working with the Local Government Association and the lobbying on the review of the business plans, administrative fee and levy proposals of the Natural Resource Management Boards, continuing lobbying for a more balanced & nationally consistent approach to planning, regulation for rural and regional road safety & speed limits, equitable road funding, continuing the development of a balanced and consistent policy approach to Council sustainability, finances and rate revenue in the face of the call for a State Rate Capping policy, input into the LGA governance and organisational review, review of the Mobile Food vendors regulations, telecommunications Black Spot funding, developing a LG Coastal Alliance and cost shifting policies such as e-planning portal contributions, hard waste levy and the transfer of rate exempt community housing and developing and promoting the regional decentralisation and population growth strategies.
- o Monitoring and implementing the S&HLGA Regional Public Health Plan.
- o Monitoring and implementing the S&HLGA Regional Climate Change Adaptation Plan
- o Input into the LGA response to the SA State Emergency Management Plan review and the proposed Functional Support role for the sector.
- o Continued the updating of the Roads Database component of the regional 2020 Transport Plan, special local roads funding applications and continued the comprehensive review of the Regional Transport Plan including the development of the South Coast Freight Corridor marketing material and advocating on Public Transport issues
- o Developing key quantitative and qualitative criteria for Council sustainability and reviewing the Fleurieu Futures findings
- o Updating and maintaining of the S&HLGA Website and developing new promotional material.

Regional Consultations and briefings were coordinated to occur on the day of Board meetings.

13 various speakers addressed meetings of the Board.

In addition the CEO's group conducted several of their meetings in the morning preceding the Board meeting.

The Board reviewed its achievements to date and developed a new Action Plan for 2017-2018

At the commencement of 2017-2018 the Board completed a review of its Annual Key Actions, the EO performance and its Annual Budget performance covering the previous period. The Board also adopted its new Business Plan covering the period 2017-2021.

S&HLGA Roads Working Party

The Roads Working Party (RWP), with membership drawn from directors /managers of technical services of Councils and regional managers and infrastructure planners of the Department of Planning, Transport and Infrastructure held its annual meeting in March to review the S&HLGA 2020 Transport Plan (Plan) Roads database priority summary list and to make recommendations on regional priorities for the Special Local Roads Program (SLRP). The work of the committee included:

- Co-ordinate the annual review of HDS Australia Pty Ltd's summary assessment and update of the 2020 Transport Plan Roads Database.
- Co-ordinated and supported the application process of Councils to the SLRP.
- Review and plan the update of the S&HLGA Roads Database that comprises the roads nominated by Councils under the policies of the 2020 Transport Plan
- Reviewed the next 3 year work plan for the region
- The following projects were recommended, based on the methodology of the Plan and proposed funding under the Special Local Roads Program for 2018 – 2019

Project	Council	Total Project Cost for this stage	SLRP request	Council contribution	comment
Waitpinga Rd	City of Victor Harbor	\$900,000	\$600,000	\$300,000	Stage 3 of 4
Springs Rd	Mt Barker	\$975,000	\$650,000	\$325,000	Stage 2 of 4
Wedgewood/Hickmans Rd	Kangaroo Island	\$300,000	\$200,000	\$100,000	Stage 1 of 3
Quarry Rd	Alexandrina	\$285,000	\$190,000	\$95,000	Stage 1 of 2
Total		\$2,460,000	\$1,640,000	\$820,000	

CWMS Group

The S&HLGA Community Waste Water Management Systems (CWMS) User group has been formally constituted with member establishment levies set comprising a base rate plus a percentage based on the number of connections.

Following on the Essential Services Commission of SA (ESCOSA) to review Water Industry reform and the implications of the Water Industry Act 2012, The S&HLGA Council CEO group has been reviewing options for CWMS assets in light of:

- The risk factors and increasingly time and resource consuming compliance regime associated with this critical asset management.
- The opportunity for regional scale
- Continued investment interest from the private sector
- Adopting best practice and efficient operations

The CWMS User group became active in the latter part of the year, formally adopting Terms of Reference and meeting on 28 May and 20 June 2018

Regional Research Papers and Submissions

The following Papers and Submissions have been prepared on behalf of Member Councils during the course of the year:

- To the LGA on behalf of the S&HLGA region – submission on LGA Reform, Options for SA Councils
- To SAROC on behalf of the S&HLGA region – Abundant Bird Species Management
- To SAROC on behalf of the S&HLGA region – Mobile Food Vendor Regulations
- To The Office of Minister Leon Bignell on behalf of the sector – Regional Abattoir support
- LGA R&D application in partnership with Insurance Council of Australia for “What we Build, Where we Build” research grant
- S&HLGA Strategic GAROC/SAROC Direction and Discussion Paper
- To SA Health on behalf of S&HLGA Regional Public Health progress report for the period 2014 – 2016
- To EO Management Group - Ratings developments discussion paper

Task Force and Working Groups

The S&HLGA EO was a member of the following Task Force and Working Groups during the course of the year:

Committee	S&HLGA Executive Officer Role	Meeting Frequency	Comment
Regional Public Health	Secretarial/Administration	Every 2 months	ongoing
Resilient Hills & Coast - Climate change Adaptation	Committee member	Every 2 months	ongoing
Northern Freight Bypass	Chair	Every 2 months	Estimated 1 st stage Project completion June 2018
Regional Economic Development Officers	Committee member	Every 2 months	ongoing
KI Eco Growth – Commissioner’s Local Advisory Board	Chair	Every 2 months	2 year appointment due to complete September 2018
Regional EO Management Group	Committee member	Every 2 months	Precedes SAROC
S&HLGA CEO group	Secretarial/Administration	Every 3 months	Precedes S&HLGA Board
LGA Ratings Equity Steering Committee	Committee member	Ad hoc	Project completion June 2018
S&HLGA Roads Works Group	Secretarial/Administration	Ad hoc but at least 3 times per annum	ongoing
S&HLGA CWMS User Group	Secretarial/Administration	Every 2-3 months	ongoing

Workshops and seminars

The Executive officer represented the member Councils at various workshops and seminars during the course of the year:

- LGA Showcase / OGM
- LGA Conference / AGM
- Wallman Lawyers Property & Infrastructure Asset Management Forum –site contamination
- Kangaroo Island Business Expo
- LGA Governance Review workshops x 2
- Commissioner for Kangaroo Island Key Development Projects Forum
- Various Council presentations on S&HLGA Key Activities and Projects

- Australian Institute of Company Directors Economic Outlook forum
- SA Powernetworks future networks deep dive forum
- LGA Rate Capping Forum
- Coastal Alliance Forum
- State Public Health Plan review workshop
- S&HLGA Regional Community Energy Project Forum

SAROC

The South Australian Regional Organisation of Councils (SAROC) is a Committee of the LGA that focuses on key issues affecting country Councils.

The S&HLGA supports the Governance process by contributing to agenda items for SAROC meetings, the distribution of Key Outcomes Statements of meetings to S&HLGA Board meetings and collegiate support to prepare submissions on behalf of country Councils that included:

- Continuing lobbying and input into the ongoing review of the business plans, administrative fee and levy proposals of the Natural Resource Management Boards
- Continuing lobbying for a more balanced & nationally consistent approach to planning, regulation for rural and regional road safety & speed limits as well as advocating the return of appropriate Road funding for SA
- Lobbying and continuing the development of a balanced and consistent policy approach to Council sustainability, finances and rate revenue in the face of the call for a State Rate Capping policy and cost shifting policies such as e-planning portal contributions, hard waste levy, transfer of rate exempt community housing.
- Lobbying the State Government to change the regulations on Mobile Food vendors
- Working with the State Government on the management and control of abundant pest species particularly Little Corellas
- Lobbying State Government on contributions to Mobile Telecommunications black spot funding
- Developing and promoting the Regional Decentralisation and population growth strategies
- Working to develop a Coastal Council Alliance
- Member of the Regional Task Group to oversee the Ratings Equity Project
- Input into LGA Governance review

Rubble Royalties

The S&HLGA received top up funds from Rubble Royalties in 2016-2017. The S&HLGA has member Council Kangaroo Island as the sole contributor to this scheme. During the year funds were allocated to:

- Contribution to the Resilient Hills & Coast Climate Change Adaptation Project Officers 12 month contract extension
- Contribution to undertake LiDar Hazard Mapping project on KI
- Working with the State Government and the Regional EO group to review the impact of Rubble Royalties and seek their removal.

LGA Board

Deputy Mayor Jan – Claire Wisdom (Adelaide Hills Council) along with Mayor Keith Parkes (Alexandrina Council) have represented the Southern and Hills Region at the Local Government Association State Board meetings. District Council of Yankalilla Mayor, Glen Rowlands has acted as proxy delegate.

Resources

The continuation of the capacity building grant from the Local Government Research and Development Scheme and the new Outreach Grant has improved the capacity of the Executive Officer that has been applied across a range of Association activities during the year.

Part of the additional capacity has supported the administrative processes around the S&HLGA Roads Working Party and the applications to the Local Government Transport Advisory Panel, involvement with SAROC, the regional EO group, the regional working groups and various reports, submissions and forums throughout the year.

Mr Graeme Martin, Director of Grange Advisors Pty Ltd has provided Executive Officer services to the Association under a contract services agreement for the period 2017 - 2018.

Acronyms

AICD.....	Australian Institute of Company Directors
AMLRNRM.....	Adelaide and Mt Lofty Ranges Natural Resources Management Board
CEO.....	Chief Executive Officer
CWMS.....	Community Wastewater Management Systems
DEW.....	Department of Environment and Water
EO.....	Executive Officer
ESCOSA.....	Essential Services Commission of South Australia
LGA.....	Local Government Association
MDBA.....	Murray Darling Basin Authority
MOU.....	Memorandum of Understanding
NBN.....	National Broadband Network
NRM.....	Natural Resources Management
OLG.....	Office of Local Government
PIRSA.....	Primary Industries & Regions SA
RDA.....	Regional Development Australia
SAROC.....	South Australian Regional Organisation of Councils
SEB.....	Significant Environmental Benefits
S&HLGA.....	Southern and Hills Local Government Association
SLRP.....	Special Local Roads Program

**Southern & Hills Local Government Association
Past Presidents and Secretaries / Executive Officers**

Years	President	Council	Secretary / EO
2017 – 2018	Mayor Keith Parkes	Alexandrina Council	Graeme Martin
2016 - 2017	Mayor Bill Spragg	Adelaide Hills Council	Graeme Martin
2015 - 2016	Mayor Bill Spragg	Adelaide Hills Council	Graeme Martin
2014 - 2015	Mayor Bill Spragg ^f Mayor Ann Ferguson	Adelaide Hills Council DC Mount Barker	Graeme Martin
2013 - 2014	Mayor Ann Ferguson	DC Mount Barker	Graeme Martin
2012 - 2013	Mayor Ann Ferguson	DC Mount Barker	Graeme Martin
2011 - 2012	Mayor Ann Ferguson	DC Mount Barker	Fred Pedler ^d Graeme Martin ^e
2010 - 2011	Mayor Ann Ferguson ^c Mayor Brian Hurn OAM	DC Mount Barker The Barossa Council	Fred Pedler ^b
2009 - 2010	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler ^b
2008 - 2009	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler ^b
2007 - 2008	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler ^b
2006 - 2007	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler ^b
2005 - 2006	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler ^b
2004 - 2005	Mayor Kym McHugh	Alexandrina Council	Fred Pedler ^b
2003 - 2004	Mayor Kym McHugh	Alexandrina Council	Fred Pedler ^b
2002 - 2003	Mayor John Crompton ^a	City of Victor Harbor	Fred Pedler ^b
2001 - 2002	Mayor John Crompton	City of Victor Harbor	Fred Pedler ^b
1999 - 2000	Mayor Bernie Eglinton APM	DC Mt Barker	Fred Pedler ^b
1998 - 1999	Mayor Bernie Eglinton APM	DC Mt Barker	Dean Gollan
1997 - 1998	Mayor Janice Kelly	Kangaroo Island Council	Barry Hurst
1996 - 1997	Mayor Janice Kelly	Kangaroo Island Council	Barry Hurst
1995 - 1996	Mayor Anita Aspinall	DC Stirling	Peter Vlatko
1993 - 1994	Cr GR Mayfield	DC Yankalilla	Malcolm Davis
1991 - 1992	Mayor Val Ball	DC Strathalbyn	John Coombe
1989 - 1990	Cr Val Bonython	DC East Torrens	Eric March
1987 - 1988	Cr PD Secker	DC Mt Barker	Dean Gollan
1985 - 1986	Mayor Leon O'Driscoll	DC Strathalbyn	Vernon Cotton
1984 - 1985	Cr CA Phieffer	DC Onkaparinga	David Seaman
1982 - 1983	Cr Brian Pym	DC Mt Pleasant	Adrian Hamiester
1980 - 1981	Cr Roy Galpin	DC Port Elliot and Goolwa	Ron Wellington
1979	Mayor M Checker	DC Gumeracha	Malcolm Anderson
1978	Mayor M Checker	DC Gumeracha	John Grosvenor
1976 - 1977	Mayor A Davidson	DC Strathalbyn	Vernon Cotton
1975	Cr Ray Orr	DC Mt Barker	Reginald Walters
1974	Cr L Hughes	DC Meadows	Wally Richards
1969-1973	No minutes available		
30 th July 1969	First Constitution for S&HLGA Adopted		

Attendance register maintained for annual and half yearly conferences from 1968 to 1990

^a Until 12th May 2003 ^b Executive Officer ^c From February 2011 ^d To December 2011 ^e From January 2012

^f From February 2015



SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Constituent Councils Adelaide Hills Council
 Alexandrina Council
 Kangaroo Island Council
 Mount Barker District Council
 City of Victor Harbor
 District Council of Yankalilla

S&HLGA KEY ACTION PLAN

2017 - 2018

Address: 13 Ringmer Dr. Burnside, South Australia 5066
Telephone: 0418 502 311
Email: graeme@shlga.sa.gov.au
Web Site: www.shlga.sa.gov.au

The Business Plan 2017 – 2021 has been prepared in accordance with Clause 18 of the Charter, and to comply with Clause 24 of Schedule 2 of the Local Government Act 1999, was adopted on 21 June 2013. The Business Plan should be read in conjunction with the Budget of each of the Financial Years covered by the plan. These provide the resources for the Plan.

An Annual Key Action Plan is prepared based on a framework of the Business Plan that incorporates the Key Issues identified by the Councils and the Executive Officer in various Board meetings and forums during the preceding period. The Key Action Plan is the framework for review and reporting against the Business Plan.

This report format will facilitate the reviews required by Clause 18.3 of the Charter to be conducted by the Board during the course of the year.

The Executive Officer will report to Ordinary Board meetings against the following criteria

1. To keep maintained the business office of the Association
2. To prepare the Business Plan, Budgets and reports in a timely manner
3. To liaise with Councils, and Stakeholders to foster the outcomes of the Business Plan
4. To attend all meetings of the Association, to prepare agendas, minutes and correspondence as required.

AND against recognised and documented success indicators.

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	Item	Key Actions	Description	Role & Responsibility	Key Outputs & Outcomes	
1. <i>To provide leadership and advocacy for Member Councils on regional issues.</i>	S&HLGA Board Meetings	Bi-Monthly Meetings to focus on Local Government issues that support Councils to achieve their Business Plan outcomes by: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Meetings to include presentations, workshops and forums on Key Issues <input checked="" type="checkbox"/> Respond as necessary to State and Federal Government Policies which impact on the region 	To maintain a vibrant responsive format for the S&HLGA Board	<i>Leader:</i> Key issues are addressed and format of meetings constantly meet the needs of the Association's members.	Annual Board meeting program (date and location) developed and agreed Strategies that give priority to S&HLGA issues Feedback data on the meeting format, speakers Number of policy responses	1. 4/8/2017 OLG Financial Regulation discussion on EOFY account sign off 2. 28 Nov 2017 Meeting with Statoil re: Bight exploration plan
2. <i>To promote & market the Southern & Hills Local Government Association</i>	S&HLGA Website	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Ensure the new website is current and marketed appropriately <input checked="" type="checkbox"/> Update the website as required and review 	Maintain an informative, current and appealing S&HLGA website	<i>Leader:</i> EO responsibility	all licences and registrations are current and compliant Website has up to date & current information	1. Operations and Financial Policy loaded on the website Nov 2017 2. Website update to reflect changes in Officers Feb 2018

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	Item	Key Actions	Description	Role & Responsibility	Key Outputs & Outcomes	
	To provide sound financial management and manage resources effectively	<input checked="" type="checkbox"/> To prepare annual Budget and review as required <input checked="" type="checkbox"/> Oversee Annual Audit <input checked="" type="checkbox"/> Produce Annual Report	To manage the financial affairs within budget and to prepare reporting within the required timeframes. Business Plan objectives and actions are addressed.	<i>Leader.</i> EO responsibility	Budget is maintained and reports meet timelines. Audit completed by end of August 2017 Mid Year Budget review undertaken in Feb 2016 Annual Report published	1. 2017-2018 Budget adopted 23/06/2017 2. 2017-2018 Audit completed 07/08/17 3. 2016-2017 Annual Report adopted 01/09/2017
	Regular CEO's meetings	<input checked="" type="checkbox"/> Review the format and operation of the CEO's forum <input checked="" type="checkbox"/> CEO's to inform EO of issues for each meeting	Aim to host a regular CEO meeting prior to the S&HLGA Board meetings with the objective of working through key issues in more depth for presentation to the Board.	<i>Facilitator /Initiator</i>	CEO meeting recommendations and feedback. Improved information flow to S&HLGA Board	1. CEO meetings convened to precede scheduled Board meetings

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	Item	Key Actions	Description	Role & Responsibility	Key Outputs & Outcomes	
	Strengthen interaction with State government and opposition MP's and all regional Stakeholders	<input checked="" type="checkbox"/> Meet regularly and as necessary with key MPs, <input checked="" type="checkbox"/> Ensure each regional MP is invited to S&HLGA meetings <input checked="" type="checkbox"/> Allocate key Stakeholders presentation spots at S&HLGA Board meetings	Management of key stakeholder relationships and regional MPs with the S&HLGA Board	<i>Facilitator /Initiator</i>	Key Stakeholder feedback and Board satisfaction	1. KI Business Expo 27/11/17 Minister Bignell (Tourism) 2. Regional Abattoir support letter to Minister Bignell/Robert Brokenshire MPMP 16/2/18 3.Meeting with Sam Duluk 25/5/18 to discuss Northern Rail Bypass Report 4.Meeting with new regional MPs 28 June
	Regional issues to be raised with LGA directly or through SAROC	<input checked="" type="checkbox"/> Attend SAROC meetings <input checked="" type="checkbox"/> Attend LGA Forums and Meetings <input checked="" type="checkbox"/> Develop SAROC and LGA reports as necessary	The S&HLGA EO will maintain regular attendance at SAROC and LGA meetings and events	<i>Advocate</i>	Regular SAROC attendance. Regular LGA Forums attended Number of issues raised with LGA / SAROC / Agencies Number of LGA/SAROC Task groups and Committees involved in Improved prominence of S&HLGA region & issues with LGA	1. LGA AGM Nov 2017 2. LGA OGM April 2018 1. Abundant Bird Species Report SAROC July 19 2017 2. Mobile Food Vendor Report SAROC May 16 2018 1. Rating developments paper produced for EO Management Group 06/09/2017 2. EO Appointed to Ratings development Work Group to review ratings options on exempt Power generators 1. LGA Governance review workshops 2/11/17, 22/11/17 2 Submission to LGA – Reform LG - Options for SA Councils 17/01/2018

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
<i>Objective</i>	<i>Item</i>	<i>Key Actions</i>	<i>Description</i>	<i>Role & Responsibility</i>	<i>Key Outputs & Outcomes</i>	
	New 4 Year Business Plan	Develop new S&HLGA 4 Year Business Plan 2017-2021	Develop the S&HLGA 2017-2021 new 4 year Business Plan in line with the requirements of the LG Act	<i>Owner/Custodian</i>	New Business Plan adopted by S&HLGA Board and accepted by the Minister	<ol style="list-style-type: none"> 1. Draft 2017-2021 Business Plan presented to the Board 23/06/2017 2. 2017-2021 Business Plan adopted 01/09/2017

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	Item	Key Actions	Description	Role & Responsibility	Key Outputs & Outcomes	
	research Explore (with the LGA) research and /or pilot programs for the Region.	<input checked="" type="checkbox"/> Complete LGA R&D applications as necessary		<i>Advocate/Influence</i>	Successful Research or funding applications or projects facilitated in the region	1. Three applications submitted 31/07/2017 in which S&HLGA is the lead proponent or partner
	Public Health Complete all compliance requirements of the regional Health Plan in accordance with the State Public Health Plan	<input checked="" type="checkbox"/> Completed reporting and monitoring implementation aspect of the Regional Health Plan <input checked="" type="checkbox"/> Maintain Working Group membership and provision of administrative services	Report progress of the S&HLGA Regional Public Health Plan	<i>Leader/Control</i>	Individual Council Action Plans monitored and evaluated through the S&HLGA PH Working Group	1. Support for Community Wellbeing Alliance and partner in LGA R&D application for funding for community based regional officers 2. Successful Community Wellbeing Alliance application
	Planning Regional Planning Reform	<input checked="" type="checkbox"/> Successful S&HLGA/RDA partnership rollout of the RDA/PIRSA funded Regionalisation project during 2017-18 (delayed from 2016-2017)	S&HLGA contribution to a review of Regional Planning policies with a view to regional harmonisation and response to the new Planning Development and Infrastructure Act	<i>Partner/Influence</i>	To obtain feedback of constituent Councils on whether they support a Regional DAP	

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	Item	Key Actions	Description	Role & Responsibility	Key Outputs & Outcomes	
	Regional Development Support the RDA in all regional economic issues and projects	<input checked="" type="checkbox"/> Regular meetings with the RDA <input checked="" type="checkbox"/> Assist the RDA in reporting to the S&HLGA Board against the agreed KPIs <input checked="" type="checkbox"/> Consider attending an RDA Shanghai/ Singapore outward bound mission	Continue to foster the relationship with the primary regional Economic Development agency	<i>Partner/Influence</i>	Improved economic outcomes for the region Stronger Regional RDA	1. RDA to take lead administration on the Hills Rail Re-alignment project. 2. meeting with new RDA Chair James Sexton 22/3/2018
4. <i>To improve infrastructure to meet the region's needs</i>	Infrastructure Partner with RDA and regional Economic Development Officers	<input checked="" type="checkbox"/> Development of the Regional Infrastructure Plan via membership of the Regional Economic Development Officers Forum	The constituent Councils Economic Development Officers in conjunction with the RDA & S&HLGA have created a Working Group to assess economic opportunities and develop a Regional Infrastructure priority list	<i>Partner/Influence</i>	Regional Priority Infrastructure Plan presented to the S&HLGA Board	1. Regional Eco Dev Officers meetings 17/8/17, 9/11/17, 14/3/18 2. Attendance Wallman Lawyers Property & Infrastructure Asset Management Forum – site contamination 21 Feb 2018

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	Item	Key Actions	Description	Role & Responsibility	Key Outputs & Outcomes	
	Telecommunication	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Liaise with the regional NBN co-ordinator <input checked="" type="checkbox"/> Advocate to the LGA on regional Mobile issues 	Monitor regional NBN rollout & continue to lobby for equitable access for the region for digital technology including Broadband upgrades and extended mobile telephone coverage	<i>Partner/Influence</i>	<p>Completed Mobile Blackspot submissions and NBN requests</p> <p>Improved regional telecommunications</p>	1. Discussions with Telstra State Manager at KI Eco Growth LAB meeting 14/09/2017
	Transport S&HLGA 2020 Regional Transport Plan	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Develop a new Roads database funding priority list <input checked="" type="checkbox"/> Advocate and drive the key Freight and Public transport priorities of the Plan <input checked="" type="checkbox"/> Apply to SLRP for Regional Funding 	Continue to work with HDS and the S&HLGA Roads Works Party to evolve the S&HLGA 2020 Transport Plan	<i>Partner/Control</i>	<p>Improved Road infrastructure in the region</p> <p>Successful annual SLRP funding and levy implementation</p> <p>Agreement and recognition by State Government of the key regional Freight Routes</p> <p>Agreement and recognition by State Government of the key regional Public Transport initiatives</p>	<p>1. South Coast Regional Freight Route Brochure designed July 2017</p> <p>2. 2017-2018 SLRP applications successful. Grant Total \$1,949,000</p> <p>3. RWP strategy meeting 24/11/2017</p> <p>4. 2018-2019 SLRP meeting 20/3/2018</p> <p>5. RWP strategy meeting 18/5/2018</p>

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	Item	Key Actions	Description	Role & Responsibility	Key Outputs & Outcomes	
	Northern Freight Bypass project	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> EO to continue membership of the Northern Freight Bypass Committee <input checked="" type="checkbox"/> Pass over administration role and seed LGA funding to the RDA <input checked="" type="checkbox"/> Report to S&HLGA Board on progress 	Partner with regional key Stakeholders to review the Northern Freight Bypass options	<i>Partner/Influence</i>	<p>Comprehensive review and update of the 2010 GHD study</p> <p>Improved freight and Public Transport outcomes for the region</p>	<ol style="list-style-type: none"> 1. Targeted Tenders requested – July 2017 2. Tonkins appointed to conduct the review 11/09/2017 3. S&HLGA EO Appointed Chair of Hills Rail Re-alignment project steering committee. 4. Draft report May 2018.
	CWMS	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Liaise with Member Councils and key Stakeholders <input checked="" type="checkbox"/> Seek funding by AMLR NRM for regional Water Based project. 	In conjunction with experts in the field develop a plan for the regional CWMS reviewing options around critical mass and efficient operations as well as modelling future demand and supply	<i>Partner/Influence</i>	<p>Sustainable regional CWMS</p> <p>Optimal CWMS strategy adopted for each member Council</p>	<ol style="list-style-type: none"> 1. Meeting CWMS user Group 28/5/2018

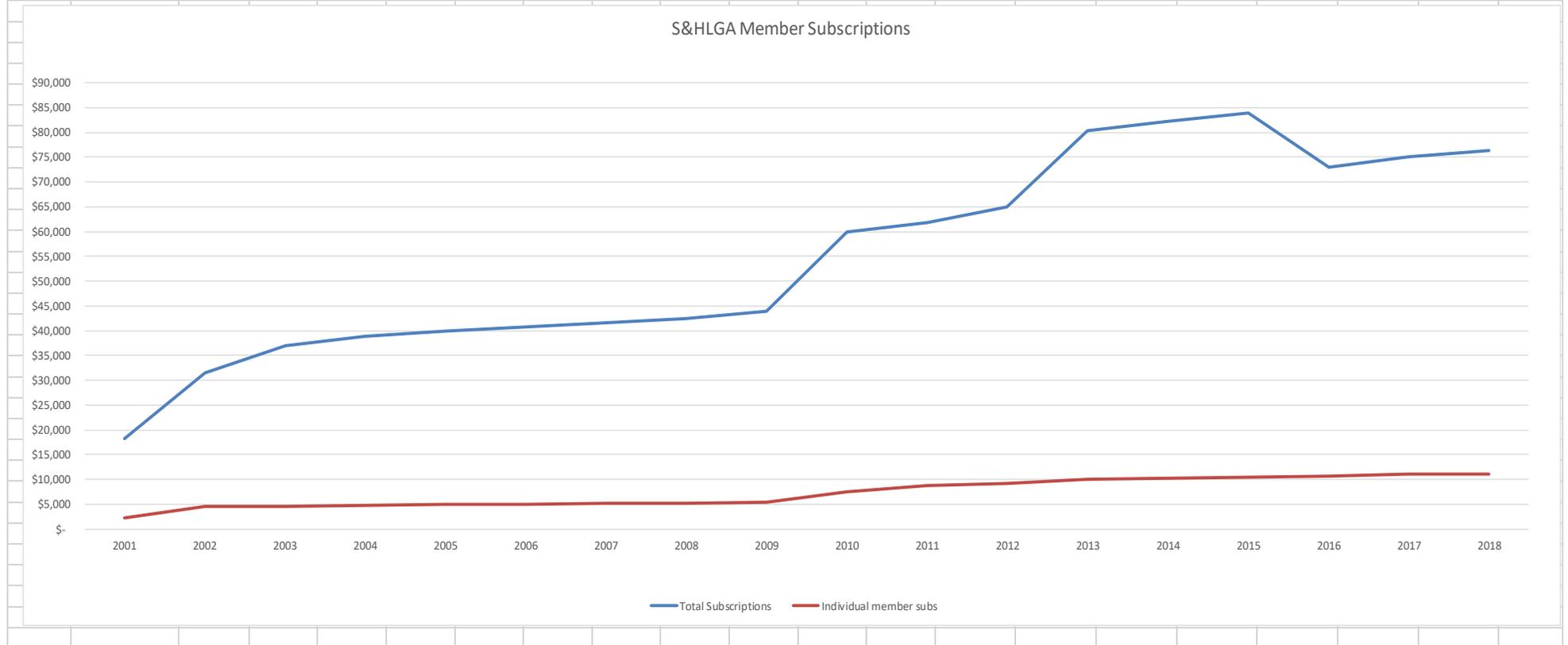
2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	Item	Key Actions	Description	Role & Responsibility	Key Outputs & Outcomes	
	Rubble Royalties	<input checked="" type="checkbox"/> Liaise with LGA on this issue <input checked="" type="checkbox"/> Invoice LGA as necessary <input checked="" type="checkbox"/> Assess regional projects worthy of RR funding <input checked="" type="checkbox"/> Work with other Regions to review and develop an optimal system for the LG sector	Manage the region's annual revenue and expenditure from the Rubble Royalty scheme	<i>Leader/Influence</i>	Regional projects advanced from RR funding	1. First Rubble Royalty for \$11,513 received 31/08/2017 2. Rubble Royalty \$56,105 received 2/3/2018
5. To strengthen the capacity of the Association to meet its service obligations.	LGA Grants	<input checked="" type="checkbox"/> Acquit and apply for the LGA Regional Capacity Building Grant <input checked="" type="checkbox"/> Acquit and apply for LGA Outreach Grant	The Executive Officer to work with the Council CEO's, LGA and Key Stakeholders to explore identified opportunities to share resources that will build capacity in the region and its networks	<i>Advocate/Control</i>	LGA Regional Capacity Building Grant successfully applied for LGA Outreach Grant successfully applied for	1. July 2017 – LGA Regional 2016-2017 capacity grant acquitted and 2017-2018 Grant applied for. 2. 2017-2018 Capacity Grant for \$39,777 received August 2017 3. July 2017 – LGA Outreach grant acquitted and 2017-2018 Grant applied for. 4. \$55,000 Grant received August 2017
	Revenue & Membership	<input checked="" type="checkbox"/> S&HLGA Membership negotiations with Onkaparinga to continue	Continue to Review the membership base of the S&HLGA and explore the possibility of a Peri Urban Region or identify additional members	<i>Information Provider/Concern</i>		1. Meeting with Onkaparinga CEO 25 August 2017 2. LGA meeting re: future peri-urban option 15 March 2018 3. S&HLGA Strategic GAROC/SAROC direction discussion paper developed June 2018

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	Item	Key Actions	Description	Role & Responsibility	Key Outputs & Outcomes	
	Sustainability	<input checked="" type="checkbox"/> Benchmarking with Workshop participation and Progress and Outcome Reports to the Board <input checked="" type="checkbox"/> Continued Project implementation & management with LKS Quaero of the Fleurieu Futures Project (FFP)	Benchmark and review the Long term financial sustainability of Councils including future growth trends, alternative revenue options and optimal size and boundaries FFP final report presented to the S&HLGA Board	<i>Information /influence</i>	Improved financial performance by member Councils	1. 4 x S&HLGA Councils signed up with LG professionals Benchmark study 1. FFP Common Purpose next steps workshop conducted for Sept 2017 2. Common Purpose workshop completed 12 Sept 2017 3. LKS/LGA meeting 19 March 2018
	Charter	Complete comprehensive review of the S&HLGA Charter	Review the Charter and benchmark /model against other Regional Organisations	<i>Owner/Custodian</i>	Charter reviewed and amendments adopted by the constituent Councils	1. Charter Review progress report presented to the S&HLGA Board Dec 2017
	State Government & opposition Policies	<input checked="" type="checkbox"/> Participate in SAROC/LGA task groups, reports and negotiations <input checked="" type="checkbox"/> Keep the S&HLGA Board fully informed via EO reports	Partner LGA in efforts to progress action on Rate capping, NRM levy collection and Funding, Elected member and Council staff Training, Waste Levy freeze, Rate rebates for Community Housing and PD and Financial Assistance Grants indexing	<i>Partner/Concern</i>	State Government policies reflect the wishes of the region	

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
<i>Objective</i>	<i>Item</i>	<i>Key Actions</i>	<i>Description</i>	<i>Role & Responsibility</i>	<i>Key Outputs & Outcomes</i>	
	Temporary Population impacts	<input checked="" type="checkbox"/> Participate and/or lead presentations, workshops and submissions	Lead the Region in action on a review of FAGs methodology to better incorporate temporary population impact	<i>Information /Concern</i>		

S&HLGA Membership Fee history

Financial Year ended	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Individual member subs	\$ 2,275	\$ 4,500	\$ 4,635	\$ 4,867	\$ 5,000	\$ 5,100	\$ 5,200	\$ 5,300	\$ 5,500	\$ 7,500	\$ 8,829	\$ 9,270	\$ 10,000	\$ 10,250	\$ 10,500	\$ 10,685	\$ 11,000	\$ 11,200
Total Subscriptions	\$ 18,200	\$ 31,500	\$ 37,080	\$ 38,936	\$ 40,000	\$ 40,800	\$ 41,600	\$ 42,400	\$ 44,000	\$ 60,000	\$ 61,803	\$ 64,890	\$ 80,443	\$ 82,172	\$ 84,037	\$ 72,995	\$ 75,173	\$ 76,373
\$ Change from previous year		\$13,300	\$5,580	\$1,856	\$1,064	\$800	\$800	\$800	\$1,600	\$16,000	\$1,803	\$3,087	\$15,553	\$1,729	\$1,865	-\$11,042	\$2,178	\$1,200
% Change from previous year		73.1%	17.7%	5.0%	2.7%	2.0%	2.0%	1.9%	3.8%	36.4%	3.0%	5.0%	24.0%	2.1%	2.3%	-13.1%	3.0%	1.6%
NB	8 members	2001-2010																
	7 members	2011-2015																
	6 members	2016																



SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

FINANCIAL STATEMENTS

Statement of Comprehensive Income for the Year Ended 30th June 2018

	Notes	2018 \$	2017 \$
Income			
Subscriptions	1.8	75,173	72,995
Operating Grants		89,777	182,506
Investment Income	1.7	3,164	2,634
Other		90,280	21,736
Total Income	1.4	258,394	279,871
Expenditure			
Contractual Services	3	163,911	168,080
Finance Charges		3,482	3,326
Other		51,410	64,692
Total Expenditure		218,803	236,098
Surplus (Deficit) from Operations		39,591	43,773

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

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Balance Sheet as at 30th June 2018

	2018	2017
Notes	\$	\$
Current Assets		
Investments	126,959	97,928
Debtors	6,000	0
Total Current Assets	<u>132,959</u>	<u>97,928</u>
Current Liabilities		
Accounts Payable	<u>60</u>	<u>4,620</u>
Total Current Liabilities	<u>60</u>	<u>4,620</u>
Net Current Assets	<u>132,899</u>	<u>93,308</u>
Net Assets	<u>132,899</u>	<u>93,308</u>
Equity		
Accumulated Surplus	<u>132,899</u>	<u>93,308</u>
Total Equity	<u>132,899</u>	<u>93,308</u>

The above Balance Sheet should be read in conjunction with the accompanying notes

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Statement of Changes in Equity for the Year Ended 30th June 2018

	2018	2017
Notes	\$	\$
Accumulated Surplus		
Balance at beginning of period	93,308	49,535
Net Surplus / (Deficit)	<u>39,591</u>	<u>43,773</u>
Balance at end of period	<u>132,899</u>	<u>93,308</u>
Total Equity	<u>132,899</u>	<u>93,308</u>

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

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Statement of Cash Flows for the Year Ended 30th June 2018

	Notes	2018	2017
		\$	\$
Cash Flows from Operating Activities			
Receipts		280,753	304,961
Payments		(252,299)	(276,694)
GST Paid (received)		(2,587)	(2,570)
Interest Receipts		3,164	2,634
		29,031	28,331
Net Cash Provided by (Used in) Operating Activities		29,031	28,331
Net increase/(decrease) in Cash Held		29,031	28,331
Cash at the beginning of the reporting period		97,928	69,597
Cash at the end of the reporting period		126,959	97,928

Reconciliation of Change in Net Assets to Cash from operating activities

		2018	2017
			\$
Net Surplus		39,591	43,773
Add			
Net Decrease in Debtors		0	0
Less			
Net Decrease in Accounts Payable		(10,560)	(15,442)
Net Cash provided by Operating Activities		29,031	28,331

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

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Note 1 - Significant Accounting Policies

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared 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 Southern & Hills Local Government Association is a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. The Constituent Councils are the Adelaide Hills Council, Alexandrina Council, Kangaroo Island Council, Mt Barker District Council, City of Victor Harbor and District Council of Yankalilla.

All funds received and expended by the Association have been included in the financial statements forming part of this financial report.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with 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 this note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar

1.5 Non Current Assets and Non Current Liabilities

The Association has no non current assets or non current liabilities.

1.6 Employees

The Association has no employees.

1.7 Investments

Investments are valued at cost. Interest revenues are recognised as they accrue.

1.8 Subscriptions

Clause 6 of the Charter of the Association prescribes that subscriptions (not levies) by Constituent Councils are equal.

Constituent Council Subscription 2018	\$11,000
Constituent Council Subscription 2017	\$10,685

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.9 Income recognition

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

1.10 Cash

For purposes of the statement of cash flows, cash includes cash deposits which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis.

1.11 New accounting standards for application in future periods

The Australian Accounting Standards Board has issued new and amended Accounting Standards and interpretations that have mandatory application dates for future periods. The organisation has assessed that it is not expected to be materially impacted by those changes.

2 Functions / Activities of the Association

2.1 Revenues and expenses have been attributed to the following functions / activities, descriptions of which are set out in Note 2.2.

2.2 The activities of the Association are categorised into the following broad functions:

Administration: The operation of the Office of the Association and its decision making forums.

Special projects: The research into and implementation of projects prescribed by Acts or regulations or approved by Board decision.

Transport and Communication: The review and implementation of the S&H 2020 Transport Plan.

Note 2.2 Functions / Activities of the Southern & Hills Local Government Association

Administration

Year	Revenue				Expenses		Surplus (Deficit)
	Grants	Other	Total Revenue	%	Expenses Total	%	
2018	39,777	78,338	118,115	45.7%	160,692	73.4%	(42,577)
2017	157,506	75,776	233,282	83.4%	160,053	67.7%	73,229

Projects

2018	50,000	70,789	120,789	46.8%	49,442	22.6%	71,347
2017	25,000	4,229	29,229	10.4%	73,787	31.3%	(44,558)

Transport and Communication

2018	0	19,490	19,490	7.5%	8,669	4.0%	10,821
2017	0	17,360	17,360	6.2%	2,258	1.0%	15,102

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year	Revenue			%	Expenses		Surplus (Deficit)
	Grants	Other	Total Revenue		Expenses Total	%	
Total							
2018	89,777	168,617	258,394	100.0%	218,803	100.0%	39,591
2017	182,506	97,365	279,871	100.0%	236,098	100.0%	43,773

3. Contractual Services

Contractual Services involve payments or liabilities for the external provision of services and include (net of GST):

		2018	2017
Consultants:	LKS Quaero	\$12,682	\$2,500
	Grange Advisors Pty Ltd	\$142,560	\$139,080
	HDS Australia Pty Ltd	\$8,669	\$1,500
	RDA H&C	\$0	\$25,000
	Totals	\$163,911	\$168,080

4. Comparison of Budget and Actual Results

	2018		2017	
	Budget \$	Actual \$	Budget \$	Actual \$
Revenue				
Administration	202,369	118,115	192,033	233,282
Projects	0	120,789	0	29,229
Transport and Communication	18,350	19,490	17,600	17,360
Total Revenue	220,719	258,394	209,633	279,871
Expenditure				
Administration	170,190	160,692	166,950	160,053
Projects	25,250	49,442	30,250	73,787
Transport and Communication	13,000	8,669	12,000	2,258
Total Expenditure	208,440	218,803	209,200	236,098
Surplus (Deficit)	12,279	39,591	433	43,773

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Southern & Hills Local Government Association to certify the financial statements in their final form. In our opinion:

- o the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- o the financial statements present a true and fair view of the Association's financial position at 30 June 2018 and the results of its operations and cash flows for the financial year.
- o internal controls implemented by the Authority provide a reasonable assurance that the Association's financial records are complete, accurate and reliable and were effective throughout the financial year.
- o the financial statements accurately reflect the Association's accounting and other records.

Dated 30th July 2018



Graeme Martin
EXECUTIVE OFFICER



Mayor Keith Parkes
PRESIDENT

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Southern & Hills Local Government Association for the year ended 30 June 2018, the Association's Auditor, HLB Mann Judd, 169 Fullarton Rd, Adelaide, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

Dated 30th July 2018



Graeme Martin
EXECUTIVE OFFICER



Mayor Keith Parkes
PRESIDENT

TO THE BOARD MEMBERS OF SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION**STATEMENT OF AUDITORS INDEPENDENCE
ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 30 June 2018**

I confirm that, for the audit of the financial statements of Southern & Hills Local Government Association for the year ended 30 June 2018, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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



HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants



Jon Colquhoun
Director

Adelaide, South Australia
25 August 2018

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**Independent Auditor's Report
To the Members of Southern & Hills Local Government Association****REPORT ON THE AUDIT OF THE FINANCIAL REPORT****Opinion**

We have audited the financial report of Southern & Hills Local Government Association ("the Association") which comprises the balance sheet as at 30 June 2018, 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 statements, including a summary of significant accounting policies, and the certification of financial statements.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Association as at 30 June 2018, and its financial performance and its cash flow for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act SA 1999*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards and the *Local Government Act SA 1999*. 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 Association in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Management and the Board for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Association'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 management either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Board Member are responsible for overseeing the Association's financial reporting process.

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 Australian Auditing Standards will always detect a material

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misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

HLB Mann Judd

HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants

Adelaide, South Australia
25 August 2018

A handwritten signature in blue ink, appearing to read 'Jon Colquhoun'.

Jon Colquhoun
Director

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Fleurieu Regional Aquatic Centre

Authority



Annual Report 2017/18

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Chairperson's Message



The Fleurieu Aquatic Centre celebrated its first full year of operations in March 2018. With a membership base of over 1000 and with around 490 swim school students, the centre is far exceeding performance expectations. Nearly 200,000 people attended the centre during the year and several new activities were introduced to attract new customers. YMCA SA as the operational managers of the centre also instigated a range of social and community impact programs during 2017-18, cementing the role of the centre as a highly valued community hub.

The Fleurieu Regional Aquatic Centre Authority (Authority) (a joint subsidiary of the City of Victor Harbor and Alexandrina Council) has responsibility for the strategic management and overall performance of the centre on behalf of the Councils. The Authority is governed by a Board of Management that takes its role seriously, understanding the importance of the centre to the community and valuing the asset and the financial contributions provided by the Councils. The Authority Executive Officer works closely with YMCA to identify initiatives to drive both cost efficiencies and revenue growth to improve financial self-sustainability.

The Authority Board was established and operates in line with the Charter requirements set by the Councils. During 2017-18, ten-year plans were developed including the inaugural Strategic Plan, Asset Management Plan and Long Term Financial Plan. The Fleurieu communities were consulted on all three plans with positive feedback received. The plans will be implemented via the Authority Annual Business Plan (incorporating the centre Business and Marketing plan). Key performance indicators are set for YMCA and are reported against monthly.

The core focus over the last twelve months has been on establishment of the centre, building patronage, developing operations, systems, frameworks, policies and plans. We now have twelve months of real data that will guide business development and improvement and inform decision making in the next twelve months.

The centre is contributing significantly to the region both in economic and in social impact terms. From an economic perspective, the centre is a significant employer in the region, engages local suppliers and contractors; provides key infrastructure that assists in attracting people to live in the area and improves the experience for visitors (resulting in increased length of stay and spend in the region). From a social health perspective, we have had some incredible feedback from the community and from health professionals, indicating that the centre is helping local people to get fitter, stronger and healthier. We are also aware (as evidenced by comments on our Facebook page) that we are attracting people to the centre who wouldn't normally engage in exercise and who are now exercising several times a week. The centre has become a cherished facility and meeting place for the community.

We are excited about what the next twelve months hold for the centre as we launch further new aquatic, fitness and social impact programs and we look forward to continuing to make a positive difference for Fleurieu communities. I would like to thank my fellow Board members, Constituent Councils and contractor partners (particularly YMCA) for their support, encouragement, hard work and contribution to the strong performance of the centre. I also acknowledge the hard work and dedication that is required in supporting the operational, governance and financial frameworks required to achieve the objectives set for us under our Charter.

Dean Newbery & Partners has audited the 2017-18 Financial Statements which have been provided to both Constituent Councils. I am pleased to report that the overall performance of the Authority during the 2017-18 financial year was in line with approved budgets and the Audited Financial Statements for the year have confirmed the Authority's results and performance. A complete copy of the Audited Financial Statement 2018 forms part of this report.

On behalf of the Board of the Authority, it is my pleasure to present the Annual Report for the 2017-18 financial year.

A handwritten signature in black ink, appearing to read 'David Cooke', written in a cursive style.

David Cooke
Chairperson, Fleurieu Regional Aquatic Centre Authority



About the Authority

Who we are

The Fleurieu Regional Aquatic Centre Authority (the Authority) is a regional subsidiary formed by Constituent Councils: City of Victor Harbor and Alexandrina Council, established to enable joint ownership and management of the Fleurieu Aquatic Centre.

The Fleurieu Aquatic Centre is an initiative of the Alexandrina Council and City of Victor Harbor (for an investment of \$6.5 million from each council), with funding support of \$7.5 million from the Australian Government, \$500,000 from the South Australian Government and a generous land donation from Beyond Today.

The governance for the Authority is set out in its Charter, as approved by the Minister for Local Government on 3 August 2015, gazetted on 6 August 2015 and available on our website at <http://www.fleurieuaquaticcentre.com.au/>.

In November 2016, YMCA SA was appointed under a three-year Management Agreement to operate and manage the centre; which opened on 25 March 2017. The facility is located at 4 Ocean Road, Chiton, South Australia, 5211 and consists of:

- an 8-lane, 25-metre lap swimming pool
- a multi-use hydrotherapy pool
- a children's program pool
- a zero-depth outdoor splash park
- a crèche facility
- fitness facilities
- a commercial kiosk
- plant and equipment rooms
- dedicated change rooms and toilet facilities
- office, first aid and lifeguard accommodation
- dedicated carparking, bus parking, pedestrian linkages and traffic management
- other facilities and services as may be provided from time to time.

More information about the Fleurieu Aquatic Centre is available on our website at <http://www.fleurieuaquaticcentre.com.au/>.

The Authority's role

Our role is to:

- be responsible for the protection, operation, renewal, maintenance and improvement of the Aquatic Centre and its associated facilities and services
- promote the services and facilities of the Aquatic Centre
- pro-actively manage the business of the Aquatic Centre in a competitive and changing environment
- deliver effective and sustainable service provision for the Constituent Councils, customers of the Aquatic Centre and the communities in and surrounding the Constituent Councils
- contribute to the education and welfare of the Constituent Councils and the wider community through the facilitation of various aquatic programs
- foster social inclusion through the provision of a community place providing a variety of aquatic programs and associated services and facilities
- maximise participation in and use of the aquatic programs provided at the Aquatic Centre and the facilities and services of the Aquatic Centre by users of all ages and abilities
- undertake key strategic and policy decisions for the purpose of enhancing and developing the centre
- be financially self-sufficient, as far as is possible.



Strategic Direction

Mission

We are an independent governing body that directs the delivery of a regional indoor Aquatic Centre.

Purpose

To deliver the Councils' objectives for an efficient, premier aquatic facility in the region.

Vision

Fleurieu Aquatic Centre is an inclusive destination that contributes to a healthy regional community.

Goals

1. To maintain community participation and enthusiasm for Fleurieu Aquatic Centre (FAC)
2. To foster and maximise social inclusion
3. To preserve and maximise the brands (FAC & the Authority) as high value, recognised, trusted and valued in the community
4. To act as a conduit for commercial and community partnerships and collaboration
5. To care for, protect and improve FAC in line with changing community needs
6. To, as far as possible, be financially self-sufficient

Planning context

A suite of Authority strategic planning documents; including the Strategic Plan 2018-2027, Asset Management Plan 2018-2027 and Long-Term Financial Plan 2018-2027; have now been developed. These strategic documents inform and are supported by the Authority 3-Year Business Plan (incorporating the Authority 2018-19 Annual Business Plan) and annual FAC Business & Marketing Plan and annual budgets. The detailed 3-Year Business Plan has been developed to guide and monitor the operations of the Authority and deliver on strategic priorities for 2018 to 2021.

Organisational Structure

The Authority is a body corporate and is governed by the Local Government Act 1999 (the Act) and its Charter.





The Board

The Authority is governed by a board of management that is responsible for ensuring the Authority acts in accordance with its Charter and all other relevant legislation. The Board consists of five members (one elected member from each Constituent Council and three independent members).

Members include (pictured left to right):

- David Cooke (Chairperson / Independent member)
- John Coombe OAM (Deputy Chairperson / Independent member)
- Cr Pat Chigwidden (City of Victor Harbor)
- Alison Kimber (Independent member)
- Cr Grant Gartrell (Alexandrina Council)
- Mayor Graham Philp (City of Victor Harbor – Deputy member*)
- Cr Anne Woolford (Alexandrina Council – Deputy member)
*Absent from photo

*Deputy Members are able to act in place of the Board Member appointed by the same Constituent Council if that Board Member is absent or unable for any reason to act as a Board Member.

The Board is supported by a part-time Executive Officer.

The Board meets six to eight times a year, with meetings held at the Fleurieu Aquatic Centre or at either of the Constituent Council offices. Special 'out of session' meetings are occasionally held for specific matters. All Board members complied with the statutory requirement to submit pecuniary interest returns.

Audit & Risk Management Committee

Composition

Following endorsement from both constituent Councils, the appointment of the Audit & Risk Management Committee was completed in December 2017 and comprises:

- Mr Ian Swan, Independent Chairperson
- Ms Alison Kimber, Authority Board Member committee member (and Deputy Chairperson of the Committee)
- Mr John Coombe OAM, Authority Board Member committee member
- City of Victor Harbor Interim Director Corporate & Community Services, Ms Kellie Knight-Stacey (as the Council Officer representative on the Committee); and
- Alexandrina Council General Manager Organisation & Community, Ms Elizabeth Williams (as the Council Officer representative on the Committee)

Specific functions

The Committee is established for the purpose of:

- reviewing annual financial statements to ensure that they provide a timely and fair view of the state of affairs of the Authority;
- reviewing the adequacy of Authority risk management systems;
- proposing, and providing information relevant to, a review of the Authority's strategic management plans or annual business plan;
- liaising with the Authority's external auditor; and
- reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Authority on a regular basis.





Key Statistics

The following is an outline of key statistics for the 2017/18 reporting period.

SITE ATTENDANCE



July 2017 – June 2018

196,501

MEMBERSHIP



Members as of 30 June 2018

1,010

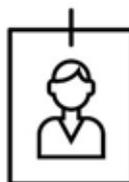
SWIMMING LESSONS



Students as of 30 June 2018

489

VISIT PASSES



As of 30 June 2018

459

EMPLOYEES



July 2017 – June 2017

68 (FTE 20.3)



MEMBER GENDER DEMOGRAPHICS



MEMBER AGE DEMOGRAPHICS



SOCIAL MEDIA

facebook.

Total Likes **2,963**
 Total Follows **3,014**
 Total Reviews **80**
 Average Rating ★★★★★

Google

Total Reviews **128**
 Average Rating ★★★★★



2017/18 Achievements



Centre Performance

Summary

2017-18, as the centre's first full year of operations, saw significant growth in membership, swimming lessons and overall participation in activities. Programs and services offered are targeted at a range of demographics, ability levels and interests with the aim of maximising our reach in the community. The centre is having a tangible impact on the local community as a place for health, fitness, recreation and social interaction. During our first summer season, the centre provided both locals and visitors with a recreational activity away from the summer heat.

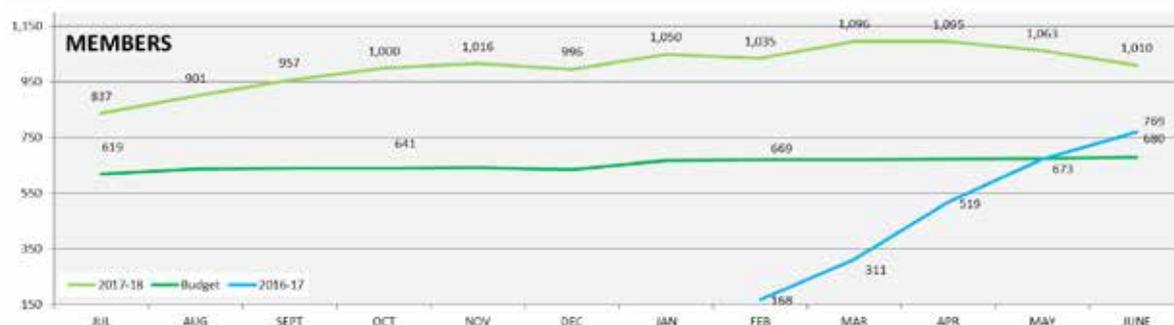
In the last twelve months a core focus for YMCA SA has been on driving growth in the core programming areas of membership and swimming lessons; with both exceeding expectations. Engagement with pre-schools, schools and community groups was also a focus with strong connections made and schools now utilising the centre for fun, recreation, aquatic education and physical education lessons.

Table: Membership, swimming lessons and attendance

	Original Budget 2017/18	Actual Result 2017/18	Variance
Membership	680	1010	330
Swimming Lessons	450	489	39
Total Attendance	187,259	196,501	9,242

Membership

Memberships peaked at 1,095 in April 2018 and finished the year at 1,010. This is a significant achievement for the first full year of operations and provides a solid foundation for further growth.



Swimming Lessons

The Swimming lessons program reached a peak of 518 enrolments in March 2018 and finished the year at 489 enrolments. YMCA has a nationally recognised swimming lesson program and provides high quality instruction. Continuing to build enrolment numbers for FAC will be a core focus for 2018-19.



Aquatic Activities

YMCA innovated in aquatic programming in 2017-18, introducing several new initiatives to drive participation and engagement.

Water Polo

FlippaBall is a program that encourages young people to give Water Polo a go and progress their skills in a modified and fun environment. Water Polo is a sport for all ages and fitness levels and combines aquatic fun and ball games. FlippaBall is a modified version of Water Polo using a shorter season length, a different ball and modified rules to increase participation, enjoyment and basic skill development. The program, launched at the centre in November 2017, is targeted at children aged 8-12 years with the program expanding for teens and adults in 2018-19. Water Polo is a lot of fun and a great way to be active in the water and be socialising at the same time.



Synchronised Swimming

The centre became the first in South Australia to start a Synchronised Swimming Club and provide another opportunity for adults and youth to participate in a non-traditional aquatic activity. The program offers an alternative to competitive swimming whilst keeping young swimmers active and engaged in aquatics.



Great Southern Challenge

YMCA worked with the Great Southern Swimming Club, SwimmingSA and Masters SwimmingSA to deliver an inaugural short course event at the centre in August 2017. Swimmers from across South Australia competed in the meet with swimmers ranging from 8 to 84 years. A fun session was also held on the day with activities/games from Swimming Australia's National Junior Participation Program, Optus Junior Dolphins, and Flippa Ball.

Lap It Up Club

Designed for swimmers who are looking for something a little more rewarding than simply swimming up and down the pool. With a rewarding incentive program, the Lap It up Club helps swimmers set goals and provides real motivation to achieve them. The program is open to casual swimmers and members.



Pool Inflatable

Use of the pool inflatable during school holidays (at set session times). This was a core initiative towards maximising participation during school holidays and offering aquatic play for older children.

Social Impact Initiatives

The Fleurieu Aquatic Centre is having a significant social impact on the local community. In addition to the positive impacts the centre is having on community health and wellbeing at an individual level, we have also partnered with various community organisations during the year on successful social impact initiatives (outlined below). YMCA has developed strong relationships with likeminded community organisations such as SAPOL, Rec Link and COTA to deliver initiatives for the benefit of Fleurieu communities.

Suspended Swim Program

The Suspended Swim program uses a pay it forward model, allowing customers the opportunity to purchase an additional swim when they are paying for their regular swimming or swimming lessons; with funds used to help those less fortunate in the community. Suspended swim donations for the year totalled \$560 with \$200 donated to subsidise disadvantaged youth at the Centre's first Blue Light event, with remaining funds going towards the AquaGuard program to be launched in 2018-19 (please see below).



Disability Action Plan

Following receipt and analysis of survey feedback provided by centre members, YMCA developed a Disability Action Plan specifically for the centre.

Feedback assisted with development of the action items in the plan. Given the centre is new and extensive planning went into the building design regarding access, the actions involve low-dollar practical solutions and upskilling of the YCMA staff team around the needs of particular user groups.



Southern Fleurieu Blue Light Pool Party

In March 2018, YMCA worked with the Southern Fleurieu Blue Light Disco Committee to hold a special Pool Party Blue Light Disco: two hours of disco and pool fun for young people aged 10-17. This was a drug and alcohol-free event in a safe, monitored environment with police officers, Blue Light Committee volunteers and trained Life Guards and included use of the inflatable and games. The centre partnered with SAPOL to deliver this event which successfully showcased the facility and helped create a positive association with aquatics for local youth. 195 young people paid entry and another 10 were supported to attend via the Suspended Swim program.



Marketing and Communications

Marketing throughout the year focused heavily on increasing participation, driving membership sales and increasing enrolments in our core program of swimming lessons. YMCA used a variety of media to promote the centre including temporary local signage, social media, local print media and E-Blasts – emails sent directly to our registered database. Promotional campaign communications and materials were aimed at increasing our reach with a range of specific target demographic groups.

Campaigns included a focus on retention of students in the swimming lessons program during autumn and winter; summer promotion of membership sales and driving recreational casual visitation during each holiday period. Marketing and promotion of the centre was also generated around the family fun day held to celebrate the centre's first birthday on 25 March 2018.

Other local promotional initiatives included:

- Launch of junior water polo (Flippa ball) in November 2017, a social adult water polo competition in December 2017 and new synchronised swimming program (Synchro) in February 2018
- Neighbourhood Watch mailout to promote the Active Adult membership and Strength for Life
- Leaflet drops to local child care centres and schools
- An awareness campaign with Victor Harbor Tourism Information Centre
- Marketing through social media targeting underrepresented demographics



Customer Feedback

Ask Nicely Net Promoter Score

In April 2018, YMCA implemented the 'Ask Nicely' Net Promoter Score (NPS) system, an online customer feedback system that sends a short survey to members and swim lesson responsible guardians daily. Five customers are randomly selected daily, and feedback is monitored by the Centre Manager to address any concerns and follow up suggestions. NPS works by asking customers to rate the centre out of 10 with a score of 0-6 classifying the person as 'a detractor', scores of 7-8 classified as 'passives' and scores of 9-10 as 'promoters'. This is a live dashboard, so the score changes daily and comments are published on the centre's website.

I go after work most nights, great Gym, personal trainers to assist and motivate you, then a dip in the pool, shower and home, convenient and a great facility.

The Fleurieu Aquatic Centre is a great community facility. My daughter has been doing swimming lessons there since it opened and the teachers she has had have been excellent. The staff are always friendly and helpful, and the facilities are kept very clean.

Absolutely brilliant. Cheap day out for families. Kids loved it.



Amazing facility for people of all ages, abilities and sizes. The staff are always on hand to help even with the smallest matter.... definitely worth the wait.

“ Terrific facility. Staff very friendly and helpful. Will come back when next we visit the area. ”

I love the hydrotherapy pool and the well-equipped gym. It's a great place to bring my grandchildren when they visit. Friendly staff.

This is a fabulous facility with something for everyone. Spotlessly clean with friendly helpful staff and set in beautiful landscaping with BBQs to encourage families to picnic and enjoy the whole 'pool' experience. An outstanding asset to the area.



Feedback from the community

The feedback we have received from the community in the last twelve months about the services and facilities at the centre has been overwhelmingly positive. Here is a selection of comments we have received on the centre Facebook page and via Google Reviews.

“ Love the Fleurieu Aquatic Centre, so well thought out, good and clean facilities suitable for young and old alike, it has all you need to help with rehabilitation, maintain fitness, health, and fun. Very helpful and friendly staff go toward making this a 10 out of 10 Centre. ”

Financial Results

Total operating revenue for 2017-18 exceeded the original budget by \$308,611. Revenue increases are in line with associated above budget growth in membership, swimming lessons, multi-visit passes and casual attendance (recreational swimming). This increased activity also had a positive flow-on effect on café and merchandise sales.

The Authority for 2016-17 and 2017-18 received contributions from constituent Councils towards net operating deficits including depreciation expense for the facility. An amount equivalent to accumulated depreciation expense is invested with the Local Government Financing Authority with investment income representing funds earned on that reserve for 2017-18.

With 2017-18 being the first full year of operations, we now have a clear understanding of the full cost of operating the centre. We have highlighted electricity and water use as the key areas where costs are high. YMCA will work with the Authority in 2018-19 to consider and develop initiatives to try and reduce these costs. Salaries and wages is another key cost pressure and is continually being addressed by YMCA through ongoing improvements in efficiency of rostering. These costs, as a percentage of revenue, are anticipated to reduce over time as revenue continues to increase without increasing costs (i.e. economies of scale). Significant staff time has been invested in 2017-18 in establishing new memberships, induction of new members and supporting members to develop personal health and fitness programs.

	Original Budget 2017/18	Actual Result 2017/18	Variance
Total operating revenue	\$1,364,050	\$1,672,661	\$308,611
Investment income	\$0	\$9,714	\$9,714
Total operating expenses	\$(1,841,633)	\$(2,190,486)	\$(348,853)
Depreciation	\$(512,500)	\$(673,452)	\$(160,952)
Authority expenses	\$(120,720)	\$(177,501)	\$(56,781)
Council (combined) contributions to operating expenses	\$1,110,803	\$1,367,052	\$256,249
Net operating surplus (deficit)	\$0	\$7,988	\$7,988

Performance Against Business Plan Objectives

Objective	Measure
<p>To operate and maintain the facilities; and manage the services of the Fleurieu Aquatic Centre</p>	<ul style="list-style-type: none"> • Fully componentised, valuation schedule and asset register established • Asset management plan developed • Asset maintenance plans developed and implemented • Services programmed to meet the demand of the community • Management and achievement of contractual obligations by YMCA for management and operation of the centre in line with performance criteria, Key Performance Indicators, plans and budgets agreed with the Authority.
<p>Authority meets governance requirements of Charter and legislation</p>	<ul style="list-style-type: none"> • Financial reporting for 2016-17 completed and audited by external auditor with no mandatory reports • Agendas, meetings and minutes publicly available • Annual report 2016-17 provided to Constituent Councils • Risk Management Framework development commenced • Audit & Risk Management Committee appointed • Strategic Plan, Long Term Asset Management Plan and Long-Term Financial Plan developed



Competitive Neutrality

The Constituent Councils and the Authority must comply with the principles of competitive neutrality in the conduct of significant business activities. The principles of competitive neutrality do not limit the types of business activities which councils (hence the Authority) may engage in, but requires that where these business activities are significant they are provided in a manner which is competitively neutral (provided that the public benefits of doing so outweigh the costs).

The Authority is obliged by its Charter to undertake a competitive neutrality assessment of its significant business activities each year. A competitive neutrality review was completed by the Authority in July 2017 for the purposes of fulfilling this obligation and will form the base case for future annual reviews.

The South Australian Government Department of Premier and Cabinet (DPC) has received two complaints of alleged breach of competitive neutrality requirements against the Authority. The 2017 Authority competitive neutrality review report was provided to DPC to assist in its investigations.

The July 2017 review determined that of the Fleurieu Aquatic Centre business activities, swimming lessons, health and fitness activities and children's birthday parties are significant for the purposes of competitive neutrality.

By providing a corporatised entity (i.e. the Authority) to undertake the significant business activities, the Constituent Councils have already applied the highest level of private sector equivalence under the competitive neutrality principles.

An aspect of corporatisation is that outputs will be cost-reflectively priced. As part of the review process, cost-reflective prices were calculated for each of the outputs of the significant business activities of the Authority. A cost-benefit analysis was then undertaken of whether the public benefits of implementing cost reflective prices outweigh the costs. This involved comparing the cost-reflective prices to the current prices being charged by Fleurieu Aquatic Centre for those activities, and comparing them to prices charged by competing businesses to determine if there is net public benefit in applying cost-reflective prices. The result of that process was a determination by the Authority that it is not of net public benefit to apply cost-reflective prices for Fleurieu Aquatic Centre at this point in time.

Whilst the Authority has a longer-term aim to have centre pricing reflect competitively neutral costs, as a business operating in a competitive market, pricing decisions will always need to consider the prices being charged in the competitor marketplace and reflect the continual changes to competitor product and pricing strategies.



Looking Ahead

Fleurieu Aquatic Centre

Looking ahead to 2018-19, YMCA will action key initiatives outlined in the centre annual Business & Marketing Plan to achieve agreed Key Performance Indicators and Key Result Area targets. YMCA will continue to innovate in areas of programming and service delivery over the 2018-19 financial year.

The development of a number of initiatives, programs and services aimed at continued retention and growth will commence in 2018-19 including:

- Implementation of approved capital improvements to create efficiencies and improve the customer experience (including installation of blinds in the main pool hall and café/meeting room).
- Cardio Club; designed for gym users who are looking for something a little more rewarding than simply lifting weights or running on a treadmill. With a rewarding incentive program, the Cardio Club helps participants set goals and provides real motivation to achieve them (open to casual users and members).
- School holiday inflatable sessions to maximise participation and offering aquatic play for older children.
- Launch of a small selection of Les Mills group fitness programs in September 2018
- Revisit and relaunch of personal training at the centre
- Development of an allied health model including employment of an exercise physiologist
- Launch of the AquaGuards program. Targeted at teenagers looking to develop lifesaving skills, the program will be an opportunity for local youth to potentially gain employment.
- Formalisation of aquatics programs targeted at schools
- Development of National Disability Insurance Scheme service delivery in swimming lessons
- Development and recruitment of volunteer greeters at the centre
- Review and implement practical solutions around the Disability Action Plan to ensure our customers gain maximum benefit from the centre

- Keep developing the centre's community presence by working with local community groups and services to maximise usage of the centre.
- Work to minimise the operating contributions required from Councils through continued responsible management of the centre as both an asset and a business; with a focus on identifying and implementing operational and environmental efficiencies and savings.

The Authority

- Achieve or better the financial performance of the Authority as set out in the approved 2018-19 budget
- Work with YMCA to implement key actions for 2018-19 identified in the 3-Year Business Plan 2018-21 including:
 - Develop and implement a Stakeholder Engagement Plan with the aim of creating opportunities to promote the centre to new audiences and to collaborate with commercial organisations that can assist us to deliver on community needs and improve facilities, services and programs (in line with Charter objectives).
 - Establish relationships with owners of similar aquatic centres in South Australia to share intelligence and learnings
 - Review FAC facilities, programs, services and performance utilising year-on-year performance data, user demographics, customer survey feedback and industry intelligence
 - Explore opportunities for co-branding and promotion of FAC brand with aligned organisations
 - Undertake contractual and governance reviews including a formal Board performance review, a formal review of Operational Management performance and a review of Executive Officer performance
 - Reduce FAC energy consumption. Explore options to reduce electricity, water and chemical consumption and costs. Research and recommend initiatives for Authority consideration; demonstrating value in a business case.



Financial Statements 2017/18



Fleurieu Regional Aquatic Centre Authority

General Purpose Financial Reports for the year ended 30 June 2018

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Fleurieu Regional Aquatic Centre Authority

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
INCOME			
User charges	2	3,039,713	1,000,844
Investment income	2	9,714	139
Total Income		<u>3,049,427</u>	<u>1,000,983</u>
EXPENSES			
Materials, contracts & other expenses	3	2,367,987	876,991
Depreciation, amortisation & impairment	3	673,452	193,733
Total Expenses		<u>3,041,439</u>	<u>1,070,724</u>
OPERATING SURPLUS / (DEFICIT)		7,988	(69,741)
Other Comprehensive Income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>7,988</u>	<u>(69,741)</u>

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

Fleurieu Regional Aquatic Centre Authority

STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	890,386	194,137
Trade & other receivables	4	<u>8,052</u>	<u>100,101</u>
Total Current Assets		<u>898,438</u>	<u>294,238</u>
Non-current Assets			
Infrastructure, Property, Plant & Equipment	5	<u>20,201,376</u>	<u>20,874,828</u>
Total Non-current Assets		<u>20,201,376</u>	<u>20,874,828</u>
Total Assets		<u>21,099,814</u>	<u>21,169,066</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	6	<u>93,006</u>	<u>170,246</u>
Total Current Liabilities		<u>93,006</u>	<u>170,246</u>
Total Liabilities		<u>93,006</u>	<u>170,246</u>
NET ASSETS		<u>21,006,808</u>	<u>20,998,820</u>
EQUITY			
Accumulated Surplus	7	<u>21,006,808</u>	<u>20,998,820</u>
TOTAL EQUITY		<u>21,006,808</u>	<u>20,998,820</u>

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

Fleurieu Regional Aquatic Centre Authority

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2018

	Notes	Accumulated Surplus \$	Capital Contributions \$	TOTAL EQUITY \$
2018				
Balance at end of previous reporting period		20,998,820	-	20,998,820
Capital Contribution from Councils			-	-
Net Surplus / (Deficit) for Year		<u>7,988</u>	-	<u>7,988</u>
Balance at end of period		<u>21,006,808</u>	-	<u>21,006,808</u>
2017				
Balance at end of previous reporting period		-	-	-
Capital Contribution from Councils			21,068,561	21,068,561
Net Surplus / (Deficit) for Year		<u>(69,741)</u>	-	<u>(69,741)</u>
Balance at end of period		<u>(69,741)</u>	21,068,561	<u>20,998,820</u>

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

Fleurieu Regional Aquatic Centre Authority

STATEMENT OF CASH FLOWS
for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		1,647,403	978,033
Investment receipts		6,000	-
<u>Payments</u>			
Operating payments to suppliers & employees		<u>(957,154)</u>	<u>(783,897)</u>
Net Cash provided by (or used in) Operating Activities	8	696,249	194,137
Net Increase (Decrease) in cash held		696,249	194,137
Cash & cash equivalents at beginning of period	8	<u>194,137</u>	-
Cash & cash equivalents at end of period	8	<u>890,386</u>	<u>194,137</u>

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

FLEURIEU REGIONAL AQUATIC CENTRE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared 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 Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of Alexandrina Council and City of Victor Harbor.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with 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 this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

2 The Local Government Reporting Entity

The Authority was established on 6 August 2015 in accordance with Section 43 of the Local Government Act 1999 & Section 25 of the Local Government Implementation Act 1999. These financial statements have been prepared for use by constituent councils of the Authority.

3 Income recognition

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

Where grants, contributions and donations recognised as income during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as income in a previous reporting period which were obtained in respect of the Authority's operations for the current reporting period.

4 Cash, Cash Equivalents and other Financial Instruments

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

Receivables are generally unsecured and do not bear interest.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 1 - Significant Accounting Policies (cont)

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policy applied to financial instruments forms part of Note 8.

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

An asset is recognised in the Statement of Financial Position when it is probable that future economic benefits will flow to the entity and the asset has a cost that can be measured reliably.

An asset that qualifies for recognition as an asset will be recognised at cost as at the date of acquisition, including costs directly attributable to bringing the asset to the location and in the required condition for operation by the Authority. Where an asset is acquired at no or nominal cost, it will be recognised at its Fair Value as at the date of acquisition.

6.2 Materiality

Assets should have a useful life of greater than one year to enable capitalisation of the expenditure and should also meet a materiality test. Materiality levels are set so as not to misstate Financial Statements and to provide a guide whether it is practical from an administrative perspective that expenditure is capitalised. No capitalisation threshold is applied to the acquisition of land or interests in land.

Materiality levels for capitalisation are set at:

Furniture, Fittings and Minor Equipment	\$1,000
Plant and Major Equipment	\$5,000
Buildings	\$5,000
Infrastructure	\$5,000

6.3 Subsequent Recognition

An item that qualifies for recognition as an asset shall be measured at its cost on the date of recognition. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition and all other costs incurred in getting the asset ready for use. Where an asset is acquired at no cost, or for a nominal cost, the cost is its Fair Value as at the date of acquisition. The following years after asset recognition the asset will be valued at Fair value according to the revaluation program as determined.

6.4 Depreciation of Non-Current Assets

All non-current assets have a limited useful life except for land and land improvements. The depreciable amount of all non-current assets, excluding freehold land and land improvements, are systematically depreciated over their useful lives which reflects the consumption of the service potential embodied in those assets.

Depreciation of an asset begins when it is available for use i.e. when it is in the condition necessary for it to be capable of operating in the manner intended; and ends when it is classified as held for sale or when derecognised.

Depreciation of assets is calculated on a straight-line basis using the following standard estimates for useful lives. The useful lives for building, infrastructure; furniture and fittings; and plant and equipment assets have been estimated based on industry standards and consultancy advice. The actual useful life and therefore depreciation rates may be varied for specific assets where asset quality and environmental and/or operational conditions so warrant.

Useful lives and residual values for each class of asset are reviewed annually and are included in the Asset Register which is updated following adoption of the annual financial statements each year.

Fleurieu Regional Aquatic Centre Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 1 - Significant Accounting Policies (cont)

Buildings & Other Structures	7 - 40 years
Furniture & Fittings	2 - 40 years
Plant & Equipment	6 - 40 years
Infrastructure	12 - 40 years

6.5 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for 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 value exceeds its recoverable amount in accordance with AASB 136.

External indicators for impairment may include significant adverse changes in the technological, market, economic or legal environment. Internal indicators may include obsolescence or physical damage of an asset.

Impairment shall be determined subject to the provisions AASB 108 Materiality, whereby the total change in the written down value for the asset or the total impact on the depreciation shall be material. An impairment loss is recognised in the Income Statement, unless the asset is carried at a revalued amount, whereby it is to be treated in the same way as a revaluation decrement against the same asset. An impairment loss can be reversed in subsequent years.

7 Payables

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 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers commences 1 January 2018 and hence will first affect the financial reports for 2018/19. (The commencement date has already been deferred once, and there may be further deferrals).

The commencement of the new Standard will not result in any changes to the amounts recognised in the Authority's financial statements under this classification, as the Authority does not enter into contracts with customers.

9 Member Council Contribution

The City of Victor Harbor and Alexandrina Council funded the construction of the Fleurieu Aquatic Centre facilities and purchased all plant and equipment for the Aquatic Centre. Each Council contributed 50% towards the cost of construction of the facility and purchase of the equipment. Both Councils transferred these assets to the Authority on 17 March 2017, as an equity contribution.

10 YMCA Management

The Fleurieu Regional Aquatic Centre Authority has engaged the YMCA to manage the day to day running of the Fleurieu Aquatic Centre. This management encompasses the receipting of income and outgoing of expenditure of the facility. The following income and expenditure lines relate to those managed by the YMCA:

	<u>2018</u>	<u>2017</u>
FAC Income	\$1,672,661	\$360,138
Fleurieu Aquatic Centre Expenses	\$1,685,571	\$593,825

Fleurieu Regional Aquatic Centre Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 2 - INCOME

	Notes	2018 \$	2017 \$
USER CHARGES			
Council Contribution - Alexandrina Council		683,526	320,342
Council Contribution - City of Victor Harbor		683,526	320,364
FAC Income		<u>1,672,661</u>	<u>360,138</u>
		<u>3,039,713</u>	<u>1,000,844</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		<u>9,714</u>	<u>139</u>

Fleurieu Regional Aquatic Centre Authority

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018**

Note 3 - EXPENSES

	Notes	2018 \$	2017 \$
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration		5,000	4,801
Subtotal - Prescribed Expenses		<u>5,000</u>	<u>4,801</u>
<u>Other Materials, Contracts & Expenses</u>			
Contracts		100,952	81,380
Board Expenses		15,002	11,324
Administration		56,547	34,297
IT & Telephone		731	10,511
Fleurieu Aquatic Centre Site Expenses		504,184	140,853
Fleurieu Aquatic Centre Expenses		1,685,571	593,825
Subtotal - Other Materials, Contracts & Expenses		<u>2,362,987</u>	<u>872,190</u>
		<u>2,367,987</u>	<u>876,991</u>
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures	5	365,016	105,005
Furniture & Fittings	5	150,232	43,218
Plant & Equipment	5	61,226	17,612
Infrastructure	5	96,978	27,898
		<u>673,452</u>	<u>193,733</u>

Fleurieu Regional Aquatic Centre Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 4 - CURRENT ASSETS

	2018	2017
CASH & EQUIVALENT ASSETS		
	Notes	
Cash on Hand and at Bank	\$ 8,087	\$ 114,137
Deposits at Call	882,299	80,000
	<u>890,386</u>	<u>194,137</u>
TRADE & OTHER RECEIVABLES		
Accrued Revenues	3,853	4,537
Debtors - general	-	92,026
Prepayments	4,199	3,538
	<u>8,052</u>	<u>100,101</u>

Fleurieu Regional Aquatic Centre Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 5 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2017				2018			
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Buildings & Other Structures	-	12,407,742	(105,005)	12,302,737	-	12,407,742	(470,021)	11,937,721
Furniture & Fittings	-	3,818,733	(43,218)	3,775,515	-	3,818,733	(193,450)	3,625,283
Plant & Equipment	-	1,147,485	(17,612)	1,129,873	-	1,147,485	(78,838)	1,068,647
Infrastructure	-	3,694,601	(27,898)	3,666,703	-	3,694,601	(124,876)	3,569,725
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	-	21,068,561	(193,733)	20,874,828	-	21,068,561	(867,185)	20,201,376
<i>Comparatives</i>	-	-	-	-	-	21,068,561	(193,733)	20,874,828

This Note continues on the following page.

Fleurieu Regional Aquatic Centre Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 5 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (cont.)

	CARRYING AMOUNT MOVEMENTS DURING YEAR										2018
	\$										\$
	2017	Additions		Disposals	Depreciation	Impairment	Contributed Assets	Net Revaluation	CARRYING AMOUNT	2018	
CARRYING AMOUNT	New/Upgrade	Renewals									
Buildings & Other Structures	12,302,737	-	-	-	(365,016)	-	-	-	-	11,937,721	
Furniture & Fittings	3,775,515	-	-	-	(150,232)	-	-	-	-	3,625,283	
Plant & Equipment	1,129,873	-	-	-	(61,226)	-	-	-	-	1,068,647	
Infrastructure	3,666,703	-	-	-	(96,978)	-	-	-	-	3,569,725	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	20,874,828	-	-	-	(673,452)	-	-	-	-	20,201,376	
<i>Comparatives</i>	-	-	-	-	(193,733)	-	21,068,561	-	-	20,874,828	

Fleurieu Regional Aquatic Centre Authority

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018**

Note 6 - LIABILITIES

		2018		2017	
		\$		\$	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		48,647	-	30,403	-
Other		44,359	-	139,843	-
		<u>93,006</u>	<u>-</u>	<u>170,246</u>	<u>-</u>

Fleurieu Regional Aquatic Centre Authority

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018**

Note 7 - RECONCILIATION TO STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Notes	2018 \$	2017 \$
Total cash & equivalent assets	4	<u>890,386</u>	<u>194,137</u>
Balances per Cash Flow Statement		<u>890,386</u>	<u>194,137</u>

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

Net Surplus (Deficit)		7,988	(69,741)
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		<u>673,452</u>	<u>193,733</u>
		681,440	123,992
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		92,049	(100,101)
Net increase (decrease) in trade & other payables		<u>(77,240)</u>	<u>170,246</u>
Net Cash provided by (or used in) operations		<u>696,249</u>	<u>194,137</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Non-cash grants & contributions		-	<u>21,068,561</u>
<i>Amounts recognised in Statement of Changes in Equity</i>		<u>-</u>	<u>21,068,561</u>

(d) Financing Arrangements

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

Corporate Credit Cards		5,000	5,000
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Fleurieu Regional Aquatic Centre Authority

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018**

Note 8 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call	<p>Accounting Policy: Carried at lower of cost and net realisable value; interest is recognised when earned.</p> <p>Terms & conditions: Deposits at call have an average maturity of 90 days and an average interest rate of 1.95%. (2017: 90 days, 1.5%)</p> <p>Carrying amount: Approximates fair value due to the short term to maturity.</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although the Authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Authority's boundaries.</p> <p>Carrying amount: Approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: Approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: Secured over future revenues, borrowings are repayable by biannual instalments of principle and interest.</p> <p>Carrying amount: Approximates fair value.</p>

Fleurieu Regional Aquatic Centre Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 8 - FINANCIAL INSTRUMENTS (cont.)

Liquidity Analysis

2018	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<u>Financial Assets</u>					
Cash & Equivalents	890,386	-	-	890,386	890,386
Receivables	8,052	-	-	8,052	8,052
Total	898,438	-	-	898,438	898,438
<u>Financial Liabilities</u>					
Payables	93,006	-	-	93,006	93,006
Total	93,006	-	-	93,006	93,006
2017	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<u>Financial Assets</u>					
Cash & Equivalents	194,137	-	-	194,137	194,137
Receivables	100,101	-	-	100,101	100,101
Total	294,238	-	-	294,238	294,238
<u>Financial Liabilities</u>					
Payables	170,246	-	-	170,246	170,246
Total	170,246	-	-	170,246	170,246

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

30 June 2018			
	Weighted Average Interest Rate	Carrying Value 2018	Carrying Value 2017
	%	\$	
Overdraft	-	-	-
Non Interest Bearing	-	93,006	170,246
		<u>93,006</u>	<u>170,246</u>

Net Fair Value

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

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any allowance for doubtful debts. All Authority investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Note 4 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.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Fleurieu Regional Aquatic Centre Authority

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018**

Note 9 - COMMITMENTS FOR EXPENDITURE

Services	Contractor	Period of contract	Brief description
Operational Management – Fleurieu Aquatic Centre	YMCA SA	3 years (1 November 2016 - 31 October 2019)	Provision of aquatic centre facility management and operating services for the Fleurieu Aquatic Centre (management of all aspects of daily operations and maintenance of the facility)
External Audit Services - Fleurieu Regional Aquatic Centre Authority	Dean Newbery & Partners	3 years (1 June 2017 - 31 May 2020)	Provision of an independent audit opinion of the accounts and annual financial reports of the Authority for financial years 2016/17, 2017/18 and 2018/19

Note 10 - OPERATING LEASES

The Authority as at 30 June 2018 had not entered in to any operating leases.

Note 11 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED

The Authority as at 30 June 2018 had not recognised any contingency.

Note 12 - EVENTS OCCURRING AFTER REPORTING DATE

There were no events subsequent to 30 June 2018 that need to be disclosed in the financial statements.

Fleurieu Regional Aquatic Centre Authority

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018**

Note 13 - DISCLOSURES OF RELATED PARTY TRANSACTIONS

The Key Management Personnel include the Chair, the Board and Executive Officer prescribed as officers under section 112 of the Local Government Act 1999. In all, Key Management Personnel were paid the following total compensation:

	2018	2017
Salaries, allowances & other short term benefits	\$ 102,671	\$ 89,925
Post-employment benefits	\$ -	\$ -
Long term benefits	\$ -	\$ -
Termination Benefits	\$ -	\$ -
TOTAL	\$ 102,671	\$ 89,925

Transactions with Related Parties:

The following transactions occurred with Related Parties during the financial year ended 30 June 2018:

Related Party Entity	Sale of Goods & Services (\$,000)	Amounts Outstanding from Related Parties (\$,000)	Description of Services Provided to Related Parties
Alexandrina Council	684	-	Provision of regional aquatic facilities
City of Victor Harbor	684	-	Provision of regional aquatic facilities

Amounts recorded as outstanding from Related Parties are recorded in trade and other receivables in Note 4.

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

Fleurieu Regional Aquatic Centre Authority

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018**

Note 14 - UNIFORM PRESENTATION OF FINANCES

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.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances

	2018 \$	2017 \$
Income	3,049,427	1,000,983
<i>less</i> Expenses	<u>3,041,439</u>	<u>1,070,724</u>
Operating Surplus / (Deficit)	7,988	(69,741)
 <i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	-	-
<i>less</i> Depreciation, Amortisation and Impairment	673,452	193,733
<i>less</i> Proceeds from Sale of Replaced Assets	<u>-</u>	<u>-</u>
	(673,452)	(193,733)
 Net Lending / (Borrowing) for Financial Year	 <u>681,440</u>	 <u>123,992</u>

Note 15 - ECONOMIC DEPENDENCY

There maybe a requirement for additional financial contributions to be made by Constituent Councils if there is insufficient working capital available to meet the Authority's financial obligations. The Authority may be reliant on this additional financial support being provided to enable it to continue to operate on a going concern basis.

Fleurieu Regional Aquatic Centre Authority

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by Fleurieu Regional Aquatic Centre 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 2018 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.



.....
Leonie Boothby
EXECUTIVE OFFICER



.....
David Cooke
CHAIRPERSON

Date: 28 September 2018

FLEURIEU REGIONAL AQUATIC CENTRE AUTHORITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Aquatic Centre Authority for the year ended 30 June 2018, the Authority's Auditor, Dean Newbery & Partners Chartered Accountants, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A(2) *Local Government (Financial Management) Regulations 1999*.



.....
Glenn Rappensberg
CHIEF EXECUTIVE OFFIER
Alexandrina Council

Date: 27 / 8 / 2018

FLEURIEU REGIONAL AQUATIC CENTRE AUTHORITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Aquatic Centre Authority for the year ended 30 June 2018, the Authority's Auditor, Dean Newbery & Partners Chartered Accountants, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A(2) *Local Government (Financial Management) Regulations 1999*.



.....
Victoria MacKirdy
CHIEF EXECUTIVE OFFIER
City of Victor Harbor

Date: 27. 08. 2018

Auditor's Independence Declaration under Section 22 of the Local Government (Financial Management) Regulations 2011 to the Fleurieu Regional Aquatic Centre Authority.

I confirm that, for the audit of the financial statements of the Fleurieu Regional Aquatic Centre Authority for the year ended 30 June 2018, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

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



JIM KEOGH
PARTNER

Signed on the 21st day of August 2018,
at 214 Melbourne Street, North Adelaide, South Australia 5006.

INDEPENDENT AUDITOR'S REPORT

To the members of the Fleurieu Regional Aquatic Centre Authority

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a general purpose financial report, of the Fleurieu Regional Aquatic Centre Authority (the entity), which comprises the Certification of Financial Statements on the annual statements giving a true and fair view of the financial position and performance of the entity, the Statement of Comprehensive Income, the Statement of Financial Position, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended 30 June 2018 and the notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial report of the Fleurieu Regional Aquatic Centre Authority is in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 2011*, including;

- (i) giving a true and fair view of the entity's financial position as at 30 June 2018 and of its performance and cash flows for the year then ended; and
- (ii) that the financial records kept by the entity are such as to enable financial statements to be prepared in accordance with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the entity in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Executive Officer for the Financial Report

The Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*. This responsibility includes determining that the basis of preparation described in Note 1 is appropriate to meet the need of the members. The Executive Officer's responsibility also includes designing, implementing and maintaining internal controls relevant to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

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

The Executive Officer of the Fleurieu Regional Aquatic Centre Authority is responsible for overseeing the entity's financial reporting process.

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 the 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 financial report.

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

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

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

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS**



**JIM KEOGH
PARTNER**

Signed on the 28th day of September 2018,
at 214 Melbourne Street, North Adelaide

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Further information about the Fleurieu Aquatic Centre facilities, programs and memberships is available online at www.fleurieuaquaticcentre.com.au or by calling (08) 7078 4150.

Fleurieu Regional Aquatic Centre Authority

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