

ANNUAL REPORT 2016/17

city of
Victor Harbor



ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Ngarrindjeri and Ramindjeri people as the traditional custodians of our beautiful lands and surrounding waters.

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Fleurieu Regional Waste Authority
Annual Report

Attachment 2:

Southern and Hills Local Government
Association Annual Report

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Fleurieu Regional Aquatic Centre
Authority Annual Report

QUICK FACTS

Location – 80km south of Adelaide

Population – approximately 15,600

Rateable properties – 10,586*
(*as at 30 June 2017)

Area – 34,634 Hectares

**This Annual Report was adopted
by the City of Victor Harbor
on 27 November 2017**

ISSN 1835-4726



MAYOR'S MESSAGE

2016/17 has seen the City of Victor Harbor reap the rewards of hard work and persistence, positioning itself as an award winning council.

Following on from the accolades received on the national stage last year for the innovative approach to delivering the Fleurieu Aquatic Centre, the council has continued to show it is a local government leader.

At the National Local Government Professionals Federation Awards, the Victor Harbor Schoolies Festival™ took out the *Collaboration and Community Partnerships* award, making it a back to back win for the council in this category.

The City of Victor Harbor also received national recognition for its broad range of sustainability initiatives in place to protect and preserve our coastal environment at the Keep Australia Beautiful Clean Beaches Awards. The council won the Heritage and Culture award which celebrates and acknowledges the hard work of the community and council to ensure the rich fabric of Victor Harbor's long history is immediately visible when arriving on the foreshore.

The City of Victor Harbor was also presented with a special commendation for its overall commitment to delivering initiatives in partnership with the community that make Victor Harbor one of the country's most sustainable beachside communities.

Victor Harbor's Mainstreet Precinct received state-wide recognition,

being named the best in regional South Australia. It is the second time council has received this award, previously winning it in 2014.

While it is humbling to receive these awards, there are also a lot of unrecognised successes that have been driven by council.

In 2016/17 we have continued to work hard to set Victor Harbor up for the future, protecting the lifestyle we highly value and creating opportunities that will see our community prosper.

While many of our achievements and accomplishments during 2016/17 are outlined later in this annual report, there are a few I would like to highlight:

- The highly anticipated **opening of the Fleurieu Aquatic Centre** in March 2017 certainly tops the list of the year's accomplishments.

Since opening the centre has been performing beyond expectations and the feedback we have received so far has been glowing.

- The **completion of the first stage of the Victor Harbor Mainstreet Precinct Upgrade** has revitalised the heart of the town centre, and provided a glimpse as to how the precinct will be transformed as future stages roll out in the coming years. The Community Street Party hosted to celebrate the completion of stage one showed how the award winning public space can be used.
- An **increased focus on economic development and business support** has seen council improve communication with the local business community and strengthen its relationship with Business Victor Harbor (formerly the Victor

Harbor and District Business Association) to deliver the inaugural Victor Harbor Business Week, a 'Buy Local' campaign with a consumer survey, and over 20 workshops.

- The **launch of Victor Harbor's new place brand** was well received by the community and the new branding is slowly being rolled out across the council area and used to promote Victor Harbor as a place where you can 'encounter it all'.
- A **new Community Plan 2036 and Strategic Directions 2016-2020 was adopted** to drive the future direction of our city and play an important role in influencing how council will respond to future challenges and opportunities.

The work undertaken in 2016/17 has continued to build a solid framework to assist in creating a bright future for our city.

The council is in a great position to continue to move Victor Harbor forward, and I am looking forward to what is ahead for us in the next 12 months.

Finally, I would like to thank everyone who took the time to provide council with their feedback during the many public consultation exercises undertaken during 2016/17. Your feedback was valued, and helped us in our decision making.

Council will continue to ask for the community's feedback on a range of issues regularly through the year, and I encourage you to get involved, share your views and help us make Victor Harbor an even better place.

GRAHAM PHILP
Mayor

STRATEGIC MANAGEMENT

Vision and Objectives

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

The vision was developed during 2016, and gives a nod to 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 the community to prosper.

The vision also places an important focus on nurturing and growing an economy that provides individuals with 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 the vision is a community where people are engaged, empowered to make decisions, and keen to work together. The council’s vision is about making a great place even better.

To achieve the vision for Victor Harbor, the council has identified 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

These objectives outline what needs to be in place in order for Victor Harbor to achieve the council’s vision.

Strategic Planning

Council has a series of interlinked plans in place to ensure that our activities are focussed on achieving our vision. The plans incorporate a mixture of long, medium and short term plans that are underpinned by council’s vision and objectives.

Council’s strategic planning framework helps us to plan for the future and ensure the area is adequately prepared for future population increases.

Council’s strategic plans are available for viewing at www.victor.sa.gov.au or at the Civic Centre, 1 Bay Road, Victor Harbor.

Diagram: Council’s Strategic Planning Framework



Measures of Success

The City of Victor Harbor uses a number of methods to measure our performance against our objectives.

Key Planned Activities

Key Planned Activities outline what council will focus on during the financial year to contribute towards achieving our vision and objectives.

The activities are generally initiatives that are reasonably defined and measurable, and include key tasks, significant activities or special projects to be undertaken in a 12 month period. Council’s performance target is to complete or substantially complete at least 90% of these tasks each financial year.

Key Planned Activities may not be listed under every strategy in every year and it is not intended that every activity of council is included.

In 2016/17, 167 Key Planned Activities were identified. The end of year review shows 134 have been completed, four cancelled, and 29 Key Planned Activities not on track.

Taking into consideration the four cancelled activities, 82% of activities were complete.

A further eight Key Planned Activities have been substantially completed (80% or more complete). This results in the number of completed or substantially complete Key Planned Activities being 142, or 87%.

A number of factors are identified as having impacted on performance towards completing listed Key Planned Activities, including:

- 13 not on track due to capacity (e.g. staff resources, under-estimation of workload, loss of staff through turnover, illness or unexpected leave)
- eight (8) not on track due to changes in strategic direction
- three (3) not on track due to ambitious timeline forecasts
- three (3) not on track due to financial factors including unrealised income and unforeseen expenditure
- one (1) not on track due to the need for remedial work to be undertaken
- one (1) not on track due to contractor not meeting expected outcome.

A list of all 2016/17 Key Planned Activities, and their status, is included as **Appendix 1** in this Annual Report.

In 2017/18, council has identified 276 Key Planned Activities to contribute toward achieving our long term objectives. These activities are outlined in the City of Victor Harbor’s 2017/18 Annual Business Plan.

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. They are a vital reference for long term financial planning and performance measures.

The table below shows target ratios set by council and the performance against these ratios over the past three years.

Table: Financial Indicators

Ratio	2016/17	2015/16	2014/15	Target
Operating Surplus	4%	3%	9%	3% to 10%
Net Financial Liabilities	47%	42%	39%	Less than 75%
Asset Sustainability	99%	77%	64%	80% average (3 years)

Operating Surplus Ratio

This ratio expresses the operating surplus (deficit) as a percentage of general and other rates. The operating surplus ratio indicates that the cost of services provided to the local community is being met from operating revenues with surpluses being used to fund infrastructure renewals.

A surplus ratio of 4% was achieved in 2016/17. This is above council's minimum target of 3%. However, this result was inflated due to the receipt of advance financial assistance grants in late June 2017. The adjusted operating surplus ratio for 2016/17 was 1% (below council's minimum target).

The receipt of the financial assistance grants in advance will likely result in a below target result in 2017/18.

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.

A ratio of 47% was achieved in 2016/17 meeting council's target of less than 75%. This represented an increase from 2015/16 due to a \$2.5 million loan taken out for the purposes of constructing the Fleurieu Aquatic Centre.

Asset Sustainability Ratio

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

A ratio of 99% was achieved in 2016/17 meeting council's target of greater than 80%. The finalisation of a number of projects during 2016/17 that were recorded as 'partially completed' in 2015/16 has contributed to a high ratio.

Service Delivery

Council reports on the levels of services it provides to the community, including comparisons with levels of service in previous years. Measureable levels of service can include things such as library membership, total number of visitors to the Visitor Information Centre, or number of development approvals.

The 'highlights and achievements' section that follows identifies some of the 2016/17 highlights for each of council's strategic objectives.

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 1 attached)**
- Fleurieu Regional Waste Authority **(Annual Report 2 attached)**
- Fleurieu Regional Aquatic Centre Authority **(Annual Report 3 attached)**
- Local Government Association of South Australia
- Adelaide and Mount Lofty Ranges Natural Resources Management (NRM) Board
- SA Murray Darling Basin Natural Resources Management Board
- Dog and Cat Management Board

Strategic Indicators

A series of strategic indicators have been identified 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 reflect a trend towards a desired outcome and provide information on how council can focus or refine its activities to better achieve its vision.

Appendix 2 shows performance against those indicators for which data was available in 2017/18.

Council met 12 of the 15 targets in 2017/18. In relation to the three indicators for which targets were not met:

- Membership of the library as a percentage of the population (50% against a target of 68% or higher) was the result of the introduction of the One Card System which lets people borrow books from any library in South Australia using a single library card. Previously visitors to Victor Harbor would have needed to become members of the Victor Harbor library in addition to membership of their normal library. The 68% target, based on previous results, is effectively a combination of both Victor Harbor residents and non-residents.
- Library visits per capita (9.9% against a target of 10%) is slightly less than the target. This is probably due to the "people counter" at the entrance being faulty for an extended period of time.
- Number of council decisions made in confidence (6.9% against a target of 5%) is primarily due to a larger number of items considered under Section (d) relating to commercial information and Sections (a) and (g) relating to personal affairs and a breach of law. Further details are provided on page 26.



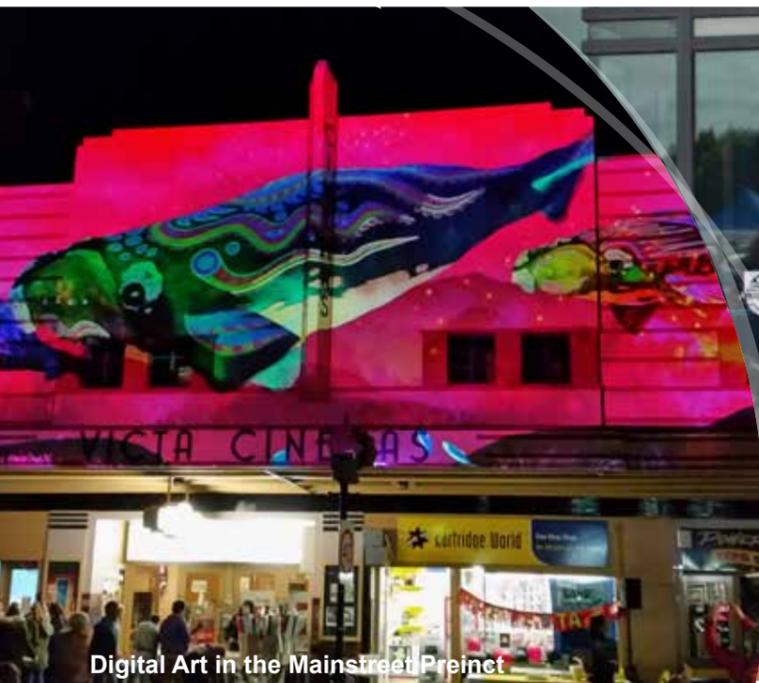
Victor Harbor Place Brand Launch - Be a tourist in your own town

HIGHLIGHTS AND ACHIEVEMENTS

During 2016/17, the City of Victor Harbor accomplished a number of significant milestones and achievements that will help council protect the lifestyle we highly value and create opportunities that will see our community prosper.

A selection of these highlights and achievements are outlined over the following pages.

- Stage 1 of the Victor Harbor Mainstreet Precinct upgrade was completed and celebrated with a street party attended by hundreds of people
- More than 1500 people attended the 2017 Whale Time Playtime Festival
- Supported 400 local tourism operators with around \$575,000 in gross bookings for accommodation and attractions at the Visitor Information Centre
- Hosted the 2017 Santos Tour Down Under Stage 3 finish which included four loops around Victor Harbor
- More than 114,700 visits to encountervictorharbor.com.au and over 52,000 people through the Visitor Information Centre
- Achieved more than \$72,500 in retail sales at the Visitor Information Centre
- Held the first 'Encounter It All' tourism open day
- More than 300 Granite Island Nature Tours took place with 4000 people attending tours
- Continued the Rediscover Granite Island initiative with pop up activities during the school holidays
- More than 63,000 people visited the SA Whale Centre
- More than 3000 students attended the SA Whale Centre's education programs
- More than 3000 children participated in the SA Whale Centre's Whalefest school holiday program
- Assisted the establishment of a Friends of the Victor Harbor Horse Tram group and team of volunteers to assist with ticket sales and visitor information
- More than 38,000 passengers enjoyed a trip on the iconic Horse Drawn Tram
- Supported the delivery of 19 major events in Victor Harbor
- Council's 2016 Rock N Roll Festival attracted more than 9000 people and had a display of around 270 classic cars
- Established an Agribusiness Reference Group as a channel for the sector to communicate with council on key issues
- Held the inaugural Victor Harbor Business Week in conjunction with Business Victor Harbor
- Received over 170 responses to the first annual business confidence survey to help better understand the challenges facing local business
- Facilitated 21 workshops for local businesses
- Developed a concept plan for the Coral Street Performing Arts and Culture Centre
- Installed Victor Harbor's permanent digital art projector, one of only three in the State
- Launched a new place brand for Victor Harbor, with over 700 community votes during the consultation period
- The Victor Harbor Mainstreet Precinct was named the best regional main street in SA
- Continued delivery of the Mainstreet Precinct Action Plan which included an Easter Hunt attended by 400 children (plus parents), and Santa's Cave visited by 257 children
- Fleurieu Aquatic Centre was completed and opened in March 2017
- 6300m² of new footpaths were constructed and 900m² of footpath renewal undertaken
- Resheeted over 21,000m² of unsealed roads with gravel
- Sealed 325m² of dirt roads
- Lamont Court stormwater upgrade was completed
- Soliders' Memorial Reserve toilet facilities were upgraded
- Outdoor staff attended to more than 2000 customer works requests
- Completed and opened the Victor Harbor Dog Park
- Developed and launched the Victor Harbor Town Centre Heritage Trail to share the stories of our built history



Digital Art in the Mainstreet Precinct



Official opening of the Fleurieu Aquatic Centre

HIGHLIGHTS AND ACHIEVEMENTS

- The Southern Communities' Transport Scheme (SCOTS) provided around 13,600 passenger trips to more than 1500 people and over 1000 carers who were transport disadvantaged
- Volunteers contributed over 8370 hours of their time to the SCOTS service
- The Volunteer Week Small Grants Program assisted 36 community groups to recognise the efforts of up to 1043 volunteers
- Hosted the biannual 'Flourishing on the Fleurieu Festival' which was supported by 21 community groups and attended by 600 people
- Facilitated collaborative opportunities for aged care stakeholders through six networking meetings attended by 145 representatives
- Developed online hub for information about local dementia services and support
- Co-hosted the annual symposium for community aged care service providers attended by 150 people
- Provided 290 support sessions for local families attended by more than 3000 people
- Members of the Southern Fleurieu Youth Advisory Committee volunteered more than 6000 hours to support youth events
- More than 1500 young people and community members attended a variety of youth events such as Colour Me Senseless Youth Art Exhibition, Youth Showcase, Wet Paint Theatre, Blue Light Discos, Short Film Workshops and music events
- Acted on concerns for student safety and completed an upgrade to Kullaroo Road behind the Victor Harbor High School
- Around 80 trees were planted on council streets, and around 7000 trees and shrubs were planted in council parks and reserves
- Completed Stage 2 of the Brandwood Reserve landscape upgrade
- Completed Stage 2 of the Ocean Road upgrade in Hayborough
- Upgraded Greenhills Road, Waitpinga Road and Matthews Street
- Strawberry Hill Road was closed to the public following community consultation
- Upgraded irrigation systems at Cliff Thorpe Reserve and Brian Spilsbury Reserve
- Signage along the Encounter Bikeway was upgraded
- Undertook coastal protection works near King Street and The Esplanade
- Upgraded the playgrounds at the Encounter Bay Recreation Ground and Victor Harbor Oval
- Contributed to the upgrade of the courts at the Encounter Bay Recreation Ground
- 68 sports coaches from 17 different sports attended the 'Coach and Athlete Excellence Workshops' delivered via the STARCLUB Field Officer Program
- Provided \$3700 in grants to assist 7 community groups support the wellbeing of people in Victor Harbor through the Community Grants Program
- More than 500 development applications were assessed for development totalling over \$81 million
- Completed new LED lighting, backboards and painting at the Recreation Centre
- Assisted Mainstreet Traders to improve their shopfronts through the Mainstreet Façade Grant Program
- Cat registration was introduced from 1 January 2017
- 2960 dogs and 450 cats were registered
- Grant funding of \$9600 was provided to 10 individuals and five groups to assist them to make a positive contribution to sport and recreation in the council area
- Visits to council's consultation website – www.yoursay.victor.sa.gov.au – increased by 1700
- Held 6 listening posts at various locations within the City of Victor Harbor
- Completed the BDP (Better Development Plan) Development Plan Amendment
- More than 2300 children took part in the youth programs at the Victor Harbor Public Library
- 317 students submitted an entry in the Mayor's Short Story Competition, an increase of 60 from the previous year
- Over 50% of the City of Victor Harbor population is a member of the Public Library (compared to an average of 41% for regional libraries)
- Developed a new Community Plan 2036 and Strategic Directions 2016-2020
- Achieved an improved rating in the organisational Work Health Safety KPI audit
- Received a merit award for ongoing development of our WHS culture
- Reviewed council by-laws and developed the new foreshore by-law
- Completed an elector representation review with more than 1,000 community responses over two consultation periods
- Participated in a series of surveys to evaluate and reflect on the council's performance and monitor performance over time to promote continuous improvement
- Reviewed and/or developed 12 policies
- Hosted the Premier and Cabinet in Victor Harbor as a part of the SA Government's Country Cabinet initiative
- Won a National Local Government Professionals Federation Award in the category of Partnerships and Collaboration for the Victor Harbor Schoolies Festival Team



Encounter Bay netball courts upgraded

Country Cabinet in Victor Harbor

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. Elections for Council Members are held every four years in accordance with the Local Government (Elections) Act 1999.



Contact details for City of Victor Harbor Elected Members are available online at www.victor.sa.gov.au/electedmembers

 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

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 2016/17 Elected Members received the following allowances:

- Mayor - \$51,200
- Deputy Mayor - \$16,000

- Presiding member of a prescribed Committee – \$16,000
- Councillors - \$12,800
- Councillor who is the presiding member of a Section 41 Committee that is not a prescribed committee – \$12,800 plus \$150 per meeting (up to \$900)

In addition Council Members are entitled to other support including reimbursement of travel and child care 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.

Each independent member of the Audit Committee received \$350 per meeting. The Presiding member of Council's Development Assessment Panel received \$450 per meeting and other panel members received \$350 each per meeting.

Meeting Attendance

City of Victor Harbor hold their ordinary council meetings on the fourth Monday of the month from 5.30pm. During 2016/17 there were 12 ordinary meetings and 10 special meetings.

Total number of meetings	22
Mayor Philp	22
Cr Terry Andrews	21
Cr Peter Charles	22
Cr Pat Chigwidden	20
Cr Karen Dutton*	14
Cr Tim Glazbrook	20
Cr Nicholas Hayles	14
Cr Moira Jenkins	19
Cr Bob Marshall	17
Cr Carol Schofield^	21

*Cr Karen Dutton was granted a leave of absence from 2 November 2016 until 2 February 2017.

^Cr Carol Schofield was granted a leave of absence from 17 May 2017 until 10 June 2017.

Elected Member Training

The following is a record of Elected Member attendance at training during 2016/17.

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
Training on Records Management and Confidentiality	26/7/2016	✓	✓							✓	
Presentation from the Local Government Association (LGA) President and CEO	16/8/2016	✓	✓	✓	✓	✓	✓	✓	✓		✓
Audience with the Ombudsman (Southern and Hills Local Government Association)	19/8/2016	✓	✓	✓	✓			✓			✓
Meeting Procedures (Onkaparinga Council Meeting)	6/9/2016	✓	✓								
Council Development Assessment Panel Code of Conduct and Conflict of Interest Training	19/9/2016	✓	✓	✓			✓				✓
Code of Conduct Training for Elected Members	19/9/2016	✓	✓	✓	✓	✓	✓	✓			✓
Conflict of Interest Training for Elected Members and Committee Representatives	19/9/2016	✓	✓	✓	✓	✓	✓	✓			✓
Local Government Heritage and Planning Reform Conference (LGA)	21/9/2016							✓			
Individual and Organisational Development (IOD) - Initial meeting with Elected Members and individual Elected Member Coaching	20/9/2016 23/9/2016	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IOD Training - Group meeting with Elected Members and Team Coaching	15/10/2016	✓		✓	✓	✓	✓	✓	✓		✓
Resilience of Gulfs, Coasts and Estuaries (LGA)	8/11/2016	✓									
Leadership Forum (LGA)	17/3/2017	✓									
Australian Coastal Councils' Conference	3-5/5/2017				✓			✓			
CoastAdapt Training - Adelaide	7/6/2017	✓									
Media Training	29/6/2017	✓									

GOVERNANCE

Procured Goods and 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 money and ensuring ethical, accountable and transparent practices in all operations for contracting out of services, competitive tendering and provides for procurement for the use of local goods and services.

Services that have been contracted out or have been subject to a competitive process include:

- Vehicle and plant acquisitions
- Crack sealing program
- Roadseal bitumen services – asphalt and bitumen surfacing
- Soldiers' Memorial Reserve toilet block replacement
- Fence replacement at Bridge Terrace
- Kullaroo Road construction
- Coral Street Performing Arts & Cultural Centre concept plan and business case
- Design of Adelaide Road roundabout
- King Street concrete block wall dune stabilisation
- Stormwater upgrade – Yandra Terrace (Stage 1 & 2)
- Stormwater Upgrade – Brand and Field Avenue
- Bluff boat ramp car park extension
- Encounter Lakes mechanical gate lifting installation

- Residential Review Development Plan Amendment
- Purchase and installation of two Playgrounds at Victor Harbor Oval and Encounter Bay Recreation Ground
- Hygiene and sanitary services
- Library refurbishment development design
- Supply and install steel beam safety barriers (guard railing)
- Storage Area Network (SAN) – goods and services
- Customer Service – service review
- Plant and equipment tyre service
- Level 2 bridge inspections
- New Year's Eve fireworks display
- Fleurieu Aquatic Centre video production
- Supply and install signage at Fleurieu Aquatic Centre
- Purchase of portable generator
- Victor Harbor Recreation Centre – General Purpose Room flooring replacement
- Encounter Lakes and Waters grounds maintenance services
- Encounter Bikeway signage
- Slashing services
- Roadside weed spraying services
- Recruitment services (CEO recruitment)
- Pest control services

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 Reports of each of the regional authorities are provided as attachments to this document.

In 2016/17 the City of Victor Harbor operated the following business activities that are not considered

'significant' under the National Competition Policy principles:

- Victor Harbor Horse Drawn Tram
- South Australian Whale Centre
- Victor Harbor Visitor Information Centre.

The City of Victor Harbor reviewed its by-laws during 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 of the effective management of activities prescribed in the by-laws, outweigh the potential restrictions on competition or costs posed by a by-law.

The following seven by-laws came into effect on 1 January 2017.

- 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 following properties are subject to inclusion (or revocation) as Community Land within the register during 2015/16.

Assess No.	Certificate of Title	Lot	Plan	Community Land Status	Description
A1162	CT5307/787	91	F162862	Yes	Historical Cemetery 'Tabernacle Church Cemetery Reserve' Part 1 of 2 - Area 3,784m ²
A11622	CT5980/810	179	D71731	Yes	Historical Cemetery 'Tabernacle Church Cemetery Reserve' Part 2 of 2 - Area 58m ²
A13174	CT6187/253	62	D113686	Yes	Roadside Boundary Reserve (0.1 metre wide to prevent driveway access). Corner of Adelaide Road and Welch Road. Area 32.5 m ²
A8618	CT6193/865	46	D3645	Revoked	Narrow drainage reserve next to Baptist Church, deemed surplus and disposed of. Area 102m ²



Tabernacle Church Cemetery land handover

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
- Complaints Handling
- Council Meeting Procedures
- Contract and Tender
- Council Sporting Leases – Obligations and Responsibilities
- Debt Management
- Donations
- Ecological Sustainable Development
- 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
- Footpath
- 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
- Order Making
- Outdoor Dining and Street Traders
- Parks and Street Furniture donation
- Policy and Procedure Framework (Policy)
- Privacy
- Procurement

- Prudential Management
- Public Consultation
- Reimbursement of Elected Member Expenses
- Renewable Energy and Economic Development
- Request for Service
- Risk Management
- Road Naming
- Rural Property Addressing – Road Signage Management
- Safe Environment
- Sale and Disposal of Council Land and Other Assets
- Signage
- Social Media
- Staff and Elected Member Record Management
- Street Permit
- Supplementary Elections
- Sustainability
- Treasury
- Tree Management
- Unreasonable Complainant Conduct Management
- Volunteer
- Whistleblower Protection

FREEDOM OF INFORMATION

Information Statement

Council publishes an updated Freedom on 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.

Freedom of Information Applications

Three (3) applications were received under the Freedom of Information Act from 1 July 2016 to 30 June 2017.

Two applicants were granted access in full. One applicant 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 three (3) applications for review of a Council decision under Section 270 of the Local Government Act 1999.

The requests were in relation to rate rebate applications for aged accommodation; and, remittance of fines, legal fees and interest due to change of address.

Council's Internal Review of a Council Decision Procedure is available at www.victor.sa.gov.au



EXECUTIVE TEAM



Graeme Maxwell
Chief Executive Officer
Dip. Local Govt. Admin.
Professional Certificate in Management
F.L.G.P.A.



Kate Jessep
Director Corporate and Community Services
Bachelor of Arts (Politics and Modern History)
Grad. Dip. Urban and Regional Planning
Grad. Dip. Human Resource Management
M.L.G.P.A.



Glenn Sanford
Director Environment and Infrastructure
Professional Business Management Certificate
Engineering, Municipal Management Certificate
M.L.G.P.A.
J.P.



Graham Pathuis
Director Planning and Regulatory Services
Dip. Applied Science (Environmental Health and Building Surveying)
Grad. Dip. Urban and Regional Planning
M.L.G.P.A.

ORGANISATION

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:

- 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 remuneration package that includes:

- A negotiated base salary.
- A loading in lieu of overtime and out of hours work, and recognising limited term of contract and individual officer performance.
- Business and private use of a council vehicle.
- Communication expenses.
- Professional memberships
- Statutory superannuation entitlements.

In addition the Chief Executive Officer receives one week's additional leave per annum and the Director of Corporate and Community Services receives additional financial compensation for deputising for the Chief Executive Officer as required.

The Senior Officers' performance based fixed-term contracts are subject to an annual performance appraisal and each officer was appraised during the year.

The Senior Officers' contracts are due to expire in:

- Chief Executive Officer – November 2017
- Director Corporate and Community Services – September 2017
- Director Environment and Infrastructure - September 2019
- Director Planning and Regulatory Services – June 2018.

As required by Section 105 of the Local Government Act 1999 a register of remuneration for all employee positions is maintained and is available for public inspection.

Human Resources and Staff Levels

The City of Victor Harbor is one of the city's major employers. At 30 June 2017 council employed 139 staff equalling 101.6 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, tidy towns projects and, river and coastal protection initiatives.

Industrial Relations

There were no matters referred to the SA Industrial Relations Commission during 2016/17.

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 2016/17 was in the areas of software, contractor management and supervision, workzone traffic management, manual handling, train the trainer, bullying and harassment, fire warden and emergency procedures, incident investigation and human factors, volunteer management, and individual and organisational development.

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.

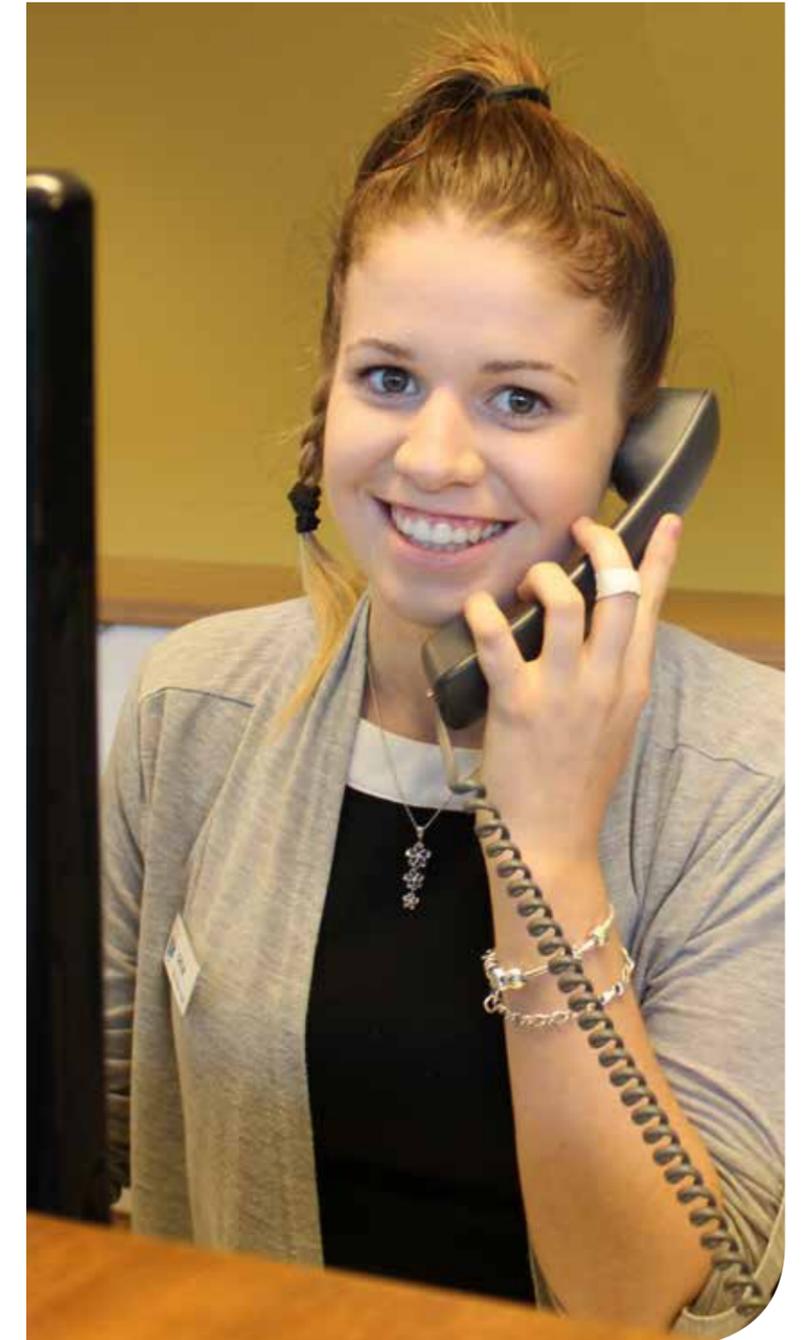
Work Health and Safety

Council had one (1) workers compensation claim amounting to 10 days lost time due to injury in 2016/17. This is compared to four (4) workers compensation claims and a loss of five days in the previous reporting year.

The figures were below council's targets for the period.

Traineeships and Apprentices

Council supported eight (8) individuals in traineeship and apprenticeship opportunities in 2016/17 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 enhancing their abilities to gain future employment.



DECISION MAKING STRUCTURE

Council makes decisions directly or indirectly through the following mechanisms:

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

Details of the committees established by council 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
- Ross Haslam
- Claudia Goldsmith

Role of the Audit Committee

The role of the committee is:

- To review annual financial statements to ensure that they present fairly the state of affairs of the council;
- To review the adequacy of council-wide risk management systems on a regular basis;
- To propose and provide information relevant to a review of the council's strategic management plans or annual business plan;
- To propose and review the exercise of powers under Section 130A Local Government Act 1999 relating to efficiency and economy audits;
- To liaise with the council's auditor; and
- To review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis.

Audit Committee Report

The committee met five times during the year. Meetings were held on a quarterly basis with an additional meeting in November to consider the 2015/16 financial statements.

Issues 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 & sample testing;
- Annual Business Plan & Budget;
- Budget Reviews;
- Asset Management Plans
- Risk Management & Register.

Section 41 Committees

The council is the primary decision making body although 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 2016/17 the City of Victor Harbor convened the following Section 41 committees:

- Environment and Infrastructure Advisory Committee (includes a Recreation and Sport Sub-Committee)
- Fleurieu Region Community Services Advisory Committee (includes Southern Fleurieu Youth Advisory Sub-Committee)
- Recreation Centre Management Committee
- Southern Communities' Transport Scheme Advisory Committee
- Economic Development and Tourism Committee
- Victor Harbor Horse Tram Committee

The City of Victor Harbor Mayor is ex officio for all Section 41 Committees.

Committees Established Under Other Legislation

Several committees have also been established under other legislation and council holds a number of representative positions on local and regional organisations.

- Work Health and Safety
- Enterprise Bargaining Committee
- Council Development Assessment Panel

- Strategic Planning and Development Policy Committee
- Emergency Management Committee

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 Subsidiary

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.



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 2016/17 the City of Victor Harbor convened 12 ordinary and 10 special meetings at which a total of 423 items were considered.

The public was excluded from the meetings for 29 agenda items. 21 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
25 July 2016	Annual Review of Confidential Items	90(3)(g)
22 August 2016	Chief Executive Officer - Performance Review	90(3)(a)
22 August 2016	Section 184 - Sale of Land for Non Payment of Rates	90(3)(a)
22 August 2016	Bluff Carpark Extension - Motion without notice	90(3)(h)
26 September 2016	Trailer Signs - Enforcement	90(3)(f)
24 October 2016	Soldiers Memorial Reserve Toilet Block Replacement	90(3)(k)
24 October 2016	Road Reseal Bitumen Services, Ashpalt and Bitument Surfacing	90(3)(k)
24 October 2016	Horse Tram Committee Minutes 6 October 2016	90(3)(d)
28 November 2016	Sale of Land for Non-Payment of Rates	90(3)(a)
28 November 2016	Sculpture Encounters at Victor Harbor and Arts and Cultural Funding - Notice of Motion	90(3)(d)
19 December 2016	2017 Australia Day Awards Recipients	90(3)(g)
19 December 2016	Strategic Planning and Development Policy Committee Minutes 6 December 2016	90(3)(d)
19 December 2016	Public relations and sponsorship services	90(3)(c)&(d)
23 January 2017	Encounter Lakes Mechanical Gate Lifting Mechanisms	90(3)(k)
23 January 2017	Bluff Boat Ramp Car Park Extension	90(3)(k)
27 February 2017	8-12 McKinlay Street Car Park	90(3)(d)
27 February 2017	Economic Development and Tourism Committee Minutes 8 February 2017	90(3)(d)
27 February 2017	Code of Conduct - Alleged Disrespectful Comments	90(3)(a)&(g)
27 February 2017	Code of Conduct - Alleged Offensive and Discriminatory Comments	90(3)(a)&(g)
20 March 2017	Mainstreet Precinct Master Plan Construction - Stage 2	90(3)(k)
27 March 2017	Code of Conduct Referrals	90(3)(a)&(g)
27 March 2017	Code of Conduct - Alleged Offensive and Discriminatory Comments	90(3)(a)&(g)
27 March 2017	Code of Conduct - Alleged Bullying and Verbal Assault	90(3)(a)&(g)
27 March 2017	Notice of Motion - Regulatory Matter - Ives Crescent	90(3)(e)&(j)
8 May 2017	Fleurieu Futures Project	90(3)(g)
22 May 2017	Audit Committee Independent Member Selection Panel	90(3)(a)
26 June 2017	Level 2 Bridge Assessments - Revaluation	90(3)(k)
26 June 2017	Mainstreet Precinct Master Plan - Revised Stage 2 Documentation	90(3)(k)
26 June 2017	Encounter Lakes and Waters Grounds Maintenance Services	90(3)(k)



Bollywood film crew on the Horse Drawn Tram

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 2016/17 council received around 880 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.



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 2016/17 the following deputations were made to council.

Date	Subject
25 July 2016	Bluff Boat Ramp Project (Tenney Parker)
22 August 2016	Granite Island (Will Hendriks)
22 August 2016	2016 Victor Harbor Ice Land (Bob Carmichael)
26 September 2016	Creating Waves, Arts and Cultural Vibrancy in Victor Harbor (Patricia Marsland)
28 November 2016	Project Proposal (Victor Harbor RSL and Victor Harbor Football Club)
28 November 2016	Community Arts (Steve Robertson)
23 January 2017	Victor Harbor City Band (Allan Phelps)
27 February 2017	Fleurieu Aquatic Centre Gymnasium Facilities (Graham Mowatt)
27 March 2017	Encounter Youth Event Application for Accommodation at Victor Harbor Hockey Club (Encounter Youth)
27 March 2017	Challenges Facing Local Families (Liz Edwards, Victor Harbor R-7 School)
23 May 2017	Agribusiness Reference Group Survey (Beryl Price, Chair Agribusiness Reference Group)

Questions from the Gallery

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

There were 39 questions raised by members of the gallery at council meetings during 2016/17.

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 2016/17, the following petitions were submitted to the City of Victor Harbor:

Date	Subject
22 August 2016	Boat Ramp / Whaler's Car Park Upgrade
26 September 2016	Tabernacle Road Stormwater Damage
27 February 2017	Giles Street, Encounter Bay
27 March 2017	Parking and Traffic Management – Renown Avenue / Hindmarsh Road
27 March 2017	John Simmons Reserve

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	19,735	1,644
Yankalilla District Council	9	4,160	462
Barossa Council	12	17,248	1,437
Berri Barmera	9	7,327	814
Copper Coast	11	10,047	1,004
Light Regional Council	11	10,145	922
Loxton Waikerie	11	8,186	744
Murray Bridge	10	14,076	1,407
Port Pirie	10	12,910	1,291
Wattle Range	12	8,530	710
Yorke Peninsula	12	9,194	766
City of Victor Harbor	10	12,148	1,214

FINANCE

Council prepared its 2016/17 Annual Business Plan in conjunction with the annual budget process. The Annual Business Plan is the framework for the services, programs and projects for the year and provides important links and references to council's strategic plans including the Community Plan, Long Term Financial Plan, Asset Management Plans as well as council policies.

The 2016/17 Statement of Comprehensive Income indicates operating income of \$26,359,000 and expenses of \$25,366,000 resulting in an operating surplus of \$993,000.

The operating surplus included advance receipt of financial assistance grants of \$621,000.

Rates

Council's total rate revenue (including NRM Levy) increased from \$19.3 million in 2015/16 to \$19.9 million in 2016/17, a total increase of 3.3%.

Council adopted the Valuer General's total capital valuation of the district at \$3,972,673,700 (rateable) representing a total increase of \$57,107,440 or 1.46%

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

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

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 3.3%
- 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 76% of the council's total revenue.

The other 24% of revenue was received through a combination of the following:

User Pay Charges - \$2.5 million

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 - \$0.4 million

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

Grants - \$2.5 million

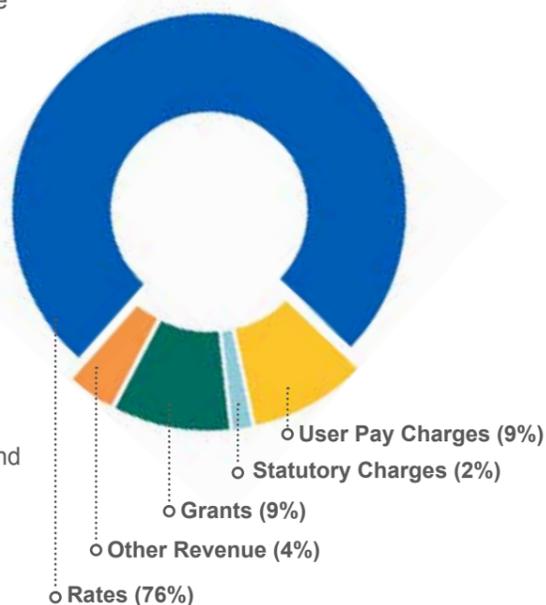
Includes grants for library, community services, tourism, roads, environment and Financial Assistance Grants

Other Revenue - \$1.0 million

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's debt reduction strategy in recent years has provided an opportunity to fund the construction of the Fleurieu Aquatic Centre with minimal impact on total borrowings.

A loan for \$2.5 million was drawn down in 2016/17 to assist with council's \$6.5 million contribution to the project.

Prudential Requirements Assets

Under Section 48 of the Local Government Act 1999 the 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.

Council's existing asset base was increased by \$4 million including new capital construction totalling \$3.1 million and renewal capital projects totalling \$5.8 million. Revaluation of stormwater, traffic devices and car park assets resulted in an increase of \$2.7 million.

This was offset by disposal of assets and a reduction in the carrying value of the assets (depreciation) of \$7.6 million.



LOOKING AHEAD

What we will do in 2017/18

Council has a vision for Victor Harbor to be a city that offers opportunity and lifestyle.

To work to achieve this vision the City of Victor Harbor will invest \$26.1 million in operating expenses and a net \$5.9 million in capital works during 2017/18.

A selection of activities that the council intends to undertake in the coming year is provided over the following pages.

For a complete list of Key Planned Activities refer to the 2017/18 Annual Business Plan at www.victor.sa.gov.au or view a hard copy at the Civic Centre (1 Bay Road, Victor Harbor).

- Seawall rectification adjacent to the Victor Harbor Bowling Club
- Environmental education programs at the South Australian Whale Centre
- Implement C-PREP3 (renewable energy program) in collaboration with neighbouring councils
- Landscaping of the roundabout at the Adelaide Road / Waterport Road
- Continue to work with regional partners, to support regional priority adaptation options identified in the "Resilient Hills and Coasts" Climate Change Adaptation Plan
- Construction of the Railway Turntable Site project
- Undertake design work for Stage 3 of the Victor Harbor Mainstreet Precinct upgrade
- Complete Stage 2 of the Bluff Boat Ramp holding area (subject to grant funding)
- Replace the floor of the Recreation Centre GP Room
- Design and consultation for the upgrade of the GT Fisher Reserve playground
- Undertake consultation on the concept plan for a proposed library refurbishment and extension
- Provide the Mainstreet Facade grant program
- Support the Victor Harbor Artisan Markets
- Prudential assessment of the proposed town hall and old library development, and undertake community consultation on the project proposal
- 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
- Install an RV dump point
- Upgrade existing CCTV street cameras to enhance public safety and reduce crime
- Deliver council run events including the Whale Time Playtime Festival, Rock N Roll Festival and New Year's Eve celebration, and support community run events
- Develop a Victor Harbor Investment Attraction Strategy and action plan
- Continue to roll out Victor Harbor's Place Brand Strategy including promoting co-branding with local businesses
- Advocate for Granite Island to be maintained as a key tourist attraction in Victor Harbor
- Undertake Stage 3 of the Ocean Road upgrade
- Bitumen sealing of Wattlebury Road
- Undertake erosion work at Policeman's Point
- Upgrade the Hindmarsh River Estuary Boardwalk
- Stage 2 of the Waitpinga Road reconstruction and repairs to Dennis Bridge
- New footpaths including Adare Avenue, Cudmore Road, Dinan Road, Kingsford Street, Laxton Street and Wattle Drive
- Stormwater design for Cakebread Road
- Stormwater upgrade at Field Avenue / Brand Avenue / Pine Avenue
- Upgrade stormwater infrastructure on Inman Valley Road
- Undertake Yandra Terrace, Hayborough stormwater upgrade (Stage 2)
- Assist the development of the Victor Harbor RSL and Victor Harbor Football Club
- Provide the Old School Building Community Centre as an affordable meeting space for local community groups
- Deliver the Australia Day Awards program to recognise the achievements of the community
- Continue live streaming and audio recording of Council meetings
- Undertake a library service review
- Implement priority outcomes of the customer service review
- Review and update council's Long Term Financial Plan
- Community transport vehicle replacement

APPENDIX 1: HOW WE DID IN 2016/17

The following is a detailed list of the City of Victor Harbor's Key Planned Activities (KPA) for 2016/17.

The following key outlines the status of each KPA.

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

- Facilitate planning for Sculpture Encounters at Victor Harbor (1.1.1)
- Finalise the Economic Development Strategy (1.1.2)
- Implement priority initiatives under the Mainstreet Precinct Action Plan (1.1.3)
- Commence development of an Economic Development Policy (1.1.4)
- Prepare a communication and business engagement plan (1.1.5)
- Design a "Buy Local" campaign (1.1.6)
- Investigate the feasibility of an Agribusiness Strategy (1.1.7)
- Complete civil works for Stage 1 Mainstreet Master Plan (1.1.8)
- Commence Stage 2 construction works (Ocean Street North and South Nodes) for the Mainstreet Master Plan (subject to grant funding) (1.1.9)
- Continue implementation of the Digital Action Plan (Stage 2) (1.2.1)

- Work with Victor Harbor tourism operators to develop awareness of tours / experiences available in Victor Harbor and the region to increase visitor length of stay, and encourage bookings through the Visitor Information Centre (1.2.2)
- Promote the Visitor Information Centre and its services to local residents (1.2.3)
- Implement the Place Branding Strategy including roll out of the final stage of the redevelopment of the www.holidayatvictor.com.au website (1.2.4)
- Update the economic development content on council's website (1.2.5)
- Advocate for Granite Island to be maintained as a key tourist attraction (1.3.1)
- Organise and stage the Whale Time Playtime Festival (1.4.1)
- Organise and stage the Rock N Roll Festival (1.4.2)
- Organise and stage the South Australian whale season launch (1.4.3)
- Organise and stage the 2017 "Prints of Whales Photographic Competition" (1.4.4)
- Consistent with council's Major Events Policy, consider opportunities that encourage improved reputation and business climate (1.4.5)

- Subject to confirmation from SA Tourism Commission, host a Stage finish in the 2017 Santos Tour Down Under and the Bupa Challenge Tour (1.4.6)
- Redevelop the mainstreet brand based on the Victor Harbor place brand and implement a new artistic entry statement signage based on the new brand (1.4.7)
- Implement the Digital Art Program in Ocean Street (1.4.8)
- Support local farmers and food producers through the Agribusiness Reference Group (1.5.1)
- Participate in the Fleurieu Peninsula Tourism Board, regional tourism plan and activities (1.5.2)
- Participate in the Regional Development Australia (Adelaide Hills, Fleurieu and Kangaroo Island) to support business linkages and regional economic development activities (1.5.3)
- Work with the NBN Co, the community, key business partners and neighbouring councils to maximise the potential of the NBN to deliver council services (1.8.1)
- Complete Town Centre Traffic and Car Parking Strategy (1.10.1)
- Finalise design for reconstruction of Wattlebury Road (1.11.1)

- Complete capital works footpath works program (1.11.2)
- Complete bridge maintenance as identified from condition assessments and associated Asset Management Plan including Nettle Hill Road and Waitpinga Road (1.11.3)
- Complete Greenhills Road reconstruction project (1.11.4)
- Complete Stage 2 Ocean Road reconstruction (1.11.5)
- Upgrade the Victor Harbor Town Hall pedestrian walkway between the RSL and Town Hall buildings (1.11.6)
- Undertake redesign and construction of traffic and pedestrian improvements to Kullaroo Road adjacent to the Victor Harbor High School (1.11.7)
- Complete Stage 1 of design and reconstruction of the Waitpinga Road (The Straight) (1.11.8)
- Undertake construction of the Bluff Boat Ramp carpark extension (1.11.9)
- Undertake priority projects and scope future projects from the Victor Harbor Strategic Bicycle Plan (1.11.10)
- Complete road maintenance as identified from condition assessments and associated Asset Management Plan (1.11.11)

- Complete kerb and channel maintenance and replacement as identified from condition assessments and associated Asset Management Plan (1.11.12)
- Provide the Southern Communities Transport Scheme in partnership with Alexandrina Council to assist transport disadvantaged people to access essential services (1.12.1)
- Seek sustainable funding for Community Transport Services beyond June 2017 (1.12.2)
- Advocate for improved passenger transport services between Victor Harbor and Goolwa, and Victor Harbor and Adelaide (1.12.3)
- Undertake Lamont Court, Yandra Terrace and Petrel Avenue stormwater construction upgrades (2.3.1)
- Replace Encounter Lakes control gates (2.3.2)
- Undertake a review and prepare detailed design documentation to allow reconstruction of the Bacchus Wetland in 2017/18 (2.3.3)
- Investigate viability of extending the current Victor Harbor Water Reuse Scheme (2.4.1)
- Complete connection of groundwater from Bridge Terrace to Soldiers Memorial Gardens (2.4.2)

- Undertake irrigation renewal and upgrade program as identified in the Open Space Asset Management Plan and Asset Register including Cliff Thorpe Reserve, Eric Ashby Reserve and Brian Spilsbury Reserve (2.4.3)
- Investigate options for vehicle recharge points for electric / hybrid vehicles (2.6.1)
- Support the development of the Victor Harbor Men's Shed, including in-kind earthworks (subject to project funding / commencement) (2.8.1)
- Explore funding models and opportunities to sustain the Southern Fleurieu and KI Positive Ageing Taskforce beyond June 2017 in order to encourage coordination of service delivery and collaboration of service providers, and services that respond to the needs of older people (2.9.1)
- Partner with the City of Onkaparinga in the delivery of school based immunisations (2.9.2)
- Collaborate with other agencies and services to develop strategies that promote and facilitate coordinated services for young people, and families with children (2.9.3)
- Provide a european wasp management program (2.9.4)

<ul style="list-style-type: none"> ● Investigate and implement as appropriate improved evidence based performance evaluation and productivity tools, including Results Based Accounting, to more effectively measure the outcomes of community service projects (2.9.5) 	<ul style="list-style-type: none"> ● Continue to investigate and analyse options for a future cemetery (2.11.2) 	<ul style="list-style-type: none"> ● Upgrade toilets at the Soldiers Memorial Reserve (2.13.9) 	<ul style="list-style-type: none"> ● Provide a Mainstreet Facade Grant Program (3.2.1) 	<ul style="list-style-type: none"> ● Develop Victor Harbor Climate Change Adaptation Plan following finalisation of Regional Climate Change Adaptation Plan - Resilient Hills and Coasts 2016 (3.5.1) 	<ul style="list-style-type: none"> ● Support the Southern Fleurieu Youth Advisory Committee including the provision of youth leadership and opportunities for young people to develop, implement and participate in arts and cultural activities including Fusion youth music event and Wet Paint youth theatre (3.10.1)
<ul style="list-style-type: none"> ● 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 (2.9.6) 	<ul style="list-style-type: none"> ● Support the further development of the Encounter Bay Sport and Recreation Precinct Draft Masterplan, including cost estimates and 3D visualisations (subject to grant funding) (2.11.3) 	<ul style="list-style-type: none"> ● Upgrade playgrounds at the Encounter Bay Recreation Ground and Victor Harbor Oval to ensure compliance with current Australian Playground Standards (2.13.10) 	<ul style="list-style-type: none"> ● Undertake Stage 1 of the Railway Turntable Site construction, subject to grant funding (3.2.2) 	<ul style="list-style-type: none"> ● Facilitate City Vibrancy (Arts and Cultural) activities including Arts and Culture Community Grants and the Artisan Markets (3.7.1) 	<ul style="list-style-type: none"> ● Foster the Caring Neighbourhood Program and other programs that support isolated residents especially aged people, to develop further connections with their community (3.10.2)
<ul style="list-style-type: none"> ● In partnership with other member councils of the Southern Hills Local Government Association (SHLGA) report on implementation of the Regional Health Plan as required by the Public Health Act 2011 (2.9.7) 	<ul style="list-style-type: none"> ● Undertake a review of council's Outdoor Dining Policy (2.12.1) 	<ul style="list-style-type: none"> ● Contribute to the upgrade of the Encounter Bay netball/ tennis courts, subject to grant funding (2.13.11) 	<ul style="list-style-type: none"> ● Expand Heritage Incentive Grant Scheme to provide increased support for property owners to maintain local heritage listed items within the council area (3.2.4) 	<ul style="list-style-type: none"> ● Organise and stage a New Years Eve community celebration event (3.7.2) 	<ul style="list-style-type: none"> ● Position the Caring Neighbourhood Program to maximise opportunities associated with the Commonwealth Aged Care Reforms (3.10.3)
<ul style="list-style-type: none"> ● Utilise information from Youth Forums conducted in 2015 to develop a youth service strategy 2.9.8) 	<ul style="list-style-type: none"> ● Undertake a review of council's Street Traders Policy (2.12.2) 	<ul style="list-style-type: none"> ● Partner with the Victor Harbor High School Pathways to Construction Program for construction of the shelter area at the Victor Harbor dog park (2.13.12) 	<ul style="list-style-type: none"> ● Extend the oral history project at the library to include the development of "The Story of Victor Harbor" local history book (3.2.5) 	<ul style="list-style-type: none"> ● Support local community celebrations during NAIDOC Week (3.7.3) 	<ul style="list-style-type: none"> ● Investigate processes for Child Friendly Cities Accreditation (3.10.4)
<ul style="list-style-type: none"> ● Implement changes in response to the amended Dog and Cat Management Act (2.9.9) 	<ul style="list-style-type: none"> ● Undertake Stage 2 and finalise upgrade of Brandwood Reserve (2.13.1) 	<ul style="list-style-type: none"> ● Undertake renewal and upgrade of the foreshore tennis courts, subject to grant funding (2.13.13) 	<ul style="list-style-type: none"> ● Complete priority coastal maintenance as identified in the Victor Harbor Coastal Management Study including dune protection in the vicinity of King Street and the Esplanade (3.3.1) 	<ul style="list-style-type: none"> ● Prepare concept plans for future refurbishment of the library within the current building footprint, and for redevelopment of the library with allowance for expansion (3.7.4) 	<ul style="list-style-type: none"> ● Participate in the Fleurieu Bushfire Management Committee in development of the regional bushfire plan (3.11.1)
<ul style="list-style-type: none"> ● Implement the requirements of the Local Nuisance and Litter Control Act 2015 (2.9.10) 	<ul style="list-style-type: none"> ● Prepare Soldiers' Memorial Gardens and Soldiers Memorial Reserve Master Plan in consultation with the RSL (2.13.2) 	<ul style="list-style-type: none"> ● Contribute towards the cost of recent repair work to the clubhouse roofing structure of the Encounter Bay Bowling Club (2.13.14) 	<ul style="list-style-type: none"> ● Commence a Residential Development Plan Amendment (3.4.1) 	<ul style="list-style-type: none"> ● Develop a Festivals and Events Strategy (3.7.5) 	<ul style="list-style-type: none"> ● Contribute to the development of the Regional Emergency Management Plan (3.11.2)
<ul style="list-style-type: none"> ● Revise the Victor Harbor Recreation and Open Space Strategy 2007 to provide strategic direction for open space and recreation programs and facilities (2.11.1) 	<ul style="list-style-type: none"> ● Upgrade the Victor Harbor Town Hall fire detection systems (2.13.3) 	<ul style="list-style-type: none"> ● Review the Victor Harbor Environmental Management Plan 2010-2014, including the update of Environmental Action Plans (3.1.1) 	<ul style="list-style-type: none"> ● 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 (3.4.2) 	<ul style="list-style-type: none"> ● Grow community subscription to Councils e-newsletter "Victor Viewpoint" (3.8.1) 	<ul style="list-style-type: none"> ● Provide training to Elected Members to facilitate the effective governing of council and operation of council's Section 41 and other committees (4.1.1)
	<ul style="list-style-type: none"> ● Subject to grant funding, provide Hindmarsh Reservoir recreational fishing facilities (2.13.5) 	<ul style="list-style-type: none"> ● Undertake 2016/17 Environmental Weed Control Program as per Environmental Management Plan and Natural Resource Management Act (3.1.2) 		<ul style="list-style-type: none"> ● Collaborate with local sport and recreation clubs to increase the number of community sporting clubs with Star Club status through the delivery of the Star Club Field Officer Program (3.9.1) 	<ul style="list-style-type: none"> ● Introduce an Encroachment (Council Land) Permit System for permanent structures (4.2.1)
	<ul style="list-style-type: none"> ● Undertake Recreation Centre maintenance and upgrade including General Purpose Room floor replacement and stadium lighting (2.13.6) 	<ul style="list-style-type: none"> ● Develop interpretive signage, brochures and other materials to increase understanding of local environmental issues (3.1.3) 		<ul style="list-style-type: none"> ● Support the Fleurieu Festival of Sports to provide a community sports carnival in 2017 (3.9.2) 	
	<ul style="list-style-type: none"> ● In cooperation with the Alexandrina Council, coordinate year 2 of the construction for the Fleurieu Aquatic Centre (2.13.7) 				
	<ul style="list-style-type: none"> ● Undertake stormwater analysis for Ena Read Reserve (Tabernacle Road) (2.13.8) 				

<ul style="list-style-type: none"> Coordinate the assessing of Council Performance Surveys (Parts B and C) (4.2.2) 	<ul style="list-style-type: none"> In line with the “Your Council Your Say” campaign provide a series of listening posts to increase community engagement with Elected Members (4.8.2) 	<ul style="list-style-type: none"> Upgrade SynergySoft Debtor Module to enable debtor invoices to be emailed direct from SynergySoft (4.11.2) 	<ul style="list-style-type: none"> Expand the number of products and accommodation operators involved with the Bookeasy online booking system and ensure that all accommodation operators have a Visitor Information System booking agreement in place (4.13.2) 	<ul style="list-style-type: none"> Further develop electronic staff training database with linkages to WHS, personal and professional development, and specific job requirements (4.16.1) 	<ul style="list-style-type: none"> Investigate council business processes and identify and develop technology and information systems to provide improved efficiencies (4.18.1)
<ul style="list-style-type: none"> Work with Elected Members in development of policies, and to address gaps in council’s policy structure to meet council’s strategic objectives (4.2.3) 	<ul style="list-style-type: none"> Restructure local computer drives to align with the new file structure (4.9.1) 	<ul style="list-style-type: none"> Upgrade SynergySoft Creditor Module to enable utility invoices to be imported directly into Synergy (4.11.3) 	<ul style="list-style-type: none"> Monitor the outcomes of the Planning Reform Bill regarding infrastructure contributions (4.13.3) 	<ul style="list-style-type: none"> Complete new Enterprise Bargaining Agreement negotiations (4.16.2) 	<ul style="list-style-type: none"> Provide additional staff training to maximise use of technology and information systems (4.18.2)
<ul style="list-style-type: none"> Review council’s policy framework (4.2.4) 	<ul style="list-style-type: none"> Formulate a reporting procedure for records management performance (4.9.2) 	<ul style="list-style-type: none"> Transition internal audit capability from contracted service to internal service to coordinate strategic, financial and WHS risk assessments, including sample testing, internal audits, action plans and monitoring (4.11.4) 	<ul style="list-style-type: none"> Transition council’s risk management framework to meet Local Government Risk Services new requirements (4.14.1) 	<ul style="list-style-type: none"> Develop a staff onboarding process that assists new staff to become productive and satisfied members of staff (4.16.3) 	<ul style="list-style-type: none"> Upgrade council’s audio and video systems (4.18.3)
<ul style="list-style-type: none"> Investigate systems to monitor legislative compliance (4.2.5) 	<ul style="list-style-type: none"> Improve development assessment help guides to reflect legislative changes and planning reforms (4.9.3) 	<ul style="list-style-type: none"> Undertake full revaluations including condition assessments for asset classes identified in council’s revaluation schedule (4.12.1) 	<ul style="list-style-type: none"> Progressively address non-conformances from 2015 Local Government Association WHS Audit (4.15.1) 	<ul style="list-style-type: none"> Develop and implement an annual employee training program (4.16.4) 	<ul style="list-style-type: none"> Review and develop ICT procedures (technical and customer) (4.18.4)
<ul style="list-style-type: none"> Commence coordination of council’s representation review (4.2.6) 	<ul style="list-style-type: none"> Review and update development compliance and enforcement procedures (4.9.4) 	<ul style="list-style-type: none"> Develop an organisation wide building facilities management plan (4.12.2) 	<ul style="list-style-type: none"> Provide WHS refresher training for staff (4.15.2) 	<ul style="list-style-type: none"> Scope requirements for remote sites to utilise the Time Management System (TMS) (4.16.5) 	<ul style="list-style-type: none"> Develop electronic forms for use on the Intranet and portable devices (4.18.5)
<ul style="list-style-type: none"> Review council’s by-laws (4.2.7) 	<ul style="list-style-type: none"> Review and update internal procedures at the Victor Harbor Library (4.9.5) 	<ul style="list-style-type: none"> Commence development of a Road Permit Policy (4.12.3) 	<ul style="list-style-type: none"> Implement Year 3 of the new Work Health Safety and Injury Management Plan with a focus on developing a “Safety Always Matters” organisational culture (4.15.3) 	<ul style="list-style-type: none"> Improve workflow of organisational payroll documentation including fortnightly reporting needs (4.16.6) 	<ul style="list-style-type: none"> Develop GIS systems and practices including documentation of procedures and technical notations (4.18.6)
<ul style="list-style-type: none"> Explore software options for delegations review (4.2.8) 	<ul style="list-style-type: none"> Provide training for staff on records management requirements and procedures (4.9.6) 	<ul style="list-style-type: none"> Develop an annual information sheet for sporting / community lease / licence holders (4.12.4) 	<ul style="list-style-type: none"> Commence a review of staff induction processes, including WHS workflow (4.15.4) 	<ul style="list-style-type: none"> Undertake staff training in tree risk assessment, as per Tree Management Strategy (4.16.7) 	<ul style="list-style-type: none"> Undertake a feasibility study into combining the SA Whale Centre and Visitor Information Centre at the current Visitor Information site, including but not limited to the feasibility of expansion of the Visitor Information Centre building for a marine interpretive centre (4.19.1)
<ul style="list-style-type: none"> Hold two community forums, including one as a part of council’s annual business plan and budget. (4.3.1) 	<ul style="list-style-type: none"> Complete Australian Service Excellence Standards (ASES) Accreditation for Fleurieu Families (4.9.7) 	<ul style="list-style-type: none"> Consider the infrastructure impacts associated with the Ministerial Residential and Centres Development Plan Amendment (4.12.5) 	<ul style="list-style-type: none"> Implement the “Take 5” project across the organisation (4.15.5) 	<ul style="list-style-type: none"> Respond to statutory changes in areas of environmental nuisance management, and dog and cat management (4.17.1) 	<ul style="list-style-type: none"> Develop performance measures for council’s tourism and economic development activities (4.19.2)
<ul style="list-style-type: none"> In cooperation with Alexandrina Council and District Council of Yankalilla, participate in the Fleurieu Futures Project (4.5.1) 	<ul style="list-style-type: none"> Commence a Customer Service Review (4.9.9) 	<ul style="list-style-type: none"> Prepare a Railway Interface Agreement (4.12.6) 	<ul style="list-style-type: none"> Provide training in the preparation and implementation of Safe Work Method Statements (4.15.6) 	<ul style="list-style-type: none"> Undertake annual employee professional development reviews (4.17.2) 	<ul style="list-style-type: none"> Undertake an expression of interest process for the contracting out of the operation of the Horse Tram using the model identified in the Horse Tram Operation Review 2015 (4.19.3)
<ul style="list-style-type: none"> Undertake a major review of council’s Community Plan 2022, including community engagement (4.6.1) 	<ul style="list-style-type: none"> Review and update Council’s Long Term Financial Plan in line with 2015/16 actuals, 2016/17 budget and adopted Asset Management Plans (4.10.1) 	<ul style="list-style-type: none"> Review the range of items available in Retail Store at the Visitor Information Centre including but not limited to local / regional produce (4.13.1) 		<ul style="list-style-type: none"> Implement priority outcomes from the HR Service Review (4.17.3) 	
<ul style="list-style-type: none"> Commence a content restructure of council’s corporate website to make it easier for people to find information (4.8.1) 	<ul style="list-style-type: none"> Further develop internal budget procedures using PowerBudget software (4.11.1) 				

APPENDIX 2: STRATEGIC INDICATORS*

Objective 1: A strong economy and supportive business environment

Indicator	Measure	Trend / Target	2016/17 Target	2016/17 Result
Business investment	Number of businesses	Maintain at current level or increase	1,000 or more	1,100 ●
Workforce participation	% of population unemployed	Maintain at current level or decrease	9.6% or lower	6.1% ●
	Number of people employed in local businesses	Maintain at current level or increase	4,600 or more	4,800 ●

Objective 2: The sustainable provision of physical infrastructure and community services

Indicator	Measure	Trend / Target	2016/17 Target	2016/17 Result
Asset sustainability	Asset sustainability ratio	Greater than 80% of Asset Management Plan	95.9%	99% ●
Storm water and waste water reuse	Quantity of storm water and waste water reused by council	Maintain at current level or increase	18,000 kL	23,500 kL ●

Objective 3: Environment and lifestyle protected against the pressures of projected population growth

Indicator	Measure	Trend / Target	2016/17 Target	2016/17 Result
Community involvement	Number of volunteers registered with Council Programs	Maintain or increase	450 or more	476 ●
Community culture and access	Membership of library as a % of population	Maintain or increase	68% or higher	50% ●
	Library visits per capita	Maintain or increase	10 or higher	9.9 ●
Sport and recreation	Number of sporting clubs achieving Level 2 status in the StarClub Club Development Program	Maintain or increase	65	71 ●

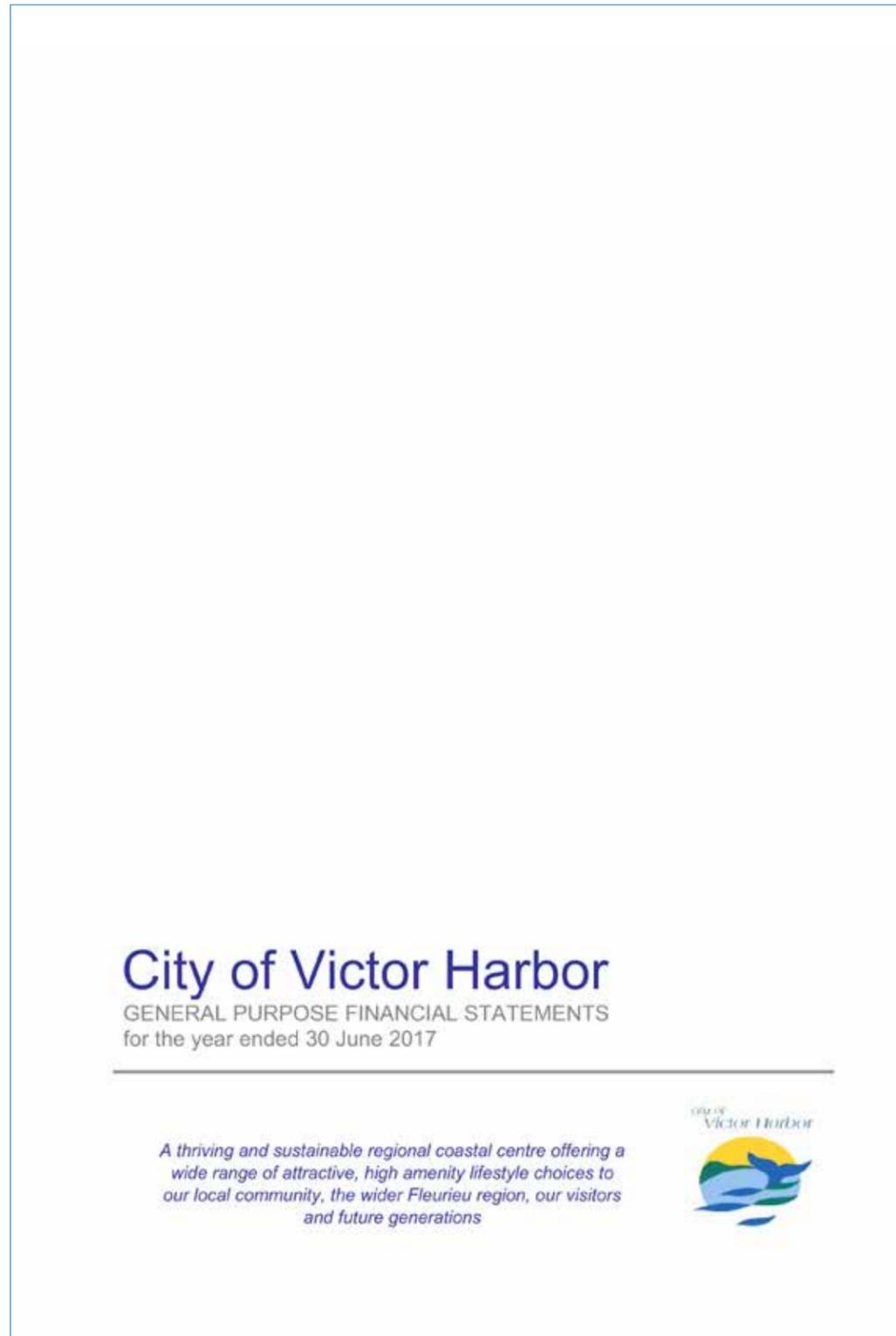
*Listed strategic indicators are those identified in the 2016/17 Annual Business Plan and are structured in accordance with the City of Victor Harbor's Community Plan 2022 which was replaced by the City of Victor Harbor's Community Plan 2036 in December 2016.

Objective 4: Leadership, service delivery and organisational management that underpins our strategic directions

Indicator	Measure	Trend / Target	2016/17 Target	2016/17 Result
Transparent decision making	Number of Council decisions made in confidence	Less than 5%	Less than 5%	6.9% ●
Effective risk management	Risk Management Processes Audit Rating	Year 1 Benchmark	Overall performance of 50% or greater	75% ●
Financial sustainability	Operating surplus ratio	3% or greater	1.3% or greater	4% ●
	Net Financial Liabilities Ratio	Less than 75%	60.1% or less	47% ●
Safe and healthy workplace	Number of lost time claim injuries	5% lower than the average from previous three years	4 or less	1 ●
	Compliance with WH&S Risk Management Legislation	Greater than or equal to 30% penalty rebate	30% or greater	30% ●



APPENDIX 3: FINANCIAL STATEMENTS



City of Victor Harbor

General Purpose Financial Statements
for the year ended 30 June 2017

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City of Victor Harbor

General Purpose Financial Statements
for the year ended 30 June 2017

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 2017 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.


Geoff Sheridan
ACTING CHIEF EXECUTIVE OFFICER


Graham Philp
MAYOR

Date: 20.11.2017

City of Victor Harbor

Statement of Comprehensive Income
for the year ended 30 June 2017

\$ '000	Notes	2017	2016
Income			
Rates Revenues	2a	19,935	19,297
Statutory Charges	2b	441	432
User Charges	2c	2,453	2,380
Grants, Subsidies and Contributions	2g	2,530	1,609
Investment Income	2d	112	191
Reimbursements	2e	782	765
Other Income	2f	90	330
Net Gain - Equity Accounted Council Businesses	19	16	11
Total Income		26,359	25,015
Expenses			
Employee Costs	3a	9,111	9,031
Materials, Contracts & Other Expenses	3b	9,439	9,089
Depreciation, Amortisation & Impairment	3c	6,224	5,536
Finance Costs	3d	557	710
Net loss - Equity Accounted Council Businesses	19	35	-
Total Expenses		25,366	24,366
Operating Surplus / (Deficit)		993	649
Asset Disposal & Fair Value Adjustments	4	(1,221)	(837)
Amounts Received Specifically for New or Upgraded Assets	2g	2,704	4,322
Physical Resources Received Free of Charge	2h	-	787
Net Surplus / (Deficit) ¹		2,476	4,921
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	2,710	(2,610)
Total Other Comprehensive Income		2,710	(2,610)
Total Comprehensive Income		5,186	2,311

¹ Transferred to Equity Statement

City of Victor Harbor

Statement of Financial Position
as at 30 June 2017

\$ '000	Notes	2017	2016
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	1,590	2,508
Trade & Other Receivables	5b	3,843	4,130
Inventories	5c	318	291
Total Current Assets		5,751	6,929
Non-Current Assets			
Financial Assets	6a	594	735
Equity Accounted Investments in Council Businesses	6b	10,752	236
Infrastructure, Property, Plant & Equipment	7a	258,486	254,478
Other Non-Current Assets	6c	258	7,774
Total Non-Current Assets		270,090	263,223
TOTAL ASSETS		275,841	270,152
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	4,435	4,634
Borrowings	8b	912	4,174
Provisions	8c	2,186	2,085
Total Current Liabilities		7,533	10,893
Non-Current Liabilities			
Borrowings	8b	10,039	6,150
Provisions	8c	819	845
Total Non-Current Liabilities		10,858	6,995
TOTAL LIABILITIES		18,391	17,888
Net Assets		257,450	252,264
EQUITY			
Accumulated Surplus		63,995	61,327
Asset Revaluation Reserves	9a	192,244	189,534
Other Reserves	9b	1,211	1,403
Total Council Equity		257,450	252,264

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

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City of Victor Harbor

Statement of Changes in Equity
for the year ended 30 June 2017

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2017					
Balance at the end of previous reporting period		61,327	189,534	1,403	252,264
Restated Opening Balance		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
- Share of OCI - Equity Accounted Council Businesses	19	-	-	-	-
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
2016					
Balance at the end of previous reporting period		56,144	192,144	1,665	249,953
Restated Opening Balance		56,144	192,144	1,665	249,953
a. Net Surplus / (Deficit) for Year		4,921	-	-	4,921
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(2,610)	-	(2,610)
Other Comprehensive Income		-	(2,610)	-	(2,610)
Total Comprehensive Income		4,921	(2,610)	-	2,311
c. Transfers between Reserves		262	-	(262)	-
Balance at the end of period		61,327	189,534	1,403	252,264

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

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City of Victor Harbor

Statement of Cash Flows
for the year ended 30 June 2017

\$ '000	Notes	2017	2016
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		26,587	25,049
Investment Receipts		112	191
Payments			
Operating Payments to Suppliers and Employees		(18,679)	(18,398)
Finance Payments		(591)	(560)
Net Cash provided by (or used in) Operating Activities	11b	7,429	6,282
Cash Flows from Investing Activities			
Receipts			
Amounts Received Specifically for New/Upgraded Assets		2,704	4,322
Sale of Replaced Assets		206	197
Repayments of Loans by Community Groups		132	75
Payments			
Expenditure on Renewal/Replacement of Assets		(5,829)	(3,816)
Expenditure on New/Upgraded Assets		(6,139)	(8,080)
Net Cash provided by (or used in) Investing Activities		(8,926)	(7,302)
Cash Flows from Financing Activities			
Receipts			
Proceeds from Borrowings		4,800	-
Payments			
Repayments of Borrowings		(4,174)	(1,171)
Repayment of Bonds & Deposits		(47)	(2)
Net Cash provided by (or used in) Financing Activities		579	(1,173)
Net Increase (Decrease) in Cash Held		(918)	(2,193)
plus: Cash & Cash Equivalents at beginning of period	11	2,508	4,701
Cash & Cash Equivalents at end of period	11	1,590	2,508

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

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City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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19	Interests in Other Entities	39
20	Non Current Assets Held for Sale & Discontinued Operations	41 n/a
21	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	41
22	Events After the Balance Sheet Date	41 n/a
23	Related Party Transactions	42

n/a - not applicable

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City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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*.

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
2014/15	\$862,456	\$561,542	\$301,003
2015/16	\$264,316	\$565,319	(\$301,003)
2016/17	\$1,824,455	\$1,203,163	\$621,293

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

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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.

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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".

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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 % (2016, 1.37%)
Weighted avg. settlement period 5 years (2016, 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.

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

This year Council has applied AASB 124 Related Party Disclosures for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. This information is presented in Note 23.

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

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

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

- AASB 9 Financial Instruments (December 2009)
- 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 1057 Application of Australian Accounting Standards

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

- AASB 16 Leases
- AASB 16 Leases (Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- AASB 1058 Income of Not-for-Profit Entities

- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities

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 2017

Note 2. Income

\$ '000	Notes	2017	2016
(a). Rates Revenues			
General Rates		19,626	19,016
Less: Mandatory Rebates		(145)	(137)
Less: Discretionary Rebates, Remissions & Write Offs		(8)	(26)
Total General Rates		19,473	18,853
Other Rates (Including Service Charges)			
Natural Resource Management Levy		384	368
Total Other Rates		384	368
Other Charges			
Penalties for Late Payment		50	49
Legal & Other Costs Recovered		28	27
Total Other Charges		78	76
Total Rates Revenues		19,935	19,297
(b). Statutory Charges			
Development Act Fees		68	62
Town Planning Fees		127	116
Health & Septic Tank Inspection Fees		12	7
Animal Registration Fees & Fines		87	84
Parking Fines / Expiation Fees		83	109
Other Licences, Fees & Fines		11	8
Sundry		4	5
Search Fees		49	41
Total Statutory Charges		441	432
(c). User Charges			
Cemetery/Crematoria Fees		171	122
Parking Fees		85	105
Sundry		144	29
Caravan Park		236	233
Community Transport		136	128
Horse Drawn Tram		395	410
Recreation Centre		61	60
Whale Centre		168	177
Tourism Marketing & Sales		713	705
Other Leases, Hire & Rentals		261	411
Other		83	-
Total User Charges		2,453	2,380

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 2. Income (continued)

\$ '000	Notes	2017	2016
(d). Investment Income			
- Local Government Finance Authority		51	128
- Banks & Other		7	6
- Loans to Community Groups		54	57
Total Investment Income		112	191
(e). Reimbursements			
Private Works		5	7
Council Contributions		527	591
Employee Reimbursements		13	14
Utilities, Insurance and Cleaning		116	88
Other		121	65
Total Reimbursements		782	765
(f). Other Income			
Sundry		71	235
Community Services		8	24
Donations and Contributions		2	5
Workers Compensation Premium/Claims		6	47
Insurance Claims		2	-
Tourism and Culture		1	19
Total Other Income		90	330
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		2,704	4,322
Total Amounts Received Specifically for New or Upgraded Assets		2,704	4,322
Other Grants, Subsidies and Contributions		2,530	1,609
Total Grants, Subsidies, Contributions		5,234	5,931
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		4,251	4,069
State Government		1,012	1,609
Other		(29)	253
Total		5,234	5,931
(ii) Individually Significant Items			
Grant Commission (FAG) Grant Recognised as Income Paid In Advance		621	-

The allocation of 2016/17 Financial Assistance Grant (FAG) was \$1,203k. An additional \$621k of prepaid from the 2017/18 allocation was received in June 2017 and has been reported as a Grant for the 2016/17 year.

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City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 2. Income (continued)

\$ '000	Notes	2017	2016
(h). Physical Resources Received Free of Charge			
Stormwater Drainage		-	295
Sealed Roads		-	176
Kerbing		-	63
Open Space		-	253
Total Physical Resources Received Free of Charge		-	787

Note 3. Expenses

(a). Employee Costs

Salaries and Wages		7,203	6,971
Employee Leave Expense		877	1,035
Superannuation - Defined Contribution Plan Contributions	18	578	533
Superannuation - Defined Benefit Plan Contributions	18	180	193
Workers' Compensation Insurance		321	415
Other		209	273
Less: Capitalised and Distributed Costs		(257)	(389)
Total Operating Employee Costs		9,111	9,031

Total Number of Employees (full time equivalent at end of reporting period) 102 100

(b). Materials, Contracts and Other Expenses

(i) Prescribed Expenses

Auditor's Remuneration			
- Auditing the Financial Reports		15	15
Elected Members' Expenses		193	201
Election Expenses		25	4
- Minimum Lease Payments		141	134
Subtotal - Prescribed Expenses		374	354

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City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 3. Expenses (continued)

\$ '000	Notes	2017	2016
(b). Materials, Contracts and Other Expenses (continued)			
(ii) Other Materials, Contracts and Expenses			
Legal Expenses		148	165
Levies Paid to Government - NRM levy		383	367
Levies - Other		27	24
Professional Services		426	403
Sundry		936	622
Materials		2,233	2,410
Energy and Water		641	580
External Plant Hire		75	95
Insurances		428	516
Waste Services		1,429	1,377
Advertising		107	95
Information and Communications		539	369
Donations and Contributions		221	133
Rates and taxes		57	49
Regional Board Contributions		88	78
Street Cleaning		100	82
Tourism/Culture and Economic Development		605	614
Environmental Projects		85	217
Community Service Projects		537	539
Subtotal - Other Material, Contracts & Expenses		9,065	8,735
Total Materials, Contracts and Other Expenses		9,439	9,089
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Buildings & Other Structures		1,001	882
- Stormwater Drainage		470	453
- Roads		2,383	2,085
- Kerbing		259	225
- Footpaths		226	187
- Bridges		256	256
- Open Space		486	397
- Carparks & Traffic		193	173
- Other Infrastructure		72	79
Plant & Equipment		620	559
Furniture & Fittings		117	114
Library Books		141	126
Total Depreciation, Amortisation and Impairment		6,224	5,536

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City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 3. Expenses (continued)

\$ '000	Notes	2017	2016
(d). Finance Costs			
Interest on Loans		557	710
Total Finance Costs		557	710

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment			
Assets Renewed or Directly Replaced			
Proceeds from Disposal		206	197
Less: Carrying Amount of Assets Sold		(1,427)	(1,034)
Gain (Loss) on Disposal		(1,221)	(837)
Net Gain (Loss) on Disposal or Revaluation of Assets		(1,221)	(837)

Note 5. Current Assets

(a). Cash & Cash Equivalents			
Cash on Hand at Bank		319	935
Deposits at Call		1,271	1,573
Total Cash & Cash Equivalents		1,590	2,508
(b). Trade & Other Receivables			
Rates - General & Other		368	365
Council Rates Postponement Scheme		57	37
Accrued Revenues		331	600
Debtors - General		286	73
Other Levels of Government		2,497	2,854
GST Recoupment		55	26
Prepayments		107	42
Loans to Community Organisations		142	133
Total Trade & Other Receivables		3,843	4,130
(c). Inventories			
Stores & Materials		276	255
Trading Stock		42	36
Total Inventories		318	291

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City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 6. Non-Current Assets

\$ '000	Notes	2017	2016
(a). Financial Assets			
Receivables			
Loans to Community Organisations		594	735
Total Financial Assets		594	735
(b). Equity Accounted Investments in Council Businesses			
Fleurieu Regional Waste Authority	19	253	236
Fleurieu Regional Aquatic Authority	19	10,499	-
Total Equity Accounted Investments in Council Businesses		10,752	236
(c). Other Non-Current Assets			
Capital Works-in-Progress		258	7,774
Total Other Non-Current Assets		258	7,774

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 7a (i). Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2016				Asset Movements during the Reporting Period				as at 30/6/2017						
		At Fair Value	At Cost	Accumulated Dep'n	Carrying Value	Asset Additions - New	Asset Additions - Replacements	Net/ (GTY) of Asset Disposals	Disposals/ Expenses (Net) (3c)	Other Movements in Equity (A/R) in Equity (A/R) (Note 9)	Revaluation Movements (Note 8)	At Fair Value	At Cost	Accumulated Dep'n	Carrying Value	
Land - Community	2	14,944	-	-	14,944	-	-	-	-	-	-	-	-	-	-	14,944
Land - Other	2	32,576	-	-	32,576	-	157	(31)	(650)	-	-	-	-	-	17,690	32,576
Buildings & Other Structures	3	42,573	-	-	25,701	-	-	(31)	(51)	-	-	-	-	-	24,927	42,573
Buildings & Other Structures	2	-	-	-	491	-	-	-	-	-	-	-	-	-	51	440
Infrastructure	3	50,805	-	-	38,264	600	1,070	(264)	(470)	-	1,647	-	-	13,409	40,824	
- Sewerage Drainage	3	99,816	-	-	76,826	409	1,231	(523)	(2,383)	-	-	-	-	24,755	75,661	
- Roads	3	21,596	-	-	14,753	112	270	(22)	(259)	-	33	-	-	7,033	14,925	
- Kerbing	3	9,977	-	-	7,042	502	400	(77)	(256)	-	13	-	-	3,137	7,654	
- Footpaths	3	20,753	-	-	21,248	532	432	(104)	(486)	-	-	-	-	7,761	20,962	
- Open Space	3	13,037	-	-	8,250	792	966	(193)	(193)	-	960	-	-	5,181	8,625	
- Carports & Traffic	3	7,677	-	-	5,471	792	50	(72)	(72)	-	-	-	-	2,401	7,856	
- Other Infrastructure	3	-	-	-	4,932	98	746	(622)	(622)	-	-	-	-	1,232	2,365	
Plant & Equipment	3	-	-	-	968	22	12	(117)	(117)	-	-	-	-	3,770	4,933	
Furniture & Fixings	2	-	-	-	560	-	66	-	(141)	-	37	-	-	1,105	975	
Library Books	2	-	-	-	342	-	96	-	(141)	-	-	-	-	480	522	
Artworks	2	-	-	-	287	-	-	-	-	-	-	-	-	-	-	287
Total Infrastructure, Property, Plant & Equipment		322,332	14,345	82,199	254,478	3,117	5,829	(1,426)	(6,224)	-	2,710	-	-	18,850	88,115	254,478
Comparatives		312,491	16,115	71,359	257,247	2,797	3,612	(1,633)	(5,536)	80	(2,610)	-	-	14,345	82,199	254,478

Note 7a (ii). Investment Property
Nil

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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.

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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.

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

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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

\$ '000

Valuation of Assets (continued)

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.

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.

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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

\$ '000

Valuation of Assets (continued)

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 2018/19.

Infrastructure

Road, Kerb, Footpath and Open Space assets were revalued at written down replacement cost by Assetic Pty Ltd as at 30 June 2016. The next scheduled revaluation of these assets is to be undertaken in 2017/18. Stormwater, Carparks and Traffic were last revalued in 2016/17 their next scheduled revaluation is to be undertaken in 2018/19. Bridges were revalued in 2012/13 their next scheduled revaluation is to be undertaken in 2017/18. 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 2017/18.

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 8. Liabilities

\$ '000	Notes	2017		2016	
		Current	Non Current	Current	Non Current
(a). Trade and Other Payables					
Goods & Services		3,226	-	2,815	-
Payments Received in Advance		754	-	759	-
Accrued Expenses - Employee Entitlements		265	-	201	-
Accrued Expenses - Finance Costs		116	-	150	-
Accrued Expenses - Other		69	-	656	-
Deposits, Retentions & Bonds		5	-	53	-
Total Trade and Other Payables		4,435	-	4,634	-

(b). Borrowings

Loans		912	10,039	4,174	6,150
Total Borrowings		912	10,039	4,174	6,150

All interest bearing liabilities are secured over the future revenues of the Council

(c). Provisions

Long Service Leave		1,041	152	967	129
Annual Leave		1,135	-	1,078	-
Landfill Depot Remediation Liability		10	667	40	716
Total Provisions		2,186	819	2,085	845

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City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 9. Reserves

\$ '000	1/7/2016	Increments (Decrements)	Transfers	Impairments	30/6/2017
(a). Asset Revaluation Reserve					
Land - Community	33,399	-	-	-	33,399
Buildings & Other Structures	18,331	-	-	-	18,331
Infrastructure					
- Stormwater Drainage	26,871	1,647	-	-	28,518
- Roads	67,465	-	-	-	67,465
- Kerbing	6,593	33	-	-	6,626
- Footpaths	6,012	13	-	-	6,025
- Bridges	17,651	-	-	-	17,651
- Open Space	5,400	-	-	-	5,400
- Carparks & Traffic	5,126	980	-	-	6,106
- Other Infrastructure	1,536	-	-	-	1,536
Library Books	1,031	37	-	-	1,068
Artworks	119	-	-	-	119
Total Asset Revaluation Reserve	189,534	2,710	-	-	192,244
Comparatives	192,144	(2,610)	-	-	189,534

(b). Other Reserves

Car Park Development	353	6	-	-	359
Developers Contributions	356	4	-	-	360
Economic Development	415	(160)	-	-	255
Open Space	279	(42)	-	-	237
Total Other Reserves	1,403	(192)	-	-	1,211
Comparatives	1,665	326	(588)	-	1,403

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.

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City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 10. Assets Subject to Restrictions

\$ '000	Notes	2017	2016
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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:

\$ '000	Notes	2017	2016
Total Cash & Equivalent Assets	5	1,590	2,508
Balances per Statement of Cash Flows		1,590	2,508

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

	2017	2016
Net Surplus/(Deficit)	2,476	4,921
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	6,224	5,536
Equity Movements in Equity Accounted Investments (Increase)/Decrease	19	(11)
Non-Cash Asset Acquisitions	-	(787)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)	(2,704)	(4,322)
Net (Gain)/Loss on Disposals	1,221	837
	7,236	6,174

Add (Less): Changes in Net Current Assets

	2017	2016
Net (Increase)/Decrease in Receivables	296	(2,269)
Net (Increase)/Decrease in Inventories	(27)	(20)
Net Increase/(Decrease) in Trade & Other Payables	(151)	2,133
Net Increase/(Decrease) in Other Provisions	75	264
Net Cash provided by (or used in) operations	7,429	6,282

(c). Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

	2017	2016
- Physical Resources Received Free of Charge	-	787
Total Non-Cash Financing & Investing Activities	-	787

(d). Financing Arrangements

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

	2017	2016
Corporate Credit Cards	20	20
LGFA Cash Advance Debenture Facility	12,088	13,000

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 2017

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).						TOTAL ASSETS HELD (CURRENT & NON-CURRENT)		
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		
	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016	
\$ '000	808	842	1,259	940	(451)	(98)	-	679	496
Business Undertakings	1,582	1,562	2,678	2,006	(1,096)	(444)	689	3,626	2,206
Community Services	95	96	1,253	725	(1,158)	(629)	48	1,058	1,139
Culture	823	814	1,884	1,589	(1,061)	(775)	12	121	83
Economic Development	91	38	3,926	3,088	(3,835)	(3,050)	-	31	41,403
Environment	199	167	2,609	1,148	(2,410)	(981)	-	10,042	15,972
Recreation	393	443	1,799	1,647	(1,406)	(1,204)	-	24	161
Regulatory Services	547	556	4,267	3,120	(3,720)	(2,564)	539	847	123,665
Transport & Communication	114	51	951	2,289	(837)	(2,238)	-	72,887	2,717
Plant Hire & Depot/Indirect	275	562	1,327	1,498	(1,052)	(916)	-	19,622	10,516
Unclassified Activities	337	332	3,413	6,316	(3,076)	(5,984)	24	-	-
Council Administration	21,095	19,532	-	-	21,095	19,532	1,188	-	-
Revenue	26,359	25,015	25,366	24,366	993	649	2,500	1,609	270,152
Total Functions/Activities									

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.

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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 1.5% and 1.75% (2016: 1.75% and 2.50%).

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 7.0% (2016: 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).

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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.

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City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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 rates between 4.15% and 6.9% (2016: 4.25% and 7.30%).

Carrying Amount:

Approximates fair value.

Liabilities

Finance Leases

Accounting Policy:

Accounted for in accordance with AASB 117.

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City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2017					
Financial Assets					
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

Financial Liabilities

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

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2016					
Financial Assets					
Cash & Equivalents	2,508	-	-	2,508	2,508
Receivables	4,130	-	-	4,130	3,723
Other Financial Assets	-	544	382	926	236
Total Financial Assets	6,638	544	382	7,564	6,467

Financial Liabilities

Payables	4,634	-	-	4,634	3,875
Current Borrowings	4,738	-	-	4,738	4,174
Non-Current Borrowings	-	5,561	1,869	7,430	6,150
Total Financial Liabilities	9,372	5,561	1,869	16,802	14,199

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

	30 June 2017		30 June 2016	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	5.85%	10,951	6.17%	10,324
		10,951		10,324

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.

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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.

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 14. Commitments for Expenditure

\$ '000	Notes	2017	2016
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(a). Capital Commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Fleurieu Regional Aquatic Centre Project	-	3,123
Completion of FRAC in 2016/17. No further capital commitments	-	3,123

These expenditures are payable:

Not later than one year	-	3,123
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	-	3,123

(b). Other Expenditure Commitments

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

Audit Services	50	65
Employee Remuneration Contracts	892	1,517
Street Sweeping	96	96
Asset Maintenance	173	128
Security Services	163	82
Other	25	-
	1,399	1,888

These expenditures are payable:

Not later than one year	803	1,077
Later than one year and not later than 5 years	453	811
Later than 5 years	-	-
	1,256	1,888

(c). Finance Lease Commitments

Council has no Finance Leases.

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 15. Financial Indicators

\$ '000	Amounts 2017	Indicator 2017	Prior Periods 2016	Prior Periods 2015
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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	993			
Total Operating Revenue	26,359	4%	3%	7%

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

1a. Adjusted Operating Surplus Ratio

Adjusted Operating Surplus	372			
Total Operating Revenue	25,738	1%	3%	7%

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. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.

2. Net Financial Liabilities Ratio

Net Financial Liabilities	12,364			
Total Operating Revenue	26,359	47%	42%	39%

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.

3. Asset Sustainability Ratio

Net Asset Renewals	5,829			
Infrastructure & Asset Management Plan required expenditure	5,881	99%	77%	64%

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.

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 16. Uniform Presentation of Finances

\$ '000	2017	2016
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.		
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.		
Income	26,359	25,015
less Expenses	(25,366)	(24,366)
Operating Surplus / (Deficit)	993	649
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	5,829	3,816
less Depreciation, Amortisation and Impairment	(6,224)	(5,536)
less Proceeds from Sale of Replaced Assets	(206)	(197)
Subtotal	(601)	(1,917)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	6,139	8,080
less Amounts Received Specifically for New and Upgraded Assets	(2,704)	(4,322)
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-
Subtotal	3,435	3,758
Net Lending / (Borrowing) for Financial Year	(1,841)	(1,192)

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City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 17. Operating Leases

\$ '000	2017	2016
Leases commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:		
Not later than one year	304	300
Later than one year and not later than 5 years	1,014	1,079
Later than 5 years	1,463	1,697
	<u>2,781</u>	<u>3,076</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 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	112	89
Later than one year and not later than 5 years	80	67
Later than 5 years	42	42
	<u>234</u>	<u>198</u>

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City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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 2016/17; 9.50% in 2015/16). 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 2015/16) 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, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to 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.

City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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	
	2017	2016	2017	2016
Joint Ventures	(18)	11	10,752	236
Total	(18)	11	10,752	236

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2017	2016
Fleurieu Regional Aquatic Authority	Aquatic Centre	10,499	-
Fleurieu Regional Waste Authority	Waste Management	253	236
Total Carrying Amounts - Joint Ventures & Associates		10,752	236

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	
	2017	2016	2017	2016	2017	2016
Fleurieu Regional Aquatic Authority	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 2017

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	
	2017	2016	2017	2016
Opening Balance	-	-	237	226
Capital contributions	10,534	-	-	-
Share in Operating Result	(35)	-	16	11
Council's Equity Share in the Joint Venture or Associate	10,499	-	253	237

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position	Fleurieu Regional Aquatic Authority		Fleurieu Regional Waste Authority	
	2017	2016	2017	2016
Cash and Cash Equivalents	194	-	937	1,155
Other Current Assets	100	-	213	327
Non-Current Assets	20,875	-	2,357	2,634
Total Assets	21,169	-	3,507	4,116
Current Trade and Other Payables	170	-	840	920
Current Financial Liabilities	-	-	602	567
Current Provisions	-	-	235	209
Non-Current Trade and Other Payables	-	-	37	110
Non-Current Financial Liabilities	-	-	980	1,582
Non-Current Provisions	-	-	90	53
Total Liabilities	170	-	2,784	3,441
Net Assets	20,999	-	723	675

Statement of Comprehensive Income	Fleurieu Regional Aquatic Authority		Fleurieu Regional Waste Authority	
	2017	2016	2017	2016
Other Income	1,001	-	7,547	7,117
Interest Income	-	-	-	17
Total Income	1,001	-	7,547	7,134
Employee Costs	877	-	2,758	2,611
Materials, Contracts & Other Expenses	194	-	3,959	3,732
Depreciation, Amortisation and Impairment	-	-	700	640
Finance Costs	-	-	103	135
Total Expenses	1,071	-	7,520	7,118
Other Revenue / Expense Items	-	-	21	-
Operating Result	(70)	-	48	16

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City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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 no appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Note 22. Events after the Balance Sheet Date

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

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City of Victor Harbor

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 23. Related Party Transactions

\$ '000	2017
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Key Management Personnel (KMP)

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, 14 persons were paid the following total compensation:

The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	794
Post-Employment Benefits	-
Long-Term Benefits	-
Termination Benefits	-
Total	794

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	2

One KMP has a relationship with The Fudge Fairy Catering and Coffee. Council paid this entity \$685 in 2016/17.

Galpins

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& Business Consultants

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INDEPENDENT AUDITOR'S REPORT

To the members of the City of Victor Harbor

Opinion

We have audited the accompanying financial report of the City of Victor Harbor (the Council), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of the 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 2017, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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 Muhlhauser CA Registered Company Auditor
Partner

21/11/2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of the City of Victor Harbor

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

Opinion

We have audited the compliance of the 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 2016 to 30 June 2017 have been conducted properly and in accordance with law.

In our opinion, the 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 2016 to 30 June 2017.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the 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 2016 to 30 June 2017. ASAE 3100 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 3100 Compliance Engagements, 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 2016 to 30 June 2017. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

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 Muhlhauser CA, Registered Company Auditor
Partner

21/11/ 2017

City of Victor Harbor

General Purpose Financial Statements
for the year ended 30 June 2017

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 2017, the Council's Auditor, Galpins 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*.



Geoff Sheridan
ACTING CHIEF EXECUTIVE OFFICER



Tim Glazbrook
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 20/11/2017

City of Victor Harbor

General Purpose Financial Statements
for the year ended 30 June 2017

Statement by Auditor

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

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



Tim Muhlhauser
Galpins

Dated this 20th day of November 2017.

city of
Victor Harbor



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ISSN 1835-4726