

city of
Victor Harbor

The background of the cover is a scenic landscape photograph. In the foreground, there is a lush green grassy hillside. In the middle ground, a long wooden pier extends into a calm harbor. The town of Victor Harbor is visible on the far side of the harbor, with houses and buildings. The sky is a mix of blue and orange, suggesting a sunset or sunrise. The overall scene is peaceful and scenic.

ANNUAL REPORT 2017/18



ACKNOWLEDGEMENT OF COUNTRY

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

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

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MESSAGE FROM THE MAYOR

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



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

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

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



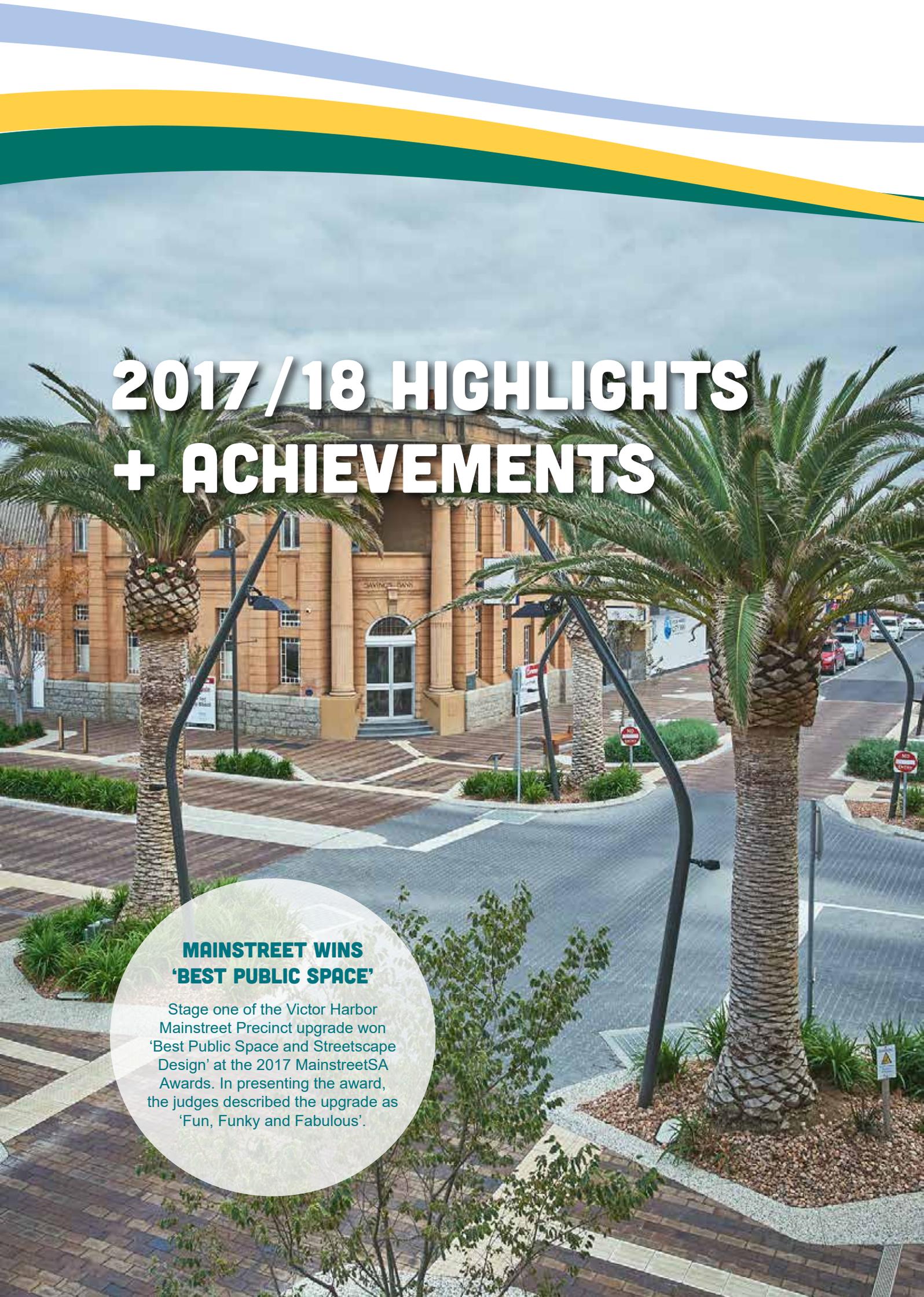
- **A new wave of arts and culture swept through Victor Harbor**, with the movement officially launched at the Big Splash event in June 2018. This event was an opportunity for both council and the community to make a statement about the surging development of the arts in our local community, and the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

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

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

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

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



2017/18 HIGHLIGHTS + ACHIEVEMENTS

MAINSTREET WINS 'BEST PUBLIC SPACE'

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

500+ 

volunteers supported council programs

\$2.8 MILLION 
grant funding for council projects & initiatives

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

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

196,500 
visits to the Fleurieu Aquatic Centre

13 
public consultations

326 
family support sessions

1,700 METRES 
new footpaths constructed

800 
viewed the council meeting livestream

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

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

29,000 SQUARE METRES 
of unsealed roads resheeted with gravel

250,000 
library loans

128,000 VISITORS 
to the Victor Harbor Library

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

5,000 SQUARE METRES 
of dirt roads bitumen sealed

1,900 
attended council's youth events

1,610 KILOMETRES 
of streets cleaned

186 
parks and reserves maintained

584 
cats registered

107 LOCAL BUSINESSES 
participated in council run training and workshops

15 MAJOR EVENTS 
supported by council

100 
new street trees planted

2,930 
dogs registered

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

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

4 
artisan markets

124 COMPLAINTS INVESTIGATED 
under the Local Nuisance and Litter Control Act

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

60,000 
visitors to the SA Whale Centre

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

62 
local food premises inspected

2017/18 HIGHLIGHTS AND ACHIEVEMENTS



A NEW CHIEF EXECUTIVE OFFICER

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



POLICEMAN'S POINT SEAWALL INSTALLED

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



COMMUNITY ENERGY INVESTIGATIONS

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



AQUATIC CENTRE TURNS ONE

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



A NEW WAVE OF ARTS AND CULTURE

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



RAILWAY TURNTABLE SITE UPGRADE

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



VICTOR IS THE BEST LARGE TOWN

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



NEW TOURISM WEBSITE

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



COMMUNITY INPUT FOR PLAYGROUND

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



SUPPORT FOR FLEURIEU YOUTH

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



WAITPINGA ROAD UPGRADE (STAGE 2)

Stage 2 of the Waitpinga Road upgrade was completed



CELEBRATING OUR RICH HERITAGE

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

OUR VISION FOR VICTOR HARBOR

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

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

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

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

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

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

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

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



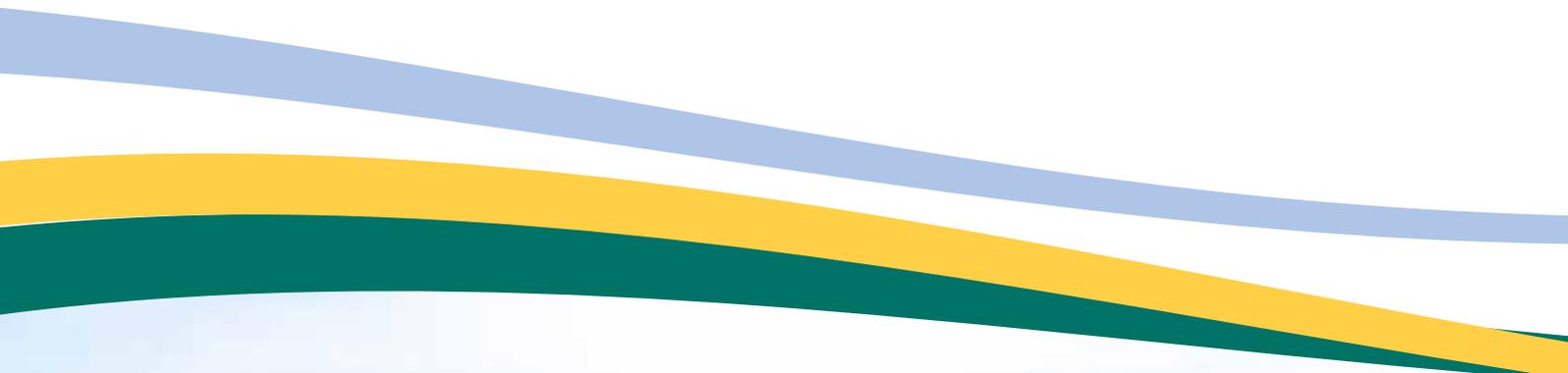
VICTOR HARBOR

A city that offers opportunity and lifestyle

STRATEGIC PLANNING FRAMEWORK

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





MEASURING OUR SUCCESS

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



KEY PLANNED ACTIVITIES

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

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

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

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

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

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

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

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

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

TABLE: 2017/18 KEY PLANNED ACTIVITIES

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

Protect and enhance landscape and scenic amenity

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

Adapt to the impact of climate change

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

OBJECTIVE 2 – ATTRACTIVE AND INCLUSIVE COMMUNITY

Provide for sustainable development and residential amenity

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

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

- Provide a Mainstreet Façade Grants Program

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

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

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

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

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

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

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

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

Protect and promote heritage

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

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

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

- Commence Railway Turntable site construction/delivery

- Progress Native Title Claims

- Progress the Kungan Ngarrendjeri Yunnan Agreement

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

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

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

Provide and maintain open space and recreation facilities

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

- Replace the GP Room floor at the Recreation Centre

- Replace/upgrade the boardwalk at the Hindmarsh River estuary

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

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

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

- Undertake design and consultation for GT Fisher Reserve Playground upgrade

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

Encourage community participation and interaction

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

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

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

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

- Review and update internal procedures at the Victor Harbor Library

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

Cultivate a vibrant community culture

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

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

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

OBJECTIVE 3 – THRIVING LOCAL ECONOMY

Support a competitive environment for business growth

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

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

Promote a culture of innovation, creativity and collaboration

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

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

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

Attract investment that expands the economy

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

OBJECTIVE 4 – SERVICES AND INFRASTRUCTURE SUPPORTING THE COMMUNITY

Facilitate access to health, education and community services

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

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

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

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

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

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

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

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

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

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

Provide key community infrastructure

- Continue negotiations regarding a suitable location for a local/regional cemetery to meet future demand
- Provide the Old School Building Community Centre as an affordable meeting space for local community groups
- Continue to provide community meeting spaces in the Library, Recreation Centre and Town Hall and through the sub-hire arrangements with various council leased facilities such as sporting grounds
- Ensure compliance with legislation in regard to council/ community land to ensure local community interest is maintained, managed and protected
- Prepare an manage leases, licences, permits and agreements
- Manage Dedicated Land Lease Approvals for Crown Land
- Administer Council land transfers, sales, gifting, land exchanges, road opening and closing

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

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

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

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

Provide stormwater infrastructure

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

Plan for water and electricity security

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

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

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

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

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

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

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

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

Facilitate capacity to deal with emergencies

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

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

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

OBJECTIVE 5 – AN INNOVATIVE COUNCIL EMPOWERING THE COMMUNITY

Cultivate and demonstrate community leadership

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

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

Encourage active citizenship and community pride

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

Provide effective and efficient levels of service delivery

- Complete Service Excellence Accreditation Audit for Fleurieu Families

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

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

Operate in a strategically planned environment

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

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

Sustainably manage council's financial infrastructure assets

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

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

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

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



FINANCIAL MANAGEMENT

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

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

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

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

OPERATING SURPLUS RATIO

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

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

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

TABLE: FINANCIAL INDICATORS

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

NET FINANCIAL LIABILITIES RATIO

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

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

ASSET SUSTAINABILITY RATIO

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

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

SERVICE DELIVERY

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

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

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

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

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



STRATEGIC INDICATORS

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

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

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





**ELECTED
MEMBERS**



ELECTED MEMBERS

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



Mayor Graham Philp



Cr Terry Andrews



Cr Peter Charles



Cr Pat Chigwidden



Cr Karen Dutton



Cr Tim Glazbrook



Cr Nicholas Hayles



Cr Moira Jenkins



Cr Bob Marshall



Cr Carol Schofield

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

ELECTED MEMBER ALLOWANCES

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

In 2017/18 elected members received the following allowances:

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

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

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

MEETING ATTENDANCE

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

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

ELECTED MEMBER TRAINING

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

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

Key: A - Apology ✓ - Attended

DECISION MAKING STRUCTURE

Council makes decisions directly or indirectly through the following mechanisms:

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

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

AUDIT COMMITTEE

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

Audit Committee Members

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

Role of the Audit Committee

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

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

SECTION 41 COMMITTEES

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

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

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

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

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

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

COMMITTEES ESTABLISHED UNDER OTHER LEGISLATION

Several committees have also been established under other legislation.

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

COMMITTEE MEMBER ALLOWANCES

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

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

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

REPRESENTATIVE APPOINTMENTS

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

Local Representation:

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

Regional Representation:

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

National Representation:

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

REGIONAL SUBSIDIARIES

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

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

Subsidiary annual reports are provided as attachments to this document.

GOVERNANCE

PROCURED GOODS & SERVICES

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

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

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

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

NATIONAL COMPETITION POLICY

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

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

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

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

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

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

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

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

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

City of Victor Harbor by-laws include:

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

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

COMMUNITY LAND

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

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

TABLE: COMMUNITY LAND

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

LOCAL NUISANCE AND LITTER CONTROL

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

A break down of the complaints are provided below:

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

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

TRANSPARENCY

FREEDOM OF INFORMATION

Information statement

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

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

This statement is available on council's website.

Freedom of Information Applications

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

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

INTERNAL REVIEW OF COUNCIL DECISIONS

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

The request was in relation to livestreaming and confidentiality.

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

ITEMS CONSIDERED IN CONFIDENCE

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

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

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

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

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

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

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

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

TABLE: STATUS OF ORDERS

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

COUNCIL DOCUMENTS

REGISTERS AND CODES

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

Registers

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

Codes

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

DOCUMENTS AVAILABLE FOR PUBLIC INSPECTION

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

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

COUNCIL POLICY DOCUMENTS

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

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

COMMUNITY ENGAGEMENT

COMMUNITY CONSULTATION

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

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

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

QUESTIONS FROM THE GALLERY

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

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

DEPUTATIONS

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

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

PETITIONS

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

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

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

REPRESENTATION QUOTA

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

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

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

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

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





OUR ORGANISATION



EXECUTIVE TEAM



CHIEF EXECUTIVE OFFICER
Victoria MacKirdy



INTERIM DIRECTOR, CORPORATE AND COMMUNITY SERVICES
Kellie Knight-Stacey



DIRECTOR, PLANNING AND REGULATORY SERVICES
Graham Pathuis



DIRECTOR, ENVIRONMENT AND INFRASTRUCTURE
Glenn Sanford

EXECUTIVE TEAM EMPLOYMENT PACKAGES

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

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

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

COUNCIL STAFF

HUMAN RESOURCES AND STAFFING LEVELS

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

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

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

INDUSTRIAL RELATIONS

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

TRAINING AND DEVELOPMENT

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

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

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

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

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

HEALTH AND WELLBEING

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

WORK HEALTH AND SAFETY

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

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

TRAINEESHIPS AND APPRENTICESHIPS

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

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



FINANCE

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

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

RATES

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

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

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

Table: Differential General Rates

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

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

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

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

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

OTHER REVENUE

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

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

User Pay Charges - \$2.36M

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

Statutory Charges - \$0.49M

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

Grants - \$1.56M

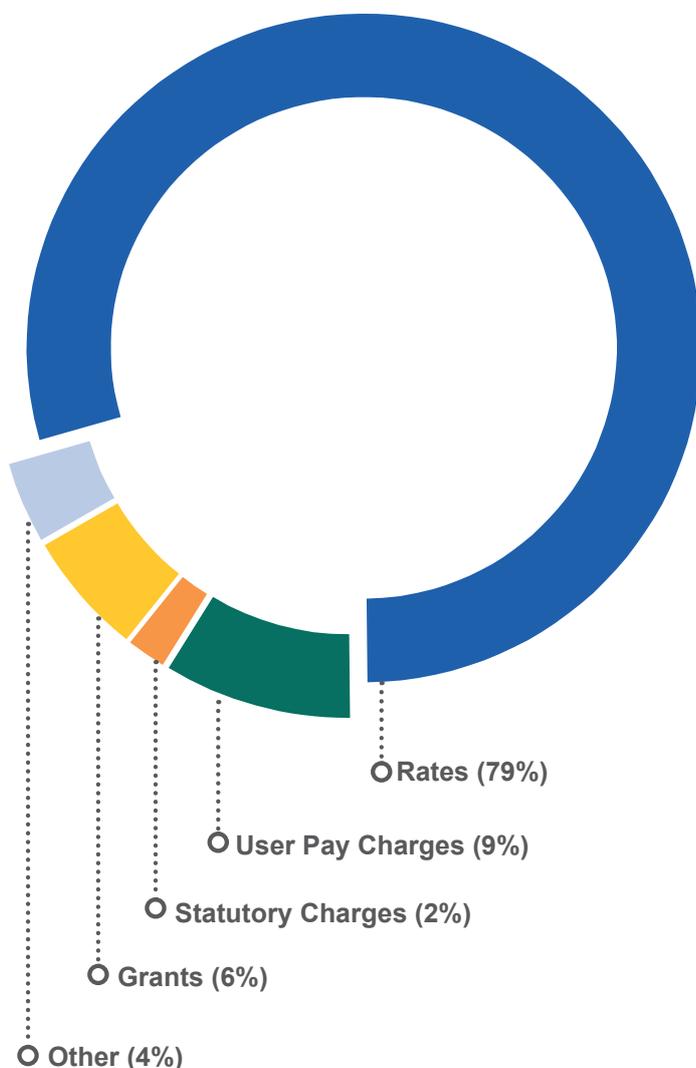
Includes grants for library, community services, tourism, roads, environment and Financial Assistance Grants.

Other Revenue - \$1.02M

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

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

Graph: Distribution of Revenue



BORROWINGS

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

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

PRUDENTIAL REQUIREMENTS

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

ASSETS

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

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

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

LOOKING AHEAD TO 2018/19

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

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



A NEW WAY TO REGISTER PETS

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



ROLL OUT NEW FOOD RATING SCHEME

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



FACILITATE COUNCIL ELECTIONS

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



DELIVER & SUPPORT COMMUNITY EVENTS

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



NEW MANAGEMENT MODEL FOR TRAM

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



ADELAIDE ROAD CORRIDOR WORKS

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



MORE NEW FOOTPATHS

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



PROTECTING OUR PRECIOUS COASTLINE

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



A NEW NATURE PLAYGROUND

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



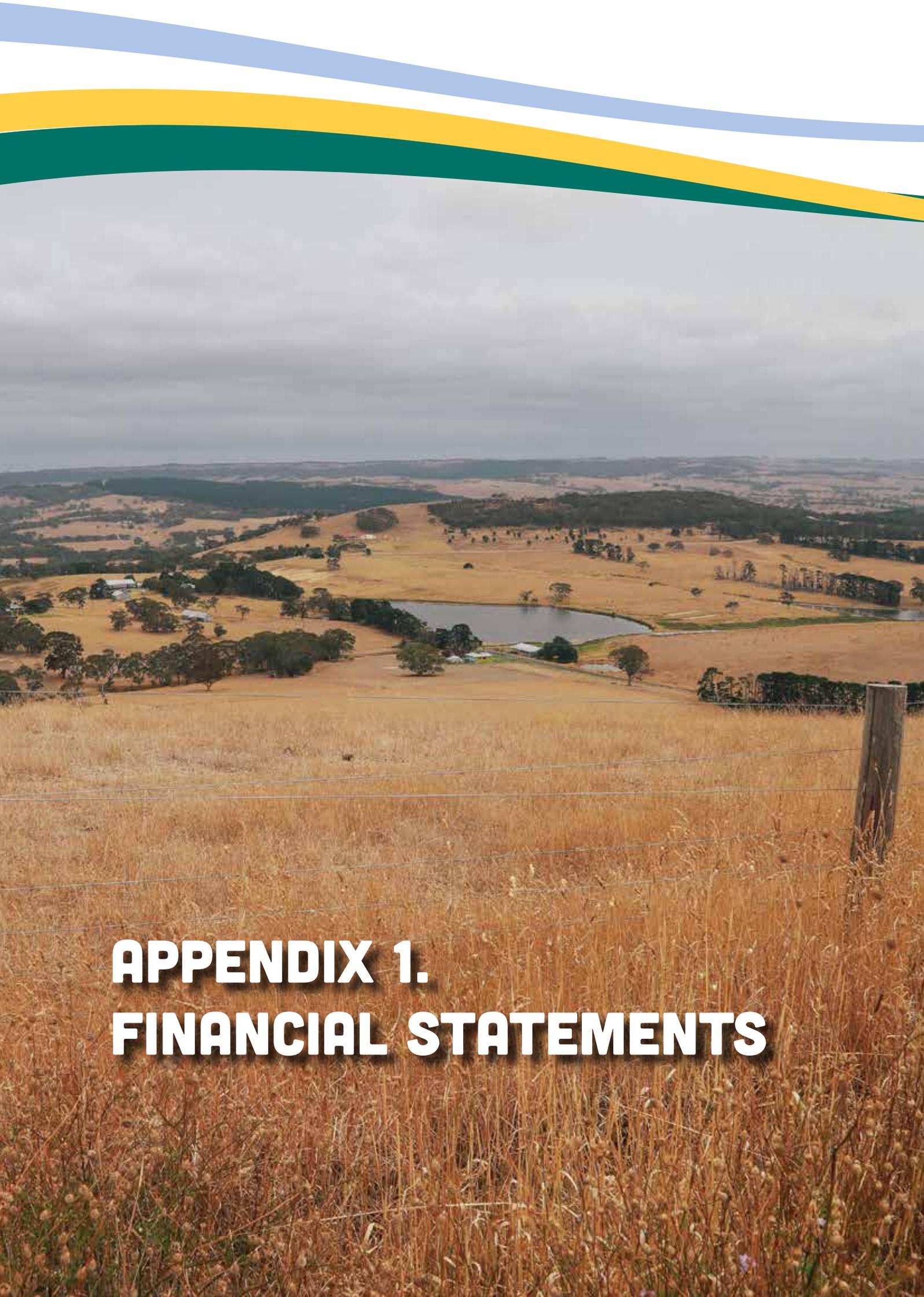
MAINSTREET UPGRADE CONTINUES

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



STORMWATER UPGRADES

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



APPENDIX 1. FINANCIAL STATEMENTS

City of Victor Harbor

General Purpose Financial Statements for the year ended 30 June 2018

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General Purpose Financial Statements
for the year ended 30 June 2018

Certification of Financial Statements

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

In our opinion:

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



Victoria MacKirdy
CHIEF EXECUTIVE OFFICER



Graham Philp
MAYOR

Date: 5 November 2018

City of Victor Harbor

Statement of Comprehensive Income

for the year ended 30 June 2018

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

¹ Transferred to Statement of Changes in Equity

City of Victor Harbor

Statement of Financial Position

as at 30 June 2018

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

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

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

City of Victor Harbor

Statement of Cash Flows

for the year ended 30 June 2018

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

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

Contents of the Notes accompanying the Financial Statements

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n/a - not applicable

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

Note 1. Summary of Significant Accounting Policies

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

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

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

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

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

1.4 Rounding

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

2 The Local Government Reporting Entity

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

3 Income Recognition

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

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

6.2 Materiality

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

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

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

Plant, Furniture & Equipment

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

Building & Other Structures

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

Infrastructure

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

Other Assets

| | |
|---------------|----------------|
| Library Books | 10 to 15 years |
| Artworks | indefinite |

6.5 Impairment

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

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

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

6.6 Borrowing Costs

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

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

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

9.2 Superannuation

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

10 Leases

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

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

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

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

11 Equity Accounted Council Businesses

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

12 GST Implications

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

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

13 New accounting standards and UIG interpretations

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

14 Comparative Figures

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

15 Disclaimer

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

City of Victor Harbor

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

Note 2. Income

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

City of Victor Harbor

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

Note 2. Income (continued)

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

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

City of Victor Harbor

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

Note 2. Income (continued)

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

Note 3. Expenses

(a). Employee Costs

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

(b). Materials, Contracts and Other Expenses

(i) Prescribed Expenses

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

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

Note 3. Expenses (continued)

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

City of Victor Harbor

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

Note 3. Expenses (continued)

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

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

Assets Renewed or Directly Replaced

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

Note 5. Current Assets

(a). Cash & Cash Equivalents

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

(b). Trade & Other Receivables

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

City of Victor Harbor

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

Note 5. Current Assets (continued)

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

Note 6. Non-Current Assets

(a). Financial Assets

Receivables

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

(b). Equity Accounted Investments in Council Businesses

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

(c). Other Non-Current Assets

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

City of Victor Harbor

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

Note 7a. Infrastructure, Property, Plant & Equipment

| | Fair Value Level | as at 30/6/2017 | | | | Asset Movements during the Reporting Period | | | | | | | as at 30/6/2018 | | | | |
|--|------------------|-----------------|---------------|-------------------|----------------|---|--------------|------------------------|--------------------------------|---|---|---|-----------------|---------------|-------------------|------------------------|----------------|
| | | At Fair Value | At Cost | Accumulated Dep'n | Carrying Value | Asset Additions | | WDV of Asset Disposals | Depreciation Expense (Note 3c) | Impairment Loss (recognised in Equity) (Note 9) | Revaluation Decrements to Equity (ARR) (Note 9) | Revaluation Increments to Equity (ARR) (Note 9) | At Fair Value | At Cost | Accumulated Dep'n | Accumulated Impairment | Carrying Value |
| | | | | | | New / Upgrade | Renewals | | | | | | | | | | |
| \$ '000 | | | | | | | | | | | | | | | | | |
| Land - Community | 3 | 14,944 | - | - | 14,944 | - | - | - | - | - | - | - | 14,944 | - | - | - | 14,944 |
| Land - Other | 2 | 32,576 | - | - | 32,576 | - | - | - | - | - | - | - | 32,576 | - | - | - | 32,576 |
| Buildings & Other Structures | 3 | 42,460 | 157 | 17,690 | 24,927 | - | (70) | (1,000) | - | - | - | - | 42,460 | 99 | 18,603 | - | 23,956 |
| Buildings & Other Structures | 2 | 491 | - | 51 | 440 | - | - | - | - | - | - | - | 491 | 32 | 51 | - | 472 |
| Infrastructure | | | | | | | | | | | | | | | | | |
| - Stormwater Drainage | 3 | 52,646 | 1,677 | 13,499 | 40,824 | 1,626 | 331 | (205) | (495) | - | - | 361 | 54,009 | 2,354 | 13,921 | - | 42,442 |
| - Roads | 3 | 98,776 | 1,640 | 24,755 | 75,661 | 551 | 1,103 | (526) | (2,409) | - | - | 4,616 | 105,485 | - | 26,489 | - | 78,996 |
| - Kerbing | 3 | 21,589 | 389 | 7,053 | 14,925 | 192 | 105 | (52) | (263) | - | - | 1,810 | 23,965 | - | 7,248 | - | 16,717 |
| - Footpaths | 3 | 9,889 | 902 | 3,137 | 7,654 | 284 | 187 | (6) | (249) | - | (55) | - | 11,154 | 1 | 3,340 | - | 7,815 |
| - Bridges | 3 | 28,753 | - | 7,761 | 20,992 | - | - | - | (256) | - | - | 1,509 | 26,348 | - | 4,103 | - | 22,245 |
| - Open Space | 3 | 12,822 | 964 | 5,181 | 8,605 | 404 | 105 | (1,096) | (493) | - | - | 4,791 | 16,484 | - | 4,169 | - | 12,315 |
| - Carparks & Traffic | 3 | 8,509 | 1,746 | 2,401 | 7,856 | 1,179 | 135 | (196) | (228) | - | (92) | - | 9,663 | 1,316 | 2,606 | - | 8,373 |
| - Other Infrastructure | | 3,073 | 524 | 1,232 | 2,365 | 954 | 201 | (90) | (90) | - | - | - | - | 4,752 | 1,322 | - | 3,430 |
| Plant & Equipment | | - | 8,703 | 3,770 | 4,933 | 88 | 687 | (136) | (644) | - | - | - | - | 9,136 | 4,208 | - | 4,928 |
| Furniture & Fittings | | - | 2,080 | 1,105 | 975 | 15 | - | (89) | (89) | - | - | - | - | 2,096 | 1,195 | - | 901 |
| Library Books | 2 | 936 | 66 | 480 | 522 | - | 83 | - | (141) | - | - | 47 | - | 1,010 | 500 | - | 510 |
| Artworks | 2 | 287 | - | - | 287 | 9 | - | - | - | - | - | - | 287 | 9 | - | - | 296 |
| Total Infrastructure, Property, Plant & Equipment | | 327,751 | 18,850 | 88,115 | 258,486 | 5,302 | 3,068 | (2,287) | (6,357) | (281) | (147) | 13,134 | 337,866 | 20,805 | 87,755 | - | 270,916 |
| Comparatives | | 322,332 | 14,345 | 82,199 | 254,478 | 3,117 | 5,829 | (1,426) | (6,224) | - | - | 2,710 | 327,751 | 18,850 | 88,115 | - | 258,486 |

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

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

\$ '000

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

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

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

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

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

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

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

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

\$ '000

Valuation of Assets (continued)

Other Information

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

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

Highest and best use

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

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

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

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

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

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

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

\$ '000

Valuation of Assets (continued)

Adjustments:

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

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

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

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

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

Transition to AASB 13 - Fair Value Measurement

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

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

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

\$ '000

Valuation of Assets (continued)

Land & Land Improvements

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

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

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

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

Buildings & Other Structures

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

Infrastructure

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

Plant & Equipment

These assets are recognised at cost.

Furniture & Fittings

These assets are recognised at cost.

All other Assets

These assets are recognised at cost.

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

City of Victor Harbor

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

Note 8. Liabilities

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

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

Note 9. Reserves

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

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

PURPOSES OF RESERVES

Asset Revaluation Reserves

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

Car Park Development

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

Developers Contributions

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

Economic Development

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

Renewable Energy

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

City of Victor Harbor

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

Note 10. Assets Subject to Restrictions

| \$ '000 | Notes | 2018 | 2017 |
|---------|-------|------|------|
|---------|-------|------|------|

Council does not hold any assets subject to restrictions

Note 11. Reconciliation to Statement of Cash Flows

(a). Reconciliation of Cash

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

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

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

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

(c). Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

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

(d). Financing Arrangements

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

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

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

City of Victor Harbor

Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

Note 12a. Functions

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

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

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

BUSINESS UNDERTAKINGS

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

COMMUNITY SERVICES

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

CULTURE

Library Services, Town Hall and Other Cultural Services.

ECONOMIC DEVELOPMENT

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

ENVIRONMENT

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

RECREATION

Parks and Gardens, Indoor and Outdoor.

REGULATORY SERVICES

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

TRANSPORT

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

PLANT HIRE & DEPOT

Plant and Machinery, Depot and Indirect Works.

UNCLASSIFIED ACTIVITIES

Other Property, Loans and Interest.

COUNCIL ADMINISTRATION

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

REVENUE

General Rates, Separate Rates, LG Grants Commission

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

Note 13. Financial Instruments

\$ '000

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Rates & Associated Charges

(including legals & penalties for late payment)

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

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Fees & Other Charges

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

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

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Receivables

Other Levels of Government

Accounting Policy:

Carried at nominal value.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

Receivables

Retirement Home Contributions

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Liabilities

Creditors and Accruals

Accounting Policy:

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

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

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

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Liabilities

Retirement Home Contributions

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

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

Liabilities

Interest Bearing Borrowings

Accounting Policy:

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

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

Liabilities

Finance Leases

Accounting Policy:

Accounted for in accordance with AASB 117.

City of Victor Harbor

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

Note 13. Financial Instruments (continued)

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

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

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

Net Fair Value

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

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

Note 13. Financial Instruments (continued)

\$ '000

Risk Exposures

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

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

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

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

Note 14. Commitments for Expenditure

\$ '000

Notes

2018

2017

Other Expenditure Commitments

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

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

These expenditures are payable:

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

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

Note 15. Financial Indicators

| \$ '000 | Amounts 2018 | Indicator 2018 | Prior Periods 2017 | 2016 |
|---------|-----------------|-------------------|-----------------------|------|
|---------|-----------------|-------------------|-----------------------|------|

These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

1. Operating Surplus Ratio

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

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

2. Net Financial Liabilities Ratio

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

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

Adjustments to Ratios

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

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

3. Asset Sustainability Ratio

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

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

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

Note 16. Uniform Presentation of Finances

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

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

Note 17. Operating Leases

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

Lease Payment Commitments of Council

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

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

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

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

No lease contains any escalation clause

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

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

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

Note 18. Superannuation

\$ '000

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

Accumulation only Members

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

Salarylink (Defined Benefit Fund) Members

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

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

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

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

Contributions to Other Superannuation Schemes

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

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

Note 19. Interests in Other Entities

\$ '000

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

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

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

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

Fleurieu Regional Aquatic Authority

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

Fleurieu Regional Waste Authority

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

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

(b) Relevant Interests

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

City of Victor Harbor

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

Note 19. Interests in Other Entities (continued)

\$ '000

(c) Movement in Investment in Joint Venture or Associate

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

(d) Summarised Financial Information of the Equity Accounted Business

| Statement of Financial Position | Fleurieu Regional Aquatic Authority | | Fleurieu Regional Waste Authority | |
|---|-------------------------------------|---------------|-----------------------------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| Cash and Cash Equivalents | 890 | 194 | 623 | 937 |
| Trade & Other Receivables | 8 | 100 | 448 | 213 |
| Non-Current Assets | 20,201 | 20,875 | 2,781 | 2,357 |
| Total Assets | 21,099 | 21,169 | 3,852 | 3,507 |
| Current Trade and Other Payables | 93 | 170 | 1,010 | 840 |
| Current Financial Liabilities | - | - | 495 | 602 |
| Current Provisions | - | - | 111 | 235 |
| Non-Current Trade and Other Payables | - | - | 195 | 37 |
| Non-Current Financial Liabilities | - | - | 1,161 | 980 |
| Non-Current Provisions | - | - | 71 | 90 |
| Total Liabilities | 93 | 170 | 3,043 | 2,784 |
| Net Assets | 21,006 | 20,999 | 809 | 723 |
| Statement of Comprehensive Income | Fleurieu Regional Aquatic Authority | | Fleurieu Regional Waste Authority | |
| | 2018 | 2017 | 2018 | 2017 |
| Other Income | 3,049 | 1,001 | 7,856 | 7,547 |
| Total Income | 3,049 | 1,001 | 7,856 | 7,547 |
| Employee Costs | - | - | 2,888 | 2,758 |
| Materials, Contracts & Other Expenses | 2,368 | 877 | 4,195 | 3,959 |
| Depreciation, Amortisation and Impairment | 673 | 193 | 602 | 700 |
| Finance Costs | - | - | 84 | 103 |
| Total Expenses | 3,041 | 1,070 | 7,769 | 7,520 |
| Other Revenue / Expense Items | - | - | (1) | 21 |
| Operating Result | 8 | (69) | 86 | 48 |

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

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

\$ '000

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

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

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

1. LAND UNDER ROADS

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

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

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. BANK GUARANTEES

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

4. LEGAL MATTERS

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

Note 22. Events after the Balance Sheet Date

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

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

Note 23. Related Party Transactions

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

Key Management Personnel

Transactions with Key Management Personnel

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

The compensation paid to Key Management Personnel comprises:

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

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

Receipts from Key Management Personnel comprise:

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

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

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

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



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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT

To the members of City of Victor Harbor

Opinion

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

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

Basis for Opinion

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

Council's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA Registered Company Auditor
Partner

5 November 2018

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

To the members of City of Victor Harbor

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

Opinion

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

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

Basis for Opinion

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

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

The Council's Responsibility for Internal controls

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

Our Independence and Quality Control

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

Auditor's responsibility

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

Limitations of Controls

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

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

Limitation of Use

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

5 November 2018

General Purpose Financial Statements
for the year ended 30 June 2018

Certification of Auditor Independence

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

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



Victoria MacKirdy
CHIEF EXECUTIVE OFFICER



Tim Glazbrook
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 5 November 2018

General Purpose Financial Statements
for the year ended 30 June 2018

Statement by Auditor

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

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



Tim Muhlhausler
Galpins Accountants, Auditors and Business Consultants

Dated this 5th day of November 2018.

city of
Victor Harbor



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