

# ANNUAL REPORT

2017-2018



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# WELCOME FROM THE MAYOR

Welcome to the City of Marion Annual Report for 2017/18.

This is my fourth annual report message since being elected Mayor in November 2014. Each year since then Council has reduced rate rises. In 2017/18, we continued that trend with a rate rise of 2.2 per cent.

In June this year we introduced the lowest rate rise in 20 years for 2018/19 – 1.8 per cent.

By working efficiently and making savings we have delivered important projects for our community, including:

- Completing \$1 million upgrade of Grand Central Reserve, Hallett Cove, including amphitheatre, artworks and a space for community events
- Begun \$8.8 million redevelopment of Edwardstown Oval into a modern sporting and community facility with resurfaced velodrome (\$4.8 million from the City of Marion and \$4 million from Federal Government)
- Opened \$900,000 wetland at Glade Crescent, Hallett Cove (\$300,000 from the City of Marion and \$600,000 from the State Government)
- Opened new speed slide at Marion Outdoor Pool as part of \$500,000 facelift

Work began on the \$174.3 million upgrade of Oaklands Crossing which will reduce traffic congestion and boost the local economy. The project is supported by \$95 million from the Federal Government and \$74.3 million from State Government. Council committed \$5 million in principle.

In addition to delivering key infrastructure, Council has sought to curb excessive urban infill while catering for a growing population by submitting a Housing Diversity Development Plan Amendment to the State Government. The Planning Minister's options after reviewing the plan include accepting, rejecting, or varying any or all of it.

Other key projects have included:

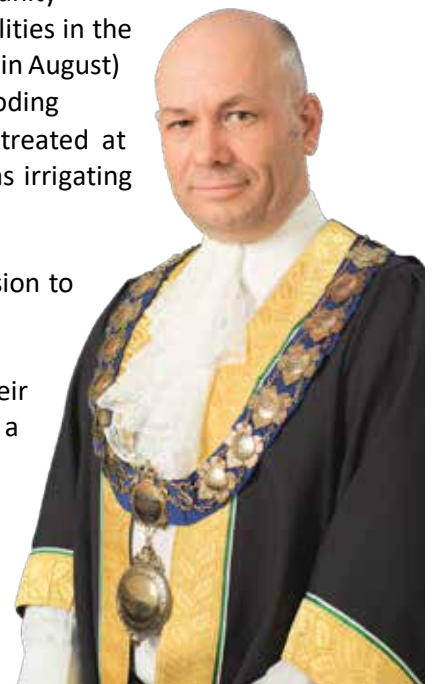
- Beginning replacement of all 8525 of Marion's street lights with energy-efficient LED globes
- Launching a new corporate website to improve service to our community
- Starting construction of the first playground for children with disabilities in the region – the Hendrie Street Reserve Inclusive Playground (completed in August)
- Installing a new \$1.1 million drain in Marion to reduce the risk of flooding
- Helping reduce mains water consumption by selling stormwater treated at Oaklands Wetland for use on major construction projects as well as irrigating reserves, street trees and ovals

One of the most significant legacies of this past year will be Council's decision to plant 30,000 trees over the next 10 years.

I would like to thank our residents, stakeholders and volunteers for their support and input into the projects and services that are making Marion a better place to live, work and play.

Yours faithfully,

**Kris Hanna,**  
Mayor City of Marion





## MESSAGE FROM THE CEO

The past year has seen the commencement of a number of exciting projects in our city.

One of the most significant for the organisation – and the Marion community – was the launch of our first Customer Experience Charter.

The charter commits the organisation to delivering the best service to the community, and I'm proud of the way staff are delivering on that promise. The charter was launched to coincide with our Year of the Customer.

We are making 2018 our Year of Innovation and have introduced new ways to improve service to the community. These include using mobile devices to improve the way we maintain parks, playgrounds and trees. The system provides staff with checklists of work to do and links to requests for work from the community.

Teams now receive information quicker, paperwork is reduced, and the quality of work has improved.

Key projects for the year have included:

- Beginning replacement of all 8525 of Marion's street lights with energy-efficient LED globes
- Launching a new corporate website to improve service to our community
- Starting construction of the first playground for children with disabilities in the region – the Hendrie Street Reserve Inclusive Playground (completed in August)
- Installing a new \$1.1 million drain in Marion to reduce the risk of flooding
- Helping reduce mains water consumption by selling stormwater treated at Oaklands Wetland for use on major construction projects as well as irrigating reserves, street trees and ovals

A new \$5 million soccer facility in the south of Marion also moved a step closer after the State Government committed \$2.5 million to match Council's funding for the project.

Council plays an important role in economic development and supported the Southern Adelaide Economic Development Board – a joint venture between the cities of Marion and Onkaparinga – to launch a new plan to boost investment in the south.



We continued to work with Tonsley Innovation District's stakeholders, including the State Government, PEET Group and Flinders University to grow the integrated employment and residential district. The redevelopment is expected to attract \$1 billion of private investment.

None of these things would have been possible without the contributions of the Mayor, Elected Members, the community and staff. I would like to thank them all for helping to make Marion a more modern, sustainable and dynamic city.

Regards,

**Adrian Skull,**  
Chief Executive Officer



## OUR PURPOSE, VISION AND VALUES

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### OUR PURPOSE (Why we exist)

To improve our residents' quality of life; continuously, smartly and efficiently

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### OUR COMMUNITY VISION (What we want to become)

A community that is Liveable, Valuing Nature, Engaged, Prosperous, Innovative and Connected

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### OUR VALUES

With the community and safety at the forefront of everything we do, we value:

**Respect** - Treating everyone as we want to be treated, where all contributions are valued

**Integrity** - Fostering trust and honesty in all of our interactions

**Achievement** - Enhancing our knowledge and performance to reach our shared goals, while being dedicated to supporting one another

**Innovation** - Encouraging new ideas, and learning from our experience to do things better

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# ABOUT THE CITY OF MARION – FAST FACTS

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<b>Location</b>	South-Western suburbs of Adelaide
<b>Land area</b>	56.18 kms <sup>2</sup>
<b>Estimated resident population</b>	91,446
<b>Residents born overseas</b>	24,185
<b>Landmarks</b>	Cove Civic Centre Living Kaurua Cultural Centre Hallett Cove Coastal Walking Trail 7.5 km Hallett Cove Conservation Park Marion Cultural Centre Marion Outdoor Pool Morphettville Racecourse Oaklands Wetlands & Recreation Plaza SA Aquatic and Leisure Centre Tonsley Park Westfield Shopping Centre
<b>Gross Regional Product</b>	\$3.42 billion
<b>Leading Employment Sectors</b>	Retail, Health, Community, Manufacturing
<b>Elected Members</b>	13
<b>Wards</b>	6
<b>Operating Expenditure</b>	\$81.6 million
<b>Revenue</b>	\$92.5 million with \$72.8 million from general rates
<b>Rateable properties</b>	43,085
<b>Average residential rate</b>	\$1,417
<b>Rate increase from 2016/17</b>	2.2% (lowest rate rise in 15 years)
<b>Library items loaned</b>	773,771
<b>Website visits</b>	582,710
<b>Volunteers</b>	356 contributing 38,858 hrs totalling \$1.06 million
<b>Street trees planted</b>	1,475
<b>Development applications</b>	1,771
<b>Value of Development applications</b>	\$221 million
<b>Distance of footpaths</b>	854 km
<b>Distance of roads</b>	537 km
<b>Distance of drains</b>	264 km

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# STRATEGIC PLANS

The City of Marion's 10-Year Strategic Plan 2017-2027 and 3-Year Business Plan 2016-2019 have provided directions for strategic decision-making.

In 2017/18 work areas within Council commenced, progressed and/or delivered a significant number of projects including a suite of major infrastructure projects including:

- The Edwardstown Soldiers Memorial Oval
- The Hallett Cove Foreshore redevelopment
- Development of the Sam Willoughby UCI BMX Track
- LED streetlights
- Streetscape improvements
- Improved tennis and netball facilities

Details of these projects are provided in this Annual Report.

These actions and projects will help us to deliver the Community Vision for a city that is Liveable, Valuing Nature, Engaged, Prosperous, Innovative and Connected.



## COMMUNITY VISION > TOWARDS 2040



### Six themes of our Community Vision

These six themes represent the shared values and aspirations that will guide how our city develops.

#### LIVEABLE

By 2040 our city will be well planned, safe and welcoming, with high quality and environmentally sensitive housing, and where cultural diversity, arts, heritage and healthy lifestyles are celebrated.

#### VALUING NATURE

By 2040 our city will be deeply connected with nature to enhance peoples' lives, while minimising the impact on the climate, and protecting the natural environment.

#### ENGAGED

By 2040 our city will be a community where people are engaged, empowered to make decisions, and work together to build strong neighbourhoods.

#### PROSPEROUS

By 2040 our city will be a diverse and clean economy that attracts investment and jobs, and creates exports in sustainable business precincts while providing access to education and skills development.

#### INNOVATIVE

By 2040 our city will be a leader in embracing and developing new ideas and technology to create a vibrant community with opportunities for all.

#### CONNECTED

By 2040 our city will be linked by a quality road, footpath and public transport network that brings people together socially, and harnesses technology to enable them to access services and facilities.



# BRIEF OVERVIEW OF FINANCIAL PERFORMANCE

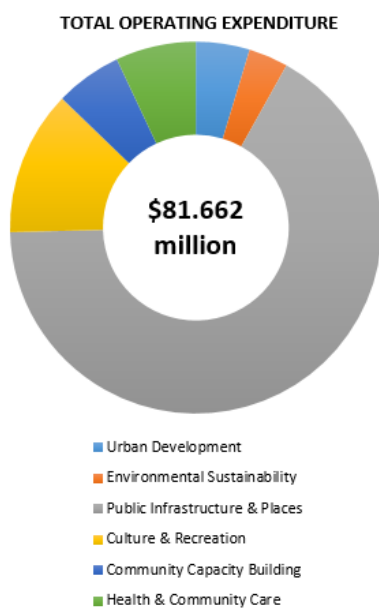
The City of Marion is in a strong financial position, providing a sound basis for Council's long-term objectives identified in the Strategic Plan. Below is a synopsis of Council's financial position.

There has been a strong commitment from Council to reduce the financial rate burden while continuing to deliver significant Infrastructure projects. Our rate increase has continued to decline (see diagram below) with 2017/18 achieving an average 2.2% increase, whilst achieving an operating surplus of \$10.904 million. The operating surplus achieved was above the original budgeted operating surplus of \$5.008m adopted by Council. The main factors for this increase include:

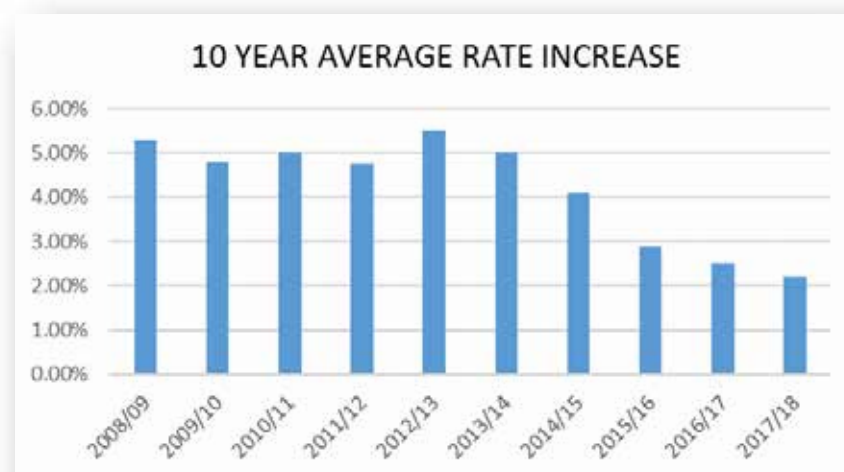
- Statutory Charges and User Charges increased \$0.991m
- Financial Assistance Grants for 2018/19 received in advance \$1.521m
- Other Grants, subsidies and contributions increased \$1.166m
- Dividend received from Southern Region Waste Resource Authority (SRWRA) \$0.765m
- Lower than Budgeted Operating Expenses \$0.302m

Sustaining an operating surplus is critical to renewing and maintaining the \$1.1 billion of community assets under Council's control in accordance with our Asset Management Plans and to ensure Council's ability to fund major projects identified in the Long Term Financial Plan. The following information relates to the Financial Statements contained further in the Annual Report.

- An operating surplus of \$10.904 million which provides funding for renewal, replacement and upgrade of community assets along with funding for the Community Facilities Partnership Program.
- \$92.566 million revenue with 81 per cent coming from rates.
- \$81.662 million operating expenditure (see diagram below)
- \$1.1 billion net assets, providing community facilities, infrastructure and open space.



FUNCTION	Expenses
<b>Development</b>	
Urban Development	\$3.812m
<b>Environment</b>	
Environmental Sustainability	\$2.815m
<b>Infrastructure</b>	
Public Infrastructure & Places	\$54.298m
<b>Community</b>	
Culture & Recreation	\$10.294m
Community Capacity Building	\$4.737m
Health & Community Care	\$5.706m
<b>TOTAL</b>	<b>\$81.662m</b>



The Council comprises an elected Mayor and 12 Councillors. The city has six wards, each represented by two Councillors, and 27 suburbs.

The map illustrates the Warracowie Shire, South Australia, with the following localities and features:

- Localities:** Coastal, Southern Hills, Warracowie, Warriparinga, Mullawirra, Woodlands.
- Roads:** Morphett Rd, Diagonal Rd, Oaklands Rd, Sturt Rd, Ocean Blvd, Majors Rd, Lander Rd, Main South Rd.
- Waterways:** Sturt River.
- Other Features:** A dashed line indicates the boundary with the Loxton Shire to the north. A legend in the bottom right corner shows a document icon.

# ELECTED MEMBERS



**MAYOR**  
Kris Hanna

## Committees

*July '17 – December '17*

*January '18 – June '18*

Review & Selection (Presiding Member)

Infrastructure and Strategy (ex-officio)

Urban Planning (ex-officio)

## COASTAL WARD COUNCILLORS

MARINO, SEACLIFF PARK (PART),  
HALLETT COVE (PART)



**DEPUTY MAYOR**  
**COUNCILLOR**  
Ian Crossland

**Deputy Mayor**  
*July '17 – November '17*

**Committees**  
*July '17 – December '17*  
*January '18 – June '18*  
Review & Selection



**COUNCILLOR**  
Tim Gard

**Committees**  
*July '17 – December '17*  
Urban Planning  
  
*January '18 – June '18*  
Infrastructure and Strategy

## MULLAWIRRA WARD COUNCILLORS

GLENGOWRIE, PLYMPTON PARK,  
PARK HOLME, MORPHETTVILLE



**COUNCILLOR**  
Jason Veliskou

**Committees**  
*July '17 – December '17*  
Review and Selection  
  
*January '18 – June '18*  
Urban Planning



**COUNCILLOR**  
Jerome Appleby

**Committees**  
*July '17 – December '17*  
*January '18 – June '18*  
Review and Selection



## SOUTHERN HILLS WARD COUNCILLORS

SEAVIEW DOWNS, O'HALLORAN HILL (PART),  
TROTT PARK, SHEIDOW PARK (PART),  
SEACLIFF PARK (PART), HALLETT COVE (PART)



### COUNCILLOR

Janet Byram

#### Deputy Mayor

December '17 – June '18

#### Committees

July '17 – December '17  
Infrastructure and Strategy

January '18 – June '18

Review and Selection

October '17 – June '18

Council Assessment Panel



### COUNCILLOR

Nick Westwood

#### Committees

July '17 – December '17

Development Assessment Panel

July '17 – December '17

Infrastructure and Strategy

January '18 – June '18

Urban Planning

## WARRACOWIE WARD COUNCILLORS

WARRADALE, OAKLANDS PARK, DOVER GARDENS,  
SEACOMBE GARDENS, MARION (PART)



### COUNCILLOR

Bruce Hull

#### Committees

July '17 – December '17

January '18 – June '18

Infrastructure and Strategy



### COUNCILLOR

Nathan Prior

#### Committees

January '18 – June '18

Infrastructure and Strategy

July '17 – December '17

Urban Planning

## WARRIPARINGA WARD COUNCILLORS

MARION (PART), MITCHELL PARK (PART), STURT,  
BEDFORD PARK (PART), CLOVELLY PARK (PART),  
SEACOMBE HEIGHTS, DARLINGTON (PART)



### COUNCILLOR

Raelene Telfer

#### Committees

July '17 – November '17

December '17 – June '18

Finance & Audit

July '17 – December '17

Urban Planning

January '18 – June '18

(Presiding Member)

Urban Planning



### COUNCILLOR

Luke Hutchinson

#### Committees

July '17 – December '17

Development Assessment Panel

July '17 – December '17

(Presiding Member)

Urban Planning

January '18 – June '18

(Presiding Member)

Infrastructure and Strategy

October '17 – June '18

(Deputy Member)

Council Assessment Panel

## WOODLANDS WARD COUNCILLORS

SOUTH PLYMPTON, GLANDORE (PART), ASCOT PARK,  
EDWARDSTOWN, MITCHELL PARK (PART),  
CLOVELLY PARK (PART)



### COUNCILLOR

Nick Kerry

#### Committees

July '17 – December '17

Development Assessment Panel

July '17 – November '17

December '17 – June '18

Finance and Audit Committee

July '17 – December '17

Infrastructure and Strategy

January '18 – June '18

Urban Planning



### COUNCILLOR

Tim Pfeiffer

#### Committees

July '17 – December '17

January '18 – June '18

Infrastructure and Strategy

## EXECUTIVE LEADERSHIP TEAM



### CHIEF EXECUTIVE OFFICER

Adrian Skull

HUMAN RESOURCES, CITY SERVICES,  
CITY DEVELOPMENT, CORPORATE  
SERVICES



### GENERAL MANAGER, CITY SERVICES

Tony Lines

ENGINEERING & FIELD  
SERVICES, COMMUNITY  
CONNECTIONS, CUSTOMER  
EXPERIENCE



### GENERAL MANAGER, CITY DEVELOPMENT

Abby Dickson

CITY PROPERTY, INNOVATION &  
STRATEGY, DEVELOPMENT &  
REGULATORY SERVICES,  
CITY ACTIVATION



### GENERAL MANAGER, CORPORATE SERVICES

Vincent Mifsud

FINANCE & CONTRACTS, ICT,  
CORPORATE GOVERNANCE

# DECISION-MAKING AND STRUCTURE OF COUNCIL

One of the most important functions undertaken by the Mayor and Elected Members is attending Council meetings and participating in the decision-making process. Decisions made at a formal Council meeting provide the direction and authority for the organisation's ongoing operations. While decisions are made at Council meetings, the City of Marion also has four Committees, which assist the Council to accomplish its objectives and add value to the decisions of Council through the provision of advice.

From the 1 July 2017 – 30 June 2018, Council's formal decision-making and Committee structure comprised of:

- General Council
- Infrastructure and Strategy Committee
- Urban Planning Committee
- Review and Selection Committee
- Finance and Audit Committee

Pursuant to the Planning, Development and Infrastructure Act, the Council has also established a Council Assessment Panel (CAP). The CAP considers a wide range of development applications, ensuring that new development proposals are consistent with the Council's Development Plan. Prior to October 2017, this Panel was known as the Development Assessment Panel.

All meetings are open to the public. Documentation for each meeting (notice of meeting, agenda with reports, attachments and minutes) are available through Council's Administration Building, website and libraries. Hard copies are also available at the meeting.

	General Council	Special Council	Urban Planning	Finance & Audit	Development Assessment Panel	Council Assessment Panel	Infrastructure & Strategy	Review & Selection
Number of Meetings	(18)	(5)	(4)*	(5)	(4)	(9)	(10)*	(5)*
Mayor Kris Hanna**	14/14	4/5	1/4				6/10	3/5
Cr Ian Crossland	16/18	3/5						3/5
Cr Tim Gard	16/18	5/5	3/3				5/5	
Cr Jason Veliskou	18/18	5/5	1/1					3/3
Cr Jerome Appleby	17/18	2/5						5/5
Cr Janet Byram	17/18	3/5			3/4	7/9	5/5	2/2
Cr Nick Westwood	17/18	5/5	1/1		4/4		4/5	
Cr Bruce Hull	18/18	5/5					10/10	
Cr Nathan Prior	17/18	5/5	3/3				5/5	
Cr Raelene Telfer	16/18	5/5	4/4	5/5				
Cr Luke Hutchinson	12/18	3/5	3/3		3/4	1/9***		
Cr Nick Kerry	15/18	2/5	0/1	1/5			3/5	
Cr Tim Pfeiffer	15/18	5/5					10/10	

\* There was a change in committee members from January 2018. The figures shown indicate the number of meetings a member attended out of the maximum they were eligible to attend as a representative.

\*\* Mayor was on leave of absence from 30 January 2018 – 30 March 2018

\*\*\* 'stand-in' member only



# COUNCIL MEETINGS

The *Local Government Act 1999* (The Act) provides the legislative framework for legal and transparent Council decision-making expected from the City of Marion and wider South Australian community.

## FUNCTION

To make decisions on behalf of their constituents as a collective for the benefit of the community.

## OTHER DETAILS

All Elected Members attend. Council meets on the second and/or fourth Tuesday of the month with special meetings called when required.

## RESOLUTIONS OF GENERAL COUNCIL

A 'resolution' is a legal decision formed by a majority vote within a formally constituted meeting of council. During the financial year, 621 resolutions were made by Council resulting from 297 corporate reports seeking a decision.

The Community was heard by the following deputations:

- HYPA (Learning to Drive Program) (July 2017)
- Landlord Consent for Marion RSL to Install Playground (July 2017)
- Trailblazer by the Sea (August 2017)
- Asset Optimisation – McConnell Avenue Reserve, Western Portion (September 2017)
- Australia Day (October 2017)
- Light Square Marion (October 2017)
- Asset Optimisation – Oliphant Avenue (October 2017)
- Woodend Primary School Parking Facilities (November 2017)
- Mitchell Park Sports and Community Centre Scoreboard Water and Power Connection (January 2018)
- Red House Group Inc. (Gallery M) Agreement (April 2018)
- Playground Removal – Westall Way Reserve (May 2018)

Petitions were received on the following matters:

- Revocation and Disposal of Community Land - Lot 189 Mc Connell Avenue Marino (July 2017)
- Preserve Lot 23 of Oaklands Park (September 2017)
- Development at Lot 3 Appleby Road, Morphettville (September 2017)
- Lot 23, Oliphant Avenue, Oaklands Park (November 2017)
- Building Application # 7.2017.208 (Nickels Avenue Park Holme) (December 2017)
- Rockford Place Reserve, Marino (January 2018)
- Oppose Dog Park at Cadell Street (March 2018)
- Westwall Way Reserve Sheidow Park (May 2018)

The following Workshops/Presentations were held in council meetings:

- Playground Framework (October 2017)
- Public Submissions on the Draft Annual Business Plan 2018-19 (May 2018)

## ELECTED MEMBERS

The *Local Government Act 1999* provides the legislative framework and ambit of responsibility for an Elected Member as an individual and as the decision making body of Council. Their role is fundamental in delivering upon the expectations of the local and wider community.

## ELECTED MEMBER ALLOWANCES

An Elected Member is entitled to an annual allowance determined every four years by the Remuneration Tribunal of South Australia. The tribunal's determination on 28 July 2014 provides for a CPI increase each financial year as stated below. This adjustment came into effect as of 7 November 2017;

Mayor	\$79,232*
Deputy Mayor	\$24,760
Elected Members	\$19,808

\*The Mayor received a reduced amount in 2017/18 due to a leave of absence. The value of this equated to a reduction of \$6,295.

## TRAINING AND DEVELOPMENT

Elected Members have ongoing training based on current Council business and their own professional development requirements.

The following training and development opportunities were attended by various Elected Members:

- ICAC Awareness for Public Officers
- Building the Economy in Southern Adelaide: SBE Business Breakfast
- Kelliedy Jones Lawyers & RMIA Thought Leadership Forum (insurances)
- LGA OGM / Networking Dinner
- ALGWA National Networking Breakfast
- ALGA National General Assembly

Other training sessions throughout the year (EM Forum) for Elected Members include:

- Conflict of Interest Training – Interactive / case study session delivered by Norman Waterhouse Lawyers (August 2017)
- SA Ombudsman Presentation - focusing on the role of the Ombudsman's Office and Investigating Code of Conduct Complaints (October 2017)

## KEY DECISIONS OF GENERAL COUNCIL

Council made many significant decisions during the financial year. The following list does not encompass *all* decisions, rather key decisions made as an elected body. It does, however, demonstrate the diverse ambit of Council's decision-making power.

2017	Key decisions	2018	Key decisions
<b>July</b>	<ul style="list-style-type: none"> <li>• Endorsed the Castle Plaza Activity Centre DPA</li> <li>• Endorsed design of Oaklands Estate Reserve</li> <li>• Approved Youth Grant Applications, totaling \$110,000</li> </ul>	<b>January</b>	<ul style="list-style-type: none"> <li>• Oaklands Education Centre – supported business case was presented and noted.</li> <li>• Tonsley Greenway – requested alternative walking and cycling route, outside of the rail corridor</li> <li>• Received and noted the Diversity and Inclusion Plan</li> </ul>
<b>August</b>	<ul style="list-style-type: none"> <li>• Endorsed final design for Appleby Road Reserve Playground</li> <li>• Secured funding for Marion Coastal Walkway</li> </ul>	<b>February</b>	<ul style="list-style-type: none"> <li>• Adopted an approach to fund up to 50% of purchase and installation costs of energy efficiency upgrades and solar panels for Council owned and leased facilities.</li> <li>• Marion Outdoor Pool – endorsed funding for upgrade works</li> </ul>
<b>September</b>	<ul style="list-style-type: none"> <li>• Endorsed Recreation/Community DPA for Minister's Authorisation</li> <li>• Endorsed the City of Marion's participation in Stage 2 of the Waste Management Services Project (WMSP).</li> </ul>	<b>March</b>	<ul style="list-style-type: none"> <li>• Endorsed <i>Remnant Native Vegetation Plan 2018-2023</i></li> <li>• Considered outcomes of Insurance Market Testing</li> <li>• Agreed to continue its membership of the Local Government Association (LGA).</li> <li>• Endorsed works program for playground renewal and construction</li> </ul>
<b>October</b>	<ul style="list-style-type: none"> <li>• Approved design of Hallett Cove Foreshore Stage 4 with funding of up to \$985,000</li> <li>• Oliphant Avenue Reserve (Northern Portion) Approved and supported the establishment of a community garden.</li> </ul>	<b>April</b>	<ul style="list-style-type: none"> <li>• Entered new agreement with Red House Group to manage Gallery M for the next three years</li> <li>• Endorsed Community Events Fund</li> </ul>
<b>November</b>	<ul style="list-style-type: none"> <li>• Considered an Expression of Interest for Potential Land - Acquisition Opportunity at Morphetville</li> <li>• Awarded construction tender for Edwardstown Oval Redevelopment</li> <li>• Housing Diversity Plan Amendment was amended and endorsed to be forwarded to the Minister for Authorisation.</li> </ul>	<b>May</b>	<ul style="list-style-type: none"> <li>• Endorsed funding up to \$88,194 towards Southbank Tennis Court redevelopment works</li> <li>• Inclusive Playground, Hendrie Street Reserve – noted funding of \$280,000 from DPTI</li> <li>• Approved submission supporting Constitutional reform (and the Uluru Statement from the Heart)</li> </ul>
<b>December</b>	<ul style="list-style-type: none"> <li>• Adopted 2017-2020 Events Plan</li> <li>• Approved Community Grant Round One applications, totalling \$41,453</li> <li>• Approved funding for Hendrie Street Reserve</li> <li>• Endorsed the Southern Region (Metropolitan Adelaide) Sector Agreement</li> </ul>	<b>June</b>	<ul style="list-style-type: none"> <li>• Endorsed funding up to \$25,000 as matched funding for the feasibility study of the sea pool at Hallett Cove</li> <li>• Endorsed \$43,000 to fund an extra 36 kW of solar power at City Services to off-set electricity costs at Oaklands wetlands</li> <li>• Approved an EOI process for the provision of high speed internet services</li> <li>• Adopted Annual Business Plan 2018/19 and Long Term Financial Plan with a rate increase of 1.8%</li> </ul>

# CONFIDENTIAL ITEMS

The City of Marion is committed to the principle of open and accountable government while acknowledging that on occasions, it may be necessary to restrict access to discussions and/or documents.

The Act regulates how Council administers confidential items, with an underlying principle that as government is accountable to its public, only certain circumstances evoke the appropriate use of confidential orders. During the financial year, Council (excluding committees) considered 35 reports in confidence in relation to matters in accordance with the *Local Government Act 1999*. The following table provides further detailed information about Council's use of various sections of the Act.

Relevant placita of <i>Local Government Act (SA) 1999</i>	Explanation S 90 (2) Information the disclosure of which would;	Number of times used
3(a)	<ul style="list-style-type: none"> <li>involve unreasonable disclosure of information concerning the personal affairs of any person (living or dead).</li> </ul>	15
3(b)(i) and (ii)	<ul style="list-style-type: none"> <li>could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council;</li> <li>on balance, be contrary to the public interest.</li> </ul>	12
3(c)	<ul style="list-style-type: none"> <li>reveal a trade secret</li> </ul>	0
3(d)(i) and (ii)	commercial information of a confidential nature (not being a trade secret) the disclosure of which— <ul style="list-style-type: none"> <li>could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party;</li> <li>on balance, be contrary to the public interest.</li> </ul>	12
3(e)	<ul style="list-style-type: none"> <li>matters affecting the security of council, members or employees of the council or council property, or the safety of any person.</li> </ul>	0
3(f)	<ul style="list-style-type: none"> <li>could reasonably be expected to prejudice the maintenance of law, including by affecting (or potentially affecting) the prevention, detection or investigation of a criminal offence, or the right to a fair trial.</li> </ul>	0
3(g)	<ul style="list-style-type: none"> <li>matters that must be considered in confidence in order to ensure that the council does not breach any law, order or direction of a court or tribunal constituted by law, any duty of confidence, or other legal obligation or duty.</li> </ul>	2
3(h)	<ul style="list-style-type: none"> <li>legal advice.</li> </ul>	4
3(i)	<ul style="list-style-type: none"> <li>information relating to actual litigation, or litigation that the council or council committee believes on reasonable grounds will take place, involving the council or an employee of the council;</li> </ul>	0
3(j)(i) and (ii)	<ul style="list-style-type: none"> <li>would divulge information provided on a confidential basis by or to a Minister of the Crown, or another public authority or official (not being an employee of the council, or a person engaged by the council);</li> <li>on balance, be contrary to the public interest.</li> </ul>	0
3(k)	<ul style="list-style-type: none"> <li>tenders for the supply of goods, the provision of services or the carrying out of works.</li> </ul>	2
3(m)	<ul style="list-style-type: none"> <li>relating to a proposed amendment to a Development Plan under <i>the Development Act 1993</i> (SA) before a Development Plan Amendment proposal relating to the amendment is released for public consultation under that Act.</li> </ul>	0
3(n)	<ul style="list-style-type: none"> <li>relevant to the review of a determination of a council under the <i>Freedom of Information Act 1991</i> (SA).</li> </ul>	0



Council undertook a rigorous review of its confidential orders in December 2017 resulting in 7 confidential reports being released and 10 reports released in part. At the conclusion of the financial year, Council currently has 95 reports with confidential orders remaining in place to be reviewed again December 2018.

Relevant placita of <i>Local Government Act (SA) 1999</i>	Explanation  S 91 Minutes and release of documents	Number of times used
(7) + (9)	If an order is made under subsection (7)— the <u>council</u> or <u>council committee</u> must specify the duration of the order or the circumstances in which the order will cease to apply, or a period after which the order must be reviewed, and, in any event, any order that operates for a period exceeding 12 months must be reviewed at least once in every year.	95  All to be reviewed Dec 2018 (unless released prior)

## INFORMAL GATHERINGS

Council has a policy position regarding its administration of informal gatherings in accordance with legislative provisions. The Policy states that:

- Informal gatherings are open to the public whenever possible.
- Decisions to hold informal gatherings in confidence are made on a case-by-case basis.
- Council publishes notification details on the website to ensure that interested members of the public can attend.
- If Council decides to hold an informal gathering in confidence, the reason for this decision is briefly stated on the website and reported upon via the Annual Report process.
- On 12 occasions, the Forum Agenda identified that an allotment of time *may* be allocated for Elected Member/CEO or Elected Member only discussion.
- The following occasions detail when confidentiality provisions were applied;
  - o 20 February 2018: Urban Activation Project (divulge commercial information) 90(3)(d)
  - o 20 February 2018: New Initiatives (planning session of a general or strategic nature) Reg 8AB(1)(b)(ii)(A)
  - o 20 March 2018: LKCC Management Agreement (personal affairs) 90(3)(a)
  - o 17 April 2018: Major Projects Strategic Discussion (planning session of a general or strategy nature) Reg 8AB(1)(b)(ii)(A)
  - o 19 June 2018: Major Projects Update (divulge commercial information) (90)(3)(b) and (d)

	Elected Member attendance at Informal Gatherings												Total
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
	(0)	(2)	(2)	(1)	(3)	(1)	(1)	(2)	(1)	(2)	(2)	(1)	
Mayor Kris Hanna	-	2	1	1	3	1	1	0*	0*	2	2	1	14/14
Cr Ian Crossland	-	0	1	1	3	1	1	2	1	2	2	1	15/18
Cr Tim Gard	-	1	2	1	3	1	1	1	1	2	2	0	15/18
Cr Jason Veliskou	-	2	1	1	1	0	1	2	1	2	2	1	14/18
Cr Jerome Appleby	-	1	0	1	2	1	0	1	0	1	1	0	8/18
Cr Janet Byram	-	1	1	1	3	1	1	2	1	2	2	0	15/18
Cr Nick Westwood	-	2	2	1	2	1	1	2	1	2	2	1	17/18
Cr Bruce Hull	-	2	2	1	3	1	1	2	1	2	2	1	18/18
Cr Nathan Prior	-	2	2	1	3	1	1	2	1	2	2	1	18/18
Cr Raelene Telfer	-	2	2	1	3	1	1	2	1	2	2	1	18/18
Cr Luke Hutchinson	-	1	0	1	2	0	1	1	0	0	0	0	6/18
Cr Nick Kerry	-	1	0	1	2	1	1	0	0	1	0	1	8/18
Cr Tim Pfeiffer	-	2	0	0	3	0	0	2	1	2	2	0	12/18

\*The Mayor was on leave of absence from 30 January 2018 – 30 March 2018

# COUNCIL COMMITTEES

The Act allows the Council to form Committees to assist the decision making of Council. These committees do not make formal decisions as they are established to assist the Council in the performance of its functions (such as overseeing or providing advice).

## INFRASTRUCTURE AND STRATEGY COMMITTEE - FUNCTION

The Committee has five (5) and one (1) Independent Member. Meetings convened monthly on the first Tuesday of the month. The Committee met on 10 occasions in 2017/18. Sitting fees are set at \$1,000 per meeting for independent members. Established for the purpose of:

- Advising Council regarding the development, implementation and review of its strategic management plans
- Ensuring that Council policy and strategies provide and promote Community 'wellbeing' through enhancing and sustaining economic, environmental and community development of the City of Marion
- Reviewing any topic specific strategies or plans (not included within any other Committees Terms of Reference) prior to Council consideration and adoption
- Development and implementation of Council policy relating to the management and utilisation of Council assets and infrastructure
- Monitoring and potential implementation strategies for the sporting facilities priorities of the City of Marion
- Monitoring, development and implementation of Council's Strategic Asset Management Plans in accordance with Council's Asset Management Policy
- Opportunities to either acquire new assets or dispose of assets in accordance with Council's Disposal of Land and Assets Policy
- Monitoring of major projects of the City of Marion or within the City of Marion
- Opportunities to further develop strategic transport and integration of transport needs of the Community

Key discussion items were major projects including:

- Edwardstown Soldiers Memorial Oval redevelopment
- International BMX facility
- Soccer pitches in the South
- Marion Outdoor Pool redevelopment
- Morphettville Park Sports & Community Club Redevelopment Options
- Oaklands Wetlands Water Supply
- Mitchell Park Sports & Community Centre (seeking partnership funds)
- Future Energy Efficiency and Renewable Energy Plan
- ICT strategy and future technology including Smart Cities
- Community Facilities Framework
- LED Lighting Project

## REVIEW AND SELECTION COMMITTEE - FUNCTION

The Committee has four (4) Elected Members – Mayor and three (3) Elected Members. Meetings convened as required. In 2017/18, the Committee met on five occasions to discuss independent appointment to committees and the CEO performance review.

Established for the purpose of:

- CEO Employment Agreement and Performance Review
- Vacancy of the Office of the Chief Executive Officer
- Process to source appointment of expert members to Section 41 Committees
- Process to source appointment of expert members for the Council Assessment Panel (CAP)
- Review Committee's Performance

## FINANCE AND AUDIT COMMITTEE - FUNCTION

The Committee has two (2) Elected Members (who are not the Mayor) and three (3) external expert members. The Finance and Audit Committee met on 5 occasions in 2017/18. Sitting fees per meeting include Committee chairperson \$1,200 and Independent members \$1,000.

Established for the purpose of:

- External audit
- Internal audit and service reviews
- Financial Reporting and Prudential Requirements
- Internal controls and risk management

## URBAN PLANNING - FUNCTION

The committee has four (4) Elected Members – Mayor and three (3) Elected Members. The Urban Planning Committee met on four occasions in 2017/18.

Established for the purpose of:

- Strategic planning and development policies
- Developing a revised Development Plan for the City
- Review Committee's performance

## COMMITTEE SITTING FEES

Sitting fees are set per session and range from \$1,000 to \$1,200 for Independent Members and nil for Elected Members. Elected Members presiding over Committee meetings receive a 25% loading above their regular annual allowance.

## INDEPENDENT MEMBER ATTENDANCE AT MEETINGS

The following table identifies external members appointed to a committee and their attendance at meetings throughout the financial year. It is noted that in October 2017, the Development Assessment Panel was disbanded and the Council Assessment Panel was established.

The following Committees do not have any external members appointed:

- Urban Planning
- Review and Selection

Name of Committee	Finance & Audit	Development Assessment	Council Assessment	Infrastructure & Strategy
<b>Total number of meetings</b>	<b>(5)</b>	<b>(4)</b>	<b>(9)</b>	<b>(10)</b>
Gavin Lloyd-Jones (Chair – DAP) (From 1 July '17 - 10 Oct '17) (*stand in' member for CAP From 10 Oct '17 – 30 June '18)		4/4	2*	
Graham Goss (From 1 July '17 - 10 Oct '17)		4/4		
Charmaine Thredgold (From 1 July '17 - 10 Oct '17))		4/4		
Nathan Sim (From 1 July '17 - 10 Oct '17)		4/4		
Terry Mosel (Chair – CAP) (From 10 Oct '17 – 30 June '18)			9/9	
Sue Giles (From 10 Oct '17 – 30 June '18)			9/9	
Don Donaldson (From 10 Oct '17 – 30 June '18)			6/9	
Nathan Sim (From 10 Oct '17 – 30 June '18)			8/9	
Christian Reynolds (From 1 July '17 to 30 June '18)				8/10
Greg Connor (Chair Finance & Audit) (From 1 July '17 – 30 June '18)	5/5			
Kathryn Presser (From 1 Jul '17 – 31 Dec '17)	3/3			
Emma Hinchey (From 1 Jul '17 – 30 June '18)	5/5			
Natalie Johnston (From 13 Feb '18 – 30 June '18)	2/2			

# DEVELOPMENT ASSESSMENT PANEL/COUNCIL ASSESSMENT PANEL

The City of Marion Development Assessment Panel became the Council Assessment Panel in October 2017 as part of change to the *Planning, Development and Infrastructure Act 2016*. The task of the panel is to assess proposed development against the Development Plan, which sets out the planning policies applicable to the Council area.

## FUNCTION

The Panel assesses the 'pros and cons' of an application. This involves judgment based on whether a development satisfies, or is at variance with the policies set out in the Development Plan. The Council Assessment Panel comprises five members appointed by Council, four of which are independent members with experience in development-related disciplines and one Elected Member.

The Panel met on 13 occasions during the financial year. The Presiding Member receives \$500 per meeting; Independent members receive \$400 per meeting and Elected Members \$200 per meeting.

## ACHIEVEMENTS FOR 2017/18 FINANCIAL YEAR

More than \$221 million of building applications were granted – an increase of approximately \$41 million from 2016/17.

The two largest approvals were for a \$10 million development for alterations and additions to an existing hotel, including a five storey addition, part of which shall be used for tourist accommodation (motel) at 849 Marion Road, Mitchell Park and a \$8.8 million dollar construction of a two storey community function centre comprising function room facilities with associated office use, commercial kitchen, storage, and amenities for public and sporting groups, new cycling and cricket facilities comprising freestanding storage outbuilding and temporary cricket nets, modifications to existing velodrome track (including new surface), alterations and expansion of existing carpark, associated landscaping including remodeling of the existing Soldiers Memorial Gardens after the demolition of all existing sporting structures at 93 Raglan Avenue SOUTH PLYMPTON SA 5038.

The total number of applications granted was 1771. This included 731 new houses and 128 dwelling additions, along with 1491 combined approvals for class 10 structures, including sheds, pools and verandahs.

Eight offices, 44 shops, 13 warehouses and 13 public buildings were also approved, while 368 demolitions were granted.

## NUMBER OF BUILDING CONSENTS AND VALUES<sup>1</sup>

2013/14	2014/15	2015/16	2016/17	2017/18
1726	1751	1795	1789	1771
\$168.3m	\$195.5m	\$182.1m	\$180.5m	\$221m

## DEVELOPMENT PLAN AMENDMENTS (DPA)

### CASTLE PLAZA ACTIVITY CENTRE DPA

The DPA was authorised by the Minister and consolidated into Council's Development Plan on 20 February 2018. The changes to the Development Plan brought about by the DPA will facilitate the redevelopment and expansion of the existing Castle Plaza Shopping Centre into a more vibrant, compact and intensely-developed mixed use activity centre accommodating employment generating land uses and medium to high density residential development in close proximity to a high frequency public transport corridor.

### HOUSING DIVERSITY DPA

The intention of the DPA is to support the development of a range of housing types and densities throughout the Council area and promote mixed use development in key strategic locations. The DPA will also involve protection of character areas and inner-suburb areas that demonstrate a high quality streetscape by promoting sensitive low density infill development within those areas. The DPA also investigates the introduction of mixed use areas within and adjacent to activity centres and along certain transit corridors. More vibrant activity centres will boost the local economy and create employment.

<sup>1</sup> These figures include development approvals granted by Council or private certification only. They do not include developments such as land divisions, tree applications or developments that do not require building rules consents. They do not reflect applications refused by Council or granted approval by the Development Assessment Commission.

Following public consultation the DPA was amended, taking into account comments received, and forwarded to the Minister for authorisation in late December 2017. The DPA is currently being considered by the Department of Planning Transport and Infrastructure (DPTI).

#### **RECREATION/COMMUNITY DPA**

The DPA was authorised by the Minister and consolidated into Council's Development Plan on 21 November 2017. The DPA rezoned a number of existing major recreation/community complexes to a zone which better reflects existing uses and facilitates the envisaged forms of development anticipated at these complexes.

#### **MORPHETTVILLE RACECOURSE DPA**

The DPA facilitates the development of surplus land at the Morphettville Racecourse (and surrounds) for mixed use development incorporating higher density residential, a neighbourhood level activity centre, offices, bulky goods and the renewal of core racing facilities, centered around an upgraded tram station. The proposed development is located in two Council areas (Marion and West Torrens) and includes the Department of Transport and Infrastructure (DPTI) controlled tram corridor. The DPA is being undertaken by the Minister for Planning. The DPA was placed on public consultation in late 2017 and is currently being considered by the Department of Planning Transport and Infrastructure (DPTI).

#### **SOUTHERN INNOVATION AREA DPA**

The DPA was authorised by the Minister and consolidated into Council's Development Plan on 20 February 2018. The changes to the Development Plan brought about by the DPA will facilitate a greater range and mix of land uses within the Tonsley Precinct and Laffers Triangle including employment, commercial, education, health and technology activities, supported by opportunities for medium to high density residential uses

### **COMMUNITY LAND**

During the year, Council resolved to revoke the community land classification over Louise Avenue Reserve, Warradale, Luke Court Reserve, O'Halloran Hill and Ranger Street Reserve, Hallett Cove and to place the properties on the market for sale. The net proceeds from the sales will be allocated to the Open Space Reserve Fund for the development of other open space facilities.

Council's open space has been classified under the Open space Policy. Upon completion of the current review of the Council owned facilities, the Community Land Management Plans will be reviewed.

Council resolved to purchase land adjacent Marino Hall and will undertake assessment of future development opportunities for this site.

## **REGIONAL SUBSIDIARIES**

Council has the ability to join another or more Councils to establish a regional subsidiary to provide a specified service or to manage/administer property or activities on behalf of the constituent Councils. The City of Marion has two such subsidiaries as described below.

#### **SOUTHERN REGION WASTE RESOURCE AUTHORITY**

The Southern Region Waste Resource Authority (SRWRA) is a section 43 Regional Subsidiary of the Cities of Marion, Holdfast Bay and Onkaparinga. SRWRA is responsible for providing and operating waste management services on behalf of the Constituent Councils and ensuring that a long-term Waste Management Strategy exists in the southern region of Adelaide.

SRWRA is managed by a board of 10 people. Each council provides three representatives with the 10th being an independent expert in business or waste management. The board is chaired by the independent member whom only has a casting vote. The equitable interest of the constituent councils in the authority is agreed as follows:

City of Holdfast Bay	15 per cent
City of Marion	30 per cent
City of Onkaparinga	55 per cent

## COUNCIL SOLUTIONS

Council Solutions was established on 20 December 2012. It is owned in equal parts by the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully. Council Solutions is responsible for managing selected procurement and service delivery on behalf of the constituent councils. A key objective is to secure best value for money in these activities to improve the financial sustainability of the constituent councils for the benefit of their communities and ratepayers.

Council Solutions is managed by a board of seven members. Each council provides one representative, with the seventh being an independent member with expertise relevant to the activities of the authority. The board is chaired by the independent member who has a casting vote.

## GOVERNANCE

The *Local Government Act 1999* (SA) provides the legislative framework for legal and transparent decision. The term 'governance' incorporates practices and procedures that make for informed decision-making.

The following pieces of information are legislatively required to be provided within an Annual Report.

### LIST OF REGISTERS AND CODES OF CONDUCT OR PRACTICES

Following is a list of registers kept by Council:

- Register of Interests – Elected Members\*
- Register of Interests – Staff
- Register of Elected Members' allowances and benefits\*
- Register of staff salaries and benefits
- Register of campaign donations
- Register of Elected Members' gifts and benefits\*
- Register of Fees and Charges\*
- Register of By Laws\*
- Register of Informal Gatherings\*
- Register of Elected Member Conflicts of Interest (excl. Confidential items)\*

\*These documents can be downloaded from the City of Marion's Website – alternatively a copy can be requested from Customer Service in line with the Fees and Charges Schedule.

### CODE OF PRACTICE

Following is a list of Council Codes of Conduct or Practice, adopted in accordance with the Local Government Act 1999 or the Local Government (Elections) Act 1999 and Local Government (Procedures at Meetings) Regulations 2000:

- Code of Conduct – Council Members
- Code of Conduct - Employees
- Code of Practice – Access to meetings and documents
- Code of Practice – Procedures at Meetings

The Code of Conduct for council members and staff are mandatory codes published by the Minister for Planning for the purposes of Section 63 (1) and Section 110 (1) respectively of the Local Government Act 1999. These codes are to be observed by all elected members and staff to ensure that all activities of Council are conducted legally, ethically and in accordance with expected standards of behaviour.

### SENIOR EXECUTIVE OFFICER INFORMATION

Council had four senior executives whose salary packages include the use of a motor vehicle and allows for private use. Salary packages for the four senior executives including superannuation and the use of a motor vehicle, ranged from \$209,261 to \$295,317 for the CEO.



## HUMAN RESOURCES INFORMATION

The City of Marion had 360.41 full-time equivalent staff as at the 30 June 2018. The following human resource management or development programs were delivered:

- Gap Year – For the 2<sup>nd</sup> consecutive year Council employed two successful candidates who completed their Year 12 studies and live in Marion. The program provided the two young people with the skills and knowledge that will help them identify a career and increase their chances of finding future work
- Career Transition Program (CTP) – This program enables the City of Marion to put initiatives in place for those nearing or reaching retirement age to provide work/life balance and enhanced wellbeing. This provides 55+ aged staff with access to flexible working arrangements and ability to explore alternative roles to transition out of fulltime work and a plan for maintaining involvement in activities outside of the Organisation
- Leadership Development – Council has a leadership development program focused on the skills required into the future, developing capabilities for succession planning and providing career development opportunities
- Volunteer Management – A volunteer strategy has been developed to ensure our volunteer vision is realised: Our volunteers, representing diverse backgrounds and all parts of our community, share a passion to positively affect our community. Our volunteers, who have actively chosen to volunteer at the City of Marion, are recognised and celebrated for their capability, capacity and diversity
- Reward and Recognition: An enhanced employee reward and recognition program was implemented focusing on empowering our leaders to recognise employees and teams for leading the Council values
- Diversity and Inclusion: Our Diversity and Inclusion Plan shows our commitment to having an organisation that welcomes diversity and is inclusive. Our approach embraces strategies to foster an inclusive and safe workplace for employees and volunteers where all persons are welcomed, valued, and have opportunities to grow and develop

## NATIONAL COMPETITION POLICY

The *National Competition Policy* (NCP) supports economic reform from practices that restrained Australian markets and industries. This policy identifies various principles to encourage competitive markets that would enhance national productivity for the benefit of the community whilst eliminating any unfair advantages.

In relation to government activities, it specifies that government should not enjoy any competitive advantage simply as a result of their public ownership. By virtue of clause 7, of the NCP Principles Agreement, local government is also bound.

The City of Marion is required to report any activities undertaken in the financial year in relation to competitive neutrality principles such as:

- The commencement or cessation of significant business activities
- Any reviews or reformed By-Laws that restrict competition, including proposals for new By-laws
- Complaints received alleging a breach/es of the NCP or unfairly competitive practices
- Structural reform of public monopolies

For the 2017/18 financial year, compliance with the NCP is reflected within the principles of Council's Procurement and Contractor Management Policy which seeks to:

- Obtain value in the expenditure of public money
- Providing for ethical and fair treatment of participants
- Ensuring probity, accountability and transparency in procurement operations

## COMPETITIVE TENDERING

The City of Marion provides open and effective competition by providing contractors with fair and reasonable access to opportunities to do business with Council. In procuring goods, services and construction works, the City of Marion maximizes value for money at an acceptable level of risk to support the delivery of infrastructure, facilities and services which benefit the community.

Public tendering is required for contracts valued at more than \$100,000.

The City of Marion is also part owner of Council Solutions, a regional subsidiary established by six large metro councils. Council Solution procurement activities are subject to public tender.

## REVIEW OF DECISIONS

As required by the Local Government Act 1999 the Council has developed a procedure for the Review of Decisions, outlining how decisions of Council or other people acting on behalf of council are reviewed. Council reviewed its Policy Complaints and Grievance Policy at its meeting on 27 March 2018. Council's internal review of a Council decision policy and procedure is available from the City of Marion website. In 2017/18 Council received three formal requests to conduct an internal review of decisions of Council. The complaints related to the following:

- Removal of on-street parking restrictions (August 2017) – recommended to trial permit parking at this location
- Development matter (March 2018) – review did not proceed
- Barking Dog Complaint (March 2018) – review did not proceed

## FREEDOM OF INFORMATION

Council is required to publish statistical data for the financial year in relation to the public and local community having access to official documents and records kept. These legislative requirements provide further transparency and therefore accountability of our management of various records.

### STATEMENT AND STATISTICS

The City of Marion website provides a statement and information regarding the process to follow when requesting such documentation. The following provides a summary of the number of Freedom of Information (FOI) requests and resulting outcomes throughout the year;

Number of applications	16	Of the 14 applications determined:	
Processed	40	Full release	1
Withdrawn	26	Partial release	3
Determined	14	Refused	10

### AMENDMENT OF COUNCIL DOCUMENTS

Should any member of the public consider that any document they have accessed is incorrect, incomplete, misleading or out of date, they may request an amendment by writing to;

Freedom of Information Officer,  
City of Marion  
PO BOX 21  
OAKLANDS PARK SA 5046

## LOCAL NUISANCE AND LITTER CONTROL

The nuisance provisions of the *Local Nuisance and Litter Control Act 2016* (SA) (the Act) came into operation on 1 July 2017. The Act regulates Council's management of nuisance and litter related complaints. In addition, Council is required to publish various details for the relevant financial year of such complaints received.

### STATISTICS

The City of Marion is required to include various details of complaints received by the community that is managed by legislation. This ensures consistency across Council boundaries in dealing with nuisance and litter control.

Total Complaints received:	391
Nature of complaints:	
Dust	82
Smoke	14
Noise	151
Odour	26
Unsightly	112
Other	6
Offences expiated	2
Offences prosecuted	0
Number of nuisance abatement notices issued	2
Number of litter abatement notices issued	0
Number of Civil penalties negotiated	0

# FINANCIAL MANAGEMENT

The City of Marion is in a strong financial position, providing a sound basis for Council's long-term objectives identified in the Strategic Plan. Below provides further information articulating income and expense streams with ratios provided as a mechanism to measure Council's alignment with budget targets.

## STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income details Council's revenue and expenses for the reporting period and reveals an operating surplus (before capital revenues and contributed assets) of \$10.904m for 2017/18 compared to an operating surplus of \$11.673m for 2016/17. Included in Council's operating surplus is grant funding of \$1.4m received for the redevelopment of Edwardstown Soldiers Memorial Recreation Oval and advance payment of the 2018/19 Financial Assistance Grants of \$1.521m.

## OPERATING INCOME

Total Operating income for 2017/18 was \$92.566m compared to \$88.173m in 2016/17. The increase of \$4.393m (5%) predominantly results from an increase in Rates of \$2.3m (from an adopted rate increase of 2.2% + growth of 0.99%).

In addition, Council's increased income from Statutory Charges and User Charges of \$0.727m, Grants, Subsidies and Contributions Income of \$0.712m and Other Income of \$0.415m increasing other sources of income and reducing the reliance on rates.

## OPERATING EXPENSES

Total Operating expense for 2017/18 was \$81.662m compared to \$76.500m in 2016/17. The increase of \$5.162m (6.7%) predominantly relates to an increase in Materials (\$0.541m), Contractors (\$2.750m) & Other Expenses of (\$0.770m). These include increases in waste collection and dumping, utilities, infrastructure maintenance works and a number of projects including the Heron Way amphitheatre, Finniss Street streetscaping and an Urban Activation pilot.

Employee costs increased \$1.053m (3.3%) in 2017/18 from 2016/17 with increases from Enterprise Agreements and lower than average capitalised labour (where staff costs are allocated to capital works).

## CAPITAL REVENUES AND CONTRIBUTED ASSETS

Other key variances reported on the Statement of Comprehensive Income are *Amounts Received Specifically for New or Upgraded Assets* (down \$1.002m) predominantly relating to a State Government Grant received in 2016/17 of \$2m for the Sam Willoughby International BMX Track. There has also been a decrease of \$4.922m (0.4%) following the comprehensive valuation carried out by independent professional valuers of council's assets in 2017/18.

## CRUCIAL OPERATING/FINANCIAL RATIOS

The City of Marion utilises 'ratios' in order to measure Council's alignment (or otherwise) with expected budget targets by expressing the difference between actual versus expected budget outcomes as a percentage.

## OPERATING SURPLUS RATIO

This ratio expresses the operating surplus/(deficit) as a percentage of total operating revenue. Council has set a target for this ratio of between 0 and 5% on a five year rolling average.

	2016	2017	2018
Operating Surplus Ratio	12%	13%	12%

The Operating Surplus Ratio in the adopted budget for 2017/18 was 5.8% and this has been significantly impacted by the grant for Edwardstown Soldiers Memorial Oval redevelopment (\$1,400k), the advance payment of 2018/19 Financial Assistance Grant instalment (\$1,521k), and a number of other variances. The ratio would have been 8.9% if not for these two grants.

With council's focus on maintaining a balanced or better cash funding position it is necessary that an operating surplus sufficient to meet Council's capital expenditure requirements is achieved.

## RATE REVENUE RATIO

This ratio expresses rate revenue as a percentage of operating revenue. Although this ratio is not a prescribed measure required by the 'Model Set of Accounts' it is a valuable indicator as it highlights Council's reliance on rates as a revenue source and the need for Council to seek alternative sources of income.<sup>1</sup> Council's reliance on rates has decreased by 4% over the past three years.

	2016	2017	2018
Rate Revenue Ratio	85%	82%	81%

## STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position provides details of Council's assets, liabilities and equity as at 30 June 2018. The majority of Council's assets relate to community property and infrastructure assets (roads, paths, drainage, etc.).

### Infrastructure, Property, Plant & Equipment (IPP&E):

Council's IPP&E decreased by \$3.130m (0.3%) compared to 2016/17 with the majority of the movement relating to a net revaluation decrease of \$4.922m made up predominantly of decreases in Land (\$8.149m) and Infrastructure (\$21.961m), offset by an increase in the valuation of \$25.625m in Buildings & Other Structures. The majority of Council's assets relate to community property and infrastructure assets (roads, paths, drainage, etc.).

The table below identifies the key contributors to the movement in Council's non-current assets which can mainly be attributed to revaluations of its Infrastructure assets.

	2017 \$'000	2018 \$'000	Increase/ (Decrease) \$'000
Building assets	83,206	106,068	22,862
Infrastructure assets	677,069	652,385	(24,684)
Land assets	360,144	351,995	(8,149)

## WORKING CAPITAL RATIO

This ratio focuses on the liquidity position of Council, adjusting for restricted assets (eg. unspent specific tied grants that would need to be excluded from Council's current assets as Council would be restricted from using this cash to meet short term liabilities). It is calculated by dividing current assets (less restricted assets) by current liabilities (less liabilities associated with restricted assets). Council's target for this ratio is between 1.0 and 1.1.<sup>2</sup>

	2016	2017	2018
Working Capital Ratio	1.5	2.1	2.5

## ASSET SUSTAINABILITY RATIO

Net asset renewal expenditure is defined as net capital expenditures on the renewal and replacement of existing assets and excludes new capital expenditure on the acquisition of additional assets. It is calculated by dividing net asset renewal figures by depreciation expenses. This ratio indicates whether the Council is renewing or replacing existing assets at the rate of consumption. A long-term average ratio of 95-100% would indicate that Council is investing adequately in maintaining its asset base.<sup>3</sup>

	2016	2017	2018
Asset Sustainability Ratio	84%	75%	78%

<sup>1</sup> To address Council's dependence on rate revenue, it has focused upon training and development of Officers to maximise grant opportunities and annual reviews of its Fees and Charges Schedule.

<sup>2</sup> Council's cash flow is in a good position to undertake day to day operations, along with having sufficient cash to cover the balances in its Asset Sustainability Reserve. Council's significant cash reserves quarantined for future major projects and long term asset management objectives have impacted on this ratio.

<sup>3</sup> Council's Long Term Financial Plan (LTFP) is set to achieve an average Asset Sustainability Ratio of 97% over the next three years, but only 83% over the 10-year term of the LTFP. Continual review and monitoring of Council's Asset Management Plans are to be incorporated into Council's Long Term Financial Planning process in an effort to close this future gap.

### ASSET CONSUMPTION RATIO

This ratio shows the consumption of the asset stock at a point in time (or the percentage of useful life remaining). Depreciation represents the reduction in value of the assets each year and therefore accumulated depreciation is the total reduction in the carrying value of the assets. It is calculated by dividing the carrying value of depreciable assets by the gross value of depreciable assets. Council's target for this ratio is between 80-100%. A ratio higher than 80% indicates that Council's overall asset base has on average a relatively high remaining useful life. A result between 40% and 80% is considered acceptable. The ratio reflected below indicate on average a relatively high remaining useful life for assets.

	2016	2017	2018
Asset Consumption Ratio	78%	78%	77%

### BORROWINGS

In assessing Council's financial position, it is appropriate to consider liabilities in relation to borrowings. Borrowings are required by Council from time to time to finance strategic long-term assets for the orderly development of the City. Council's total borrowings at 30 June 2018 were \$7.905m – a net decrease of \$1.197m over the level of borrowings in June 2017.

### KEY DEBT RATIOS

The following indicators are used to monitor Council's performance in relation to its current level of debt;

#### NET FINANCIAL LIABILITIES RATIO

This ratio indicates the extent to which net financial liabilities of the Council can be met by Councils' total operating revenue and is calculated by dividing the former by the latter. The result below highlights Council's Financial Assets exceed its Financial Liabilities predominantly as a result of a substantial holding of cash and other financial assets allocated for unexpended grants and committed funding for capital projects carried over or retimed to 2018/19 and beyond totalling \$12.256m.<sup>4</sup>

	2016	2017	2018
Net Financial Liabilities Ratio	(8%)	(25%)	(33%)

#### INTEREST COVER RATIO

Net interest costs are defined as total interest expenses less total interest revenues. This ratio indicates the extent to which Council's commitment to interest expenses are met by total operating revenues. Negative ratios have been recorded for the past four years reflecting interest revenues being greater than interest expenses.

	2016	2017	2018
Interest Cover Ratio	(0.0%)	(0.4%)	(0.6%)

#### DEBT SERVICING RATIO

This ratio identifies Council's ability to service its debt obligations from operating revenues, with a maximum target set at 5%. The ratio confirms that Council has a low debt holding and is well positioned for the future borrowing outlined in the Long Term Financial Plan. The 1.8% result is below the maximum target of 5% as illustrated in the table below.

	2016	2017	2018
Debt Servicing Ratio	2.9%	2.4%	1.8%

### STATEMENT OF CHANGES IN EQUITY

The Statement of Changes in Equity reconciles the opening and closing balances of Council's equity over the reporting period. The balance of equity represents Council's net worth of \$1,175.9m as reflected in the Statement of Financial Position.

### CASH FLOW STATEMENTS

The Cash Flow Statement details the cash movements for the year ended and reconciles with *Note 11* of the Annual Financial Statements. The Statement indicates a cash surplus of \$21.5m compared with \$29.9m in 2016/17. As previously mentioned a significant portion of the cash position is committed to unexpended grants, carryovers and retimed works (\$12.3m).

<sup>4</sup> Council's capacity to meet its financial obligations from operating revenues is strong and it has capacity to meet future funding requirements identified in the Long Term Financial Plan.

## OPERATING CASH FLOW COVERAGE RATIO

This ratio identifies Council's ability to fund its operating and capital expenditure requirements (without the need for significant sudden rate increases or service reductions) whilst continuing to maintain intergenerational equity and both sustainable and responsible use of borrowings. It is calculated by dividing cash flow from operations (less loan principal repayments) by the average annual optimal level of expenditure per Councils' Asset Management Plans. Council's target for this ratio is between 100% and 105%.<sup>5</sup>

	2016	2017	2018
Operating Cash Flow Coverage Ratio	108%	147%	132%

## RESERVE FUNDS

A review of the balances of these reserves indicates that they are at a level sufficient to meet their purpose and intent as listed in *Note 9 Reserves* of the Annual Financial Statements. Council's current reserve funds include the following:

### GRANTS AND CARRYOVERS RESERVE: \$12.256m

This consists of grant funded carryover projects and capital works carried over to 2018/19 or retimed to future years as required.

### OPEN SPACE RESERVE: \$1.218m

It is considered by management that the current balance of this fund is adequate to meet its intended purpose.

### ASSET SUSTAINABILITY RESERVE – GENERAL: \$9.591m

The current balance in this fund is considered by management to be adequate to provide Council with the funding capacity to not only respond to a major infrastructure failure (\$2m is retained in this reserve for this specific purpose) but to also assist Council in managing its long term asset management objectives.

### ASSET SUSTAINABILITY RESERVE – COMMUNITY FACILITY PARTNERSHIP FUND (CFPP): \$6.672m

Funding has been specifically set aside in the Asset Sustainability Reserve for the renewal, upgrade and purchase of Council assets as specifically resolved by Council. It includes a balance set aside to encourage organisations leasing council facilities to seek partnership funding for the required renewal and upgrade of those facilities.

### ASSET SUSTAINABILITY RESERVE – MAJOR NEW PROJECTS: \$5.394m

Funding has also been specifically set aside in the Asset Sustainability Reserve for major new projects. Council has endorsed funding its \$4.0m contribution to the Edwardstown Soldiers Memorial Recreation Ground redevelopment from this reserve.

## LONG TERM FINANCIAL PLAN (LTFP)

Council has a LTFP focused upon;

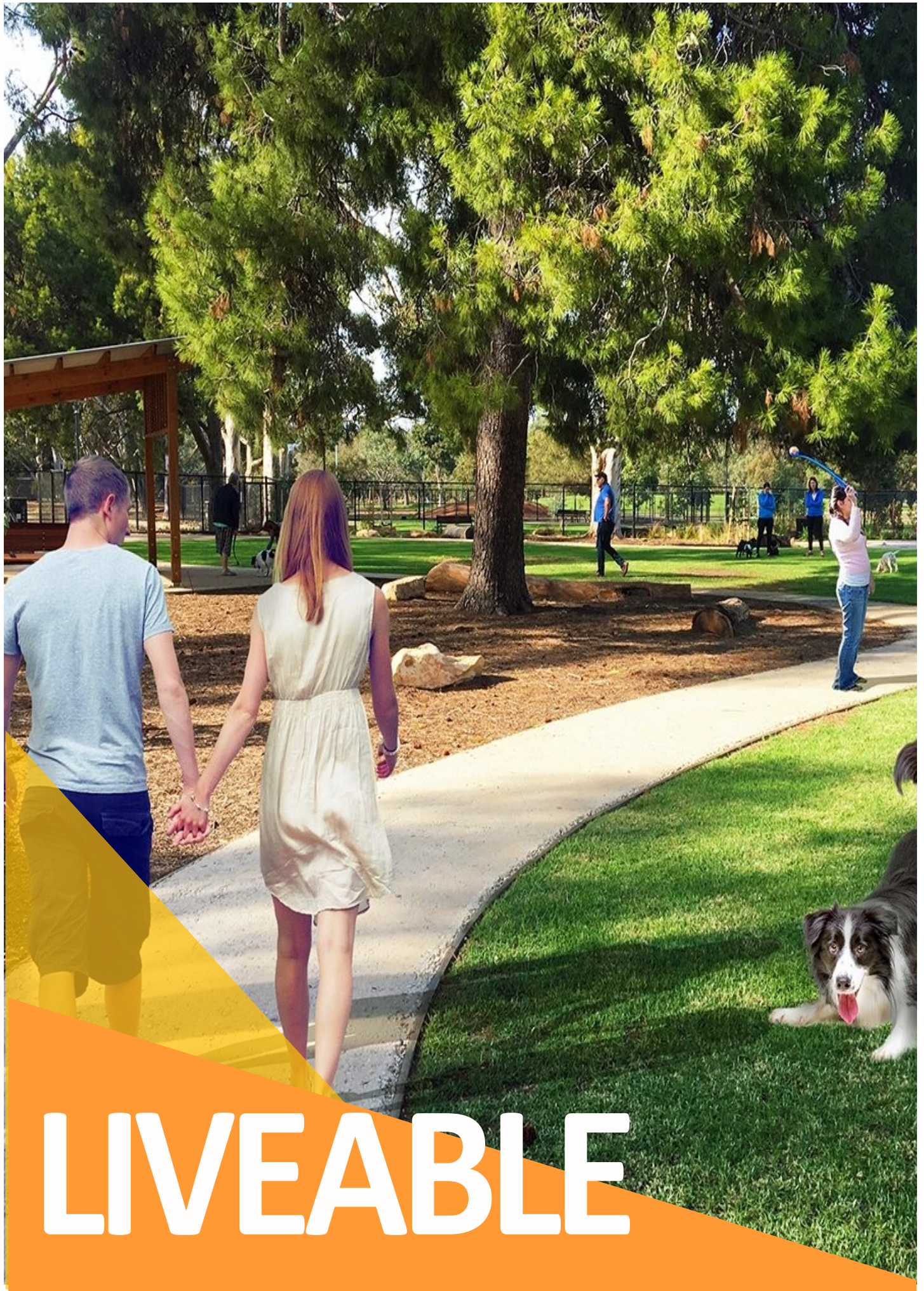
- Achieving the City of Marion's Strategic Directions.
- Addressing issues arising and opportunities identified from internal audit reviews, service reviews and business excellence assessments.
- Maintaining a breakeven or better cash funding position.
- Improving the maintenance of assets in accordance with Council's Asset Management Plans, with a priority on maintenance *before* renewal, and/or renewal *before* new (whichever is more cost effective).
- Reviewing existing services and assets to ensure they meet prioritised community needs.
- Approving new Major Projects where it has the identified funding capacity to do so.
- Maintaining Council's position for an average residential rate that remains low (in comparison with other metropolitan councils).
- Progressing 'liveable cities' strategies and funding opportunities within Marion.

<sup>5</sup> Council's operating cash flow coverage is sufficient to meet the asset renewal requirements included in its Long Term Financial Plan. This ratio has been impacted by higher than forecast investment returns with Council's significant cash reserves quarantined for future major projects and managing its long term asset management objectives. This ratio has also been impacted by the advance receipt of the 2018/19 Financial Assistance Grant of \$1.521m, increasing the ratio from 124% to 132%.











# LIVEABLE KEY ACHIEVEMENTS

By 2040 our city will be well planned, safe and welcoming, with high quality and environmentally sensitive housing, and where cultural diversity, arts, heritage and healthy lifestyles are celebrated.

## **\$8.8 MILLION EDWARDSTOWN OVAL REDEVELOPMENT**

The Federal Government committed \$4 million towards the project, adding to Council's \$4.8 million. Existing buildings were removed and works began on construction of a new two-storey building. This \$8.8 million rebuild will create new sports and community spaces, function rooms, viewing areas, upgrades to the velodrome and loop path, an upgrade to the Memorial Gardens and facilities for training providers. A World War One Honor Board will also be rehomed at the site. The facility is due for completion in March 2019.

## **HALLETT COVE FORESHORE REDEVELOPMENT**

Stage 5, the Amphitheatre, was completed in December 2017. Heron Way roadworks, are scheduled for completion July 2018 including the realignment of parking bays, construction of rain gardens, footpath and landscaping. Design for Stage 4 Reserve and Playground was completed and construction commenced in April 2018. It is anticipated that the playground construction will be completed by October 2018, including connecting pathways, tunnel slide, climbing structure, sand and water play, nature play areas, picnic settings, shelters, BBQ, irrigated turf and landscaping.

## **INCLUSIVE PLAY SPACE AT HENDRIE RESERVE**

The Hendrie Street Inclusive Playground is the first inclusive playground for the region and has been purpose built to cater for children and adults of all ages and abilities. It includes a broad range of needs such as mobility, vision and hearing impairments as well as autism spectrum disorders. The playground cost \$965,000 and was funded by the City of Marion, State Government, donations from the charity Touched by Olivia and Edwardstown Rotary Club. The Playground will officially be opened on the 10th August 2018, by the Governor of South Australia, his Excellency, the Honourable Hieu Van Le AC.

## **OPEN SPACE AND RECREATION WORKS PROGRAM**

The Program delivers upgrades to existing playgrounds and open spaces and the development of new open space projects throughout the City of Marion. In 2017/18 Council endorsed the Playground Renewal Program to 2022 and 6 playground upgrades, costing \$965,500 were delivered including:

- Appleby Reserve, Morphettville – funded by Renewal SA.
- Breakout Creek Reserve, Glengowrie
- Clare Avenue Reserve, Sheidow Park
- Gully Road Reserve, Seaclyff Park
- Joan Herraman Reserve, Ascot Park (previously Sixth Avenue Reserve)
- Woodforde Family Reserve

## **SOUTHERN SOCCER FACILITY**

The State Government committed \$2.5 million towards a new Southern Soccer Facility on Majors Road. The City of Marion has matched State Government funding and is

contributing \$2.5 million to the Football Federation of South Australia for the build. Lease arrangements and funding agreement for two all-weather soccer pitches and facilities at O'Halloran Hill are underway.

## **SAM WILLOUGHBY INTERNATIONAL UCI BMX TRACK**

The cities of Marion and Onkaparinga each announced a \$750,000 commitment and the State Government \$2 million to build the Sam Willoughby International BMX Track. Due to reactive soils and a budget shortfall, alternative sites were explored with a site at Darlington identified as a possible location. Investigations into the Darlington site are continuing and will be resolved in late 2018 with design and documentation to begin in 2019, should the site be viable. Council will continue to work with key stakeholders to deliver a facility to meet international standards and community expectations.

## **SPORTS COURTS REFURBISHMENT (TENNIS AND NETBALL)**

Capital works continued for tennis and netball facilities totaling \$454,000, including completing upgrades to Woodforde Family Reserve, Warradale Park Tennis Club, Hallett Cove Beach Tennis Club and South Bank Tennis Club. Work included installing LED lighting, fencing, drainage and resurfacing courts. Council will continue to deliver the objectives of the final year of the capital works program in 2018/19.

## **LIVING KAURNA CULTURAL CENTRE (LKCC)**

The LKCC is an Aboriginal education venue which hosts cultural education workshops, Aboriginal Men's and Women's groups, community events and has rooms for hire. During 2017/18 the centre attracted 14,453 visitors. There were:

- 4,050 attendees at cultural workshops and tours
- 4,184 visitors to the Gallery
- 568 attended two open days in July and February
- 2,841 people utilised the venue for events
- 2,468 people utilised the park for events

## **MARION OUTDOOR POOL**

Approximately 100,000 attendances were recorded during the season (October – March). Events were held including two open days with markets, interactive activities and games for all ages, along with a joint radio station and movie night to compliment the many carnivals, school excursions and parties. Council approved a multi-year staged upgrade to the facility which included installation of 21 shade umbrellas and a new speed slide.

## **SERVICE REVIEW**

The program entails a review of over 130 services. The City of Marion delivered year two of the service review program, resulting in the detailed review of 12 services.



# VALUING NATURE



# VALUING NATURE KEY ACHIEVEMENTS

By 2040 our city will be deeply connected with nature to enhance peoples' lives, while minimising the impact on the climate and protecting the natural environment.

## GLENTHORNE FARM

Glenthorne Farm is a 208 hectare property at O'Halloran Hill, owned by the University of Adelaide, and access is limited to the public. Before being elected in March 2018, the State Liberals made an election promise to open up the site as part of Glenthorne National Park which could include picnic areas, camp ground, walking and cycling trails. This would be a 1,500 hectare site combining O'Halloran Hill Recreation Park, Field River Valley, as well as Glenthorne Farm. Council has long advocated for it to be opened to the public as an accessible and vegetated site that preserves history and the environment.

## OAKLANDS WATER SUPPLY BUSINESS

The total number of reserves that have now been connected to treated stormwater from Oaklands Wetland has increased by four sites to 33. A water supply agreement has been developed to supply recycled stormwater to the Tonsley development. Fit for purpose water quality is always preferred for public irrigation, toilets, heating and cooling compared to high quality drinking water. Up to 216 ML of treated stormwater will be supplied from the Oaklands Wetland into the Tonsley site and will assist in achieving one of the criteria for the 6 Star Green Award.

## STAGE 2 RECREATION PLAZA AT OAKLANDS WETLAND

Construction of Stage 2 commenced in April 2018, including the installation of new heritage-style rotunda, shelter, picnic settings, car parking, skate mounds, line marking for trike and bike riders and a netball ring. The project also delivered paths, timber log seating, native vegetation planting and lighting for the rotunda and car park. It is anticipated the project will be completed by the end of September 2018.

## CREATING A WATER SENSITIVE CITY

Waterfall Creek is the largest watercourse within Hallett Cove and receives urban stormwater runoff from the vast majority of this suburb. As part of a joint Stormwater Management Plan, the City of Marion successfully completed an adventure playground, walking trails, picnic shelter areas and a significant revegetation program for the wetlands, which are integrated within a broader masterplan for the reserve site.

## COASTAL MANAGEMENT PLAN

Council has completed a detailed investigation into the potential impacts of coastal climate change along the Marion coastline. The main risks considered were the potential for flooding and the likelihood of erosion. The results of the work show that whilst inundation is unlikely to be a major problem for the City of Marion over the next 50 years, there is potential for coastal erosion to increase in some areas and action to protect cliffs and other coastal features may be needed. During 2018/19 Council

will work with key agencies to discuss the risk profiles and erosion "hot spots" and identify responsibilities for future action.

## ENVIRONMENT EDUCATION PROGRAMS

### Encouraging Recycling

Council remains focused on sharing information with our community about how they can responsibly dispose of recyclable, organic and general waste. Community education activities included:

- 43 presentations to schools, kindergartens and community groups
- 665 free kitchen caddy's distributed to households.
- Two tours of recycling facilities and two workshops on backyard composting and worm farming.
- Hosting of a hazardous waste drop-off day saw 810 vehicles deliver over 26 tonnes of hazardous waste for safe recycling and disposal.
- The Recycle Right Bin Tagging Campaign achieved a 72 per cent reduction of contamination in recycling bins.

### Green Education – Southern Region

Council continued to host an Education Officer, funded by the Adelaide and Mt Lofty Ranges Natural Resources Management Board, to work with schools, preschools and their communities to develop knowledge, practical skills and values to live sustainably.

## ADAPTING TO CLIMATE CHANGE

A Heatwave Hypothetical, *'Feeling Hot! Dealing with Heatwaves in Southern Adelaide'* was held in February 2018 as part of the regional Resilient South Climate Adaptation Program. The award winning event attracted around 250 community members for an interactive conversation about responding to the impacts of climate change, building community knowledge and capacity around responding to heat-waves, and fostering strong working relationships across organisations. Mayors of each of the partner Council's signed a Sector Agreement for Climate Change Adaptation in Southern Adelaide with the SA Government.

## STREETSCAPE IMPROVEMENTS – GREENING OUR COMMUNITY

Approximately 30,000 native plants were planted across the City which included 10,000 indigenous native shrubs at Oaklands Wetland during Planet Ark National Tree Day in July 2017 with support from the Friends of the Sturt River and the local community. To improve the local amenity, attract native wildlife and reduce the impact of heat in urban areas council planted 1,150 street trees. The remaining 20,000 native plants were planted across 18 locations including parks and reserves.





# ENGAGED KEY ACHIEVEMENTS

By 2040 our city will be a community where people are engaged, empowered to make decisions, and work together to build strong neighbourhoods.

## ARTS AND CULTURE CONTRIBUTIONS TO PLACEMAKING

Eight public art and placemaking projects saw the commissioning of:

- Three multimedia (video installation, music and live projection) placemaking projects delivered across the city to activate public spaces with various artists
- **Dig and Delve:** a 6 metre high interactive spade for the Hendrie Street Reserve Inclusive Play Ground by Laura Wills and Will Cheeseman
- **Wirltu:** a projected depiction of the Southern Cross Constellation, at Heron Way Amphitheatre by Aurelia Carbone
- **Find and Leap:** mural at Kellett Reserve representing women, men and children playing cricket and football by Laura Wills and Rosina Possingham
- **Locally Indigenous:** glow-in-the-dark path motifs of native flora and fauna between Capella Drive and Hallett Cove Railway Station by Aurelia Carbone
- **Trott Park Art Streets:** a series of temporary art-based activations identifying and celebrating the 50 per cent of streets in Trott Park that are named after Australian Artists, various artists with Open Space Contemporary Arts (OSCA).

## COMMUNITY GRANTS PROGRAMS

The City of Marion allocated \$100,000 to assist local, not-for-profit organisations and community groups, and voluntary associations to undertake projects and activities that are beneficial to the community. Successful projects support Council's vision of being a diverse and inclusive community.

## COMMUNITY LEADERSHIP PROGRAM (CLP)

Thirteen people graduated from the CLP and all experienced an empowering journey of both personal and professional development. Over three months the graduates learnt about communication, marketing, budgets, risk management, running a community event, cultural diversity, personality profiling, resilience and positive psychology.

## NEIGHBOURHOOD AND COMMUNITY CENTRES

The City of Marion has four centres that provide multifunctional services and a meeting place for the community. A range of social, educational and wellbeing activities and programs are offered to support individuals including:

- School Holiday Programs
- Keep Fit/Tai Chi/Yoga
- Arts and crafts
- Adult Community Educational Programs
- Bingo
- Indoor Bowls / Snooker
- Multicultural Groups

87,840 participants attended the 4 centres in 2017/18 an increase of 6 per cent from 2016/17.

## MARION CULTURAL CENTRE

The centre houses Gallery M, Domain Theatre, Cultural Centre Library, and meeting rooms. Council delivered over 70 performances or skills development workshops and the facility was hired over 500 instances. Over 30,000 people attended shows in the theatre or hired a meeting space. An increased emphasis on diversifying audiences saw increased youth band performances, open mic showcases, skill development workshops and an increased number of markets in the plaza. A marketing plan was implemented including online ticketing, increased social media usage, publication of an online newsletter, which resulted in new visitors and increased patronage.

## VOLUNTEER GROWTH

A total of 356 City of Marion volunteers contributed 38,858 hours of service to the dollar value of \$1,066,652, assisting with the delivery of various programs across Council including:

- Community Bus, Community Care – Social Support, Decluttering
- Crime Prevention – Graffiti Removal
- Libraries including Marion Heritage Research Centre
- Neighbourhood Centres

New initiatives included:

- Evaluation of the Future of Volunteering
- Launch of a volunteer pool for events
- Encouraging the recruitment of volunteers who have arrived from countries other than the main English speaking countries
- Recognition Review for volunteer Years of Service

## RECONCILIATION ACTION PLAN IMPLEMENTATION

Council's Reconciliation Action Plan 2016-2019 continues to be implemented. National Reconciliation Week events were held across Marion including an art exhibition 'Don't make history a mystery', a Youth Reconciliation celebration at Warriparinga attended by 85 young Aboriginal people, and Aboriginal awareness sessions. A Management Agreement for the Living Kurna Cultural Centre (LKCC) has been developed with the Kurna Nation Cultural Heritage Association (KNCHA). Annual NAIDOC celebrations were held as well as a 'Close the Gap' event to increase awareness of health gaps between Aboriginal and Torres Strait Islander people and other Australians.

## LIBRARIES

In March 2018, Marion libraries launched a six-month campaign to showcase services and present libraries as modern, exciting facilities. *Get into Libraries* featured monthly themed activities, including pop up displays at shopping centres, robotics classes and meet the author events. Marion has three libraries, which loaned a total of 773,771 items and attracted 459,059 visitors in 2017/18.



# PROSPEROUS



# PROSPEROUS KEY ACHIEVEMENTS

By 2040 our city will be a diverse and clean economy that attracts investment and jobs, and creates exports in sustainable business precincts while providing access to education and skills development.

## TONSLEY

Council continued to work with the key stakeholders, including the State Government, industry, PEET Group, Flinders University and TAFE to develop the integrated employment and residential district at Tonsley. This redevelopment is expected to attract \$1 billion of private investment. Progress over the past year includes:

- Currently 32 business located at Tonsley
- 1,400 people employed at the precinct
- 6,500 students each year
- New tenants SAGE, Global Centre for Modern Ageing, Smith Brothers, AZZO, Phoenix contact, ZEISS, Tesla, ProTom, Seed Terminator, Radical Torque Systems, AGIG and Micro-X have moved in
- GigCity launched
- Planning for Australian first hydrogen production and distribution facility
- Flinders University Tonsley Manufacturing Innovation Hub – Industry 4.0
- Tonsley Connection Events
- Boiler House redevelopment being planned by Kid Retail Group for a micro-brewery, restaurant, cafe
- Awarded two National Good Design Awards, one National Urban design Award, two Property Council of Australia Awards
- District energy scheme which will include 20,000 solar panels producing a capacity of 6MW to power Tonsley businesses and residents
- Tonsley Village residential works commenced on Stage 1 with apartments and townhouses under construction, road works and civil being complete
- Community connection activities occurred every Thursday within the Tonsley Pod and walking tours of the site conducted fortnightly by volunteers

The Tonsley Village residential development will continue with stage 2. A multi-deck car park will be established and precinct-wide approach to parking applied. Council will seek opportunities to engage with the State Government and key stakeholders to plan and deliver a new train station at Tonsley as an extension of the Flinders Link work.

## SMALL BUSINESS ADVISORY SERVICES

The Southern Adelaide Small Business Advisory Service was relaunched in July 2017, continuing to provide support to 274 clients in its second year of operation. The service is a partnership between the Cities of Marion and Onkaparinga and the Department of State Development (DSD). The advisory service delivered approximately 370 hours of face-to-face support to aspiring entrepreneurs and established operators. Council will continue to work regionally through the Southern Adelaide Economic Development Board to reinvigorate the Southern Adelaide Small Business Advisory Service to support start-ups and businesses with strong growth potential.

## DARLINGTON UPGRADE PROJECT

Marion and Onkaparinga Councils continued to work with the State Government and Gateway South (construction consortium) for the design and construction of the motorway. The project has achieved several milestones with the installation of two bridges over the Southern Expressway. In addition, Sturt Road and Flinders Drive bridges are nearing completion and the excavation of the sunken the motorway has commenced. The Australian and State Governments jointly funded the \$620 million project. The \$85.5 million Flinders Link rail project connecting the Tonsley train line to Flinders University. The State Government has developed 70 per cent designs for planning approvals. Construction on the rail corridor is due to commence late 2018 / early 2019 with completion of both projects by the end of 2019.

## SOUTHERN ADELAIDE ECONOMIC DEVELOPMENT BOARD

Council also supports the Southern Adelaide Economic Development Board – a joint venture between the Cities of Marion and Onkaparinga – to launch a new plan to boost investment in the south. \$200,000 in State Government funds were secured to advance projects in the areas of smart cities, hospitality & tourism, community energy and business innovation.



# INNOVATIVE KEY ACHIEVEMENTS

By 2040 our city will be a leader in embracing and developing new ideas and technology to create a vibrant community with opportunities for all.

## LEASE OPTIMISATION

Council renewed the Leasing and Licensing Policy to set up strong support and a collaboration model for clubs and organisations to continue to innovate their businesses. The review assisted in ensuring there is a consistent approach and leases/licenses support clubs to be sustainable and support high utilisation of Council facilities.

## ENERGY EFFICIENCY – ROLLOUT OF SOLAR PANELS

In 2017/18 energy saving actions, including installation of 410 kW of solar panels, have been implemented across the high energy-using Council-operated sites including Cooina, Cove Civic Centre, Glandore Community Centre, Living Kurna Cultural Centre. In 2018 Council adopted an approach to fund up to 50 per cent of the purchase and installation costs of energy efficiency upgrades and solar panels for Council-owned and leased facilities. Council supports the use of the Community Facilities Partnership Program to assess and fund applications for energy efficiency upgrades and solar panels for Council owned and leased facilities. Council will coordinate the submission process and then installation. In addition an energy-efficiency and renewable energy review was completed for the Marion Leisure and Fitness Centre.

## ONLINE BOOKING SYSTEM – PILOT PROJECT

An online booking system was introduced to enable people to book and pay for hiring rooms at three Council facilities; Glandore Community Centre, Clovelly Park Hall and Cosgrove Hall. Additional functionality is currently being built to enable people to book into events at the hired space. Once this is complete, more features will be added to the system. Total project investment to date is \$95,000.

## INTRODUCTION OF ELECTRONIC DEVELOPMENT ASSESSMENT SYSTEM

The Development Services Department has implemented new electronic assessment tools that create a more efficient and responsive working environment for both staff and the customer. Applications are now processed as an electronic file which makes communication with the customer more immediate, improves records management and significantly reduces the volume of paper being used. The electronic assessment tools have also facilitated the online lodgement portal which enables our residents to lodge their development applications when it is most convenient to them.

## SMART CITIES PROGRESS

Aligned to our purpose to improve our residents' quality of life; continuously, smartly and efficiently, one of our Strategic Plan goals is a City that provides infrastructure

and support that enables innovation to flourish through technology and infrastructure opportunities.

Achievements included:

- August 2017 the Southern Adelaide Economic Development Board relaunched with a priority focusing on a 'Smart Region' which aims to foster creative thinking, emergent technology, interactive data capture and innovative use of resources for the benefit the community.

Opportunities and goals for the next 12 months include:

- July 2018 - Smart Cities and Suburb funding Round Two – application for Oaklands Smart Precinct Proposal
- Technology trials to improve service delivery.
- Embedding Smart City Principles throughout the organisation across all areas of service.
- Establishment of a Southern Adelaide Smart City Consortium bringing together education, industry and governments.

## DIGITAL ECONOMY EDUCATION

SEED (Space for Exploring Everything Digital) was launched and delivered digital literacy activities to over 3,500 people across the City of Marion, an increase of 50 per cent from 2016/17. Programs topics included Code Club, Robotics, and "getting to know your device". The SEED program in conjunction with specific small business programs promoted the value of the digital economy. Topics of programs included – How to sell on Etsy (an online market for buying and selling handcrafted products), Writing for social media, and Facebook for business.

## LED STREETLIGHT REPLACEMENT ACROSS THE CITY

Council is replacing 8,525 street lights with LED energy-efficient globes. Work began in March 2018 and 2,786 old inefficient street lights have been replaced. The remaining lights are due to be replaced by July 2019. The initiative is expected to cut energy use by 75 per cent, saving ratepayers about \$10 million over the project's 20-year span. Carbon emissions will be reduced by more than 1,600 tonnes a year. Street lighting is the largest source of greenhouse gas emissions by local government in Australia. LED lighting will improve visibility on roads and footpaths, making it safer for pedestrians and road users. SA Power Networks are installing the lights at a cost of \$3.1 million. Marion, Mitcham and Charles Sturt council's have also joined forces to become the first local government consortium in Australia to benefit from the creation and sale of Australian carbon credits from LED street lighting. Replacing the old and inefficient street lights will result in Marion Council selling up to \$11,000 worth of carbon credits each year.





# CONNECTED



# CONNECTED KEY ACHIEVEMENTS

By 2040 our city will be linked by a quality road, footpath and public transport network that brings people together socially and harnesses technology to enable them to access services and facilities.

## OAKLANDS CROSSING REDEVELOPMENT

The Oaklands Crossing Grade Separation Project involves the grade separation of the road and rail networks at the northern intersection of Morphet Road and Diagonal Roads by a lowered rail underpass of Morphet Road, construction of a new Oaklands Railway Station, and grade separation of the Marino Rocks Greenway pedestrian and cycling shared path at Morphet Road. The project provides a minimum of 50 more car parking spaces relative to the number of car parking spaces prior to commencement of the Project. Commencement of design and construction occurred in March 2018. The \$174.3 million project is being jointly funded by the Australian Government - \$95 million, the State Government - \$74 million and the City of Marion contributing \$5 million in principle. Construction is expected to be completed by the end of 2019.

## SOCIAL MEDIA COMMUNICATIONS AND ENGAGEMENT

Facebook, Instagram and Twitter were used to keep the community informed about services, events and activities. Social media proved successful in encouraging community engagement and feedback on a range of projects, including designs for parks and facilities. Council's campaign to End Dumped Trolleys involved the community in sharing photographs of abandoned trolleys and lending their voice to the issue. Social media played a leading role by enabling us to provide up-to-date information and solve enquiries. Next financial year Council will continue to grow our social media engagement, with a particular focus on high quality visual content, including increased use of video and photography to help inform customers about Council's services, community facilities and events.

## UPGRADED COUNCIL WEBSITE

Council designed, built and launched a new website to improve service to the community. The website's appearance and features were developed following extensive community consultation. New features include a powerful search function, easy to navigate menu structure and a mapping system. The user-friendly design includes quick links to key services, including libraries, waste collection and development applications. People can easily locate restaurants, attractions and shops and view park listings, including details of playground equipment. An events calendar lists local arts, fitness, educational and environmental activities. Community groups can add events without charge and the payments system has been simplified. Rolling social media feeds were also added to enable people to stay in touch with the latest news about Council projects.

## WIFI ROLLOUT TO KEY COUNCIL FACILITIES

Increased public Wi-Fi services have been connected and are now available at Glandore Community Centre, Trott Park Neighbourhood Centre, Living Kurna Cultural Centre and Marion Outdoor Pool. These initiatives will improve access for our community visiting these venues.

## CUSTOMER EXPERIENCE CHARTER

The City of Marion launched its first customer charter committing the organisation to delivering the best service to the community. Launched in September 2017, the charter aims to improve the quality of life for residents – continuously, smartly and efficiently. The charter outlines the standard of service people can expect. This included being treated in a friendly, professional manner. It commits the organisation to delivering on what is promised, and keeping people informed of progress. The charter includes a commitment to finding creative solutions to problems and seeing things from the community's point of view.

## CAPITAL WORKS PROGRAM FOR ROADS

A condition audit of Council's entire road network was undertaken and used to develop a five-year forward works program. The audit was used to model the performance of the road network and optimise existing funding to inform pavement management strategies. During 2017/18, the City of Marion resealed over 150,000 m<sup>2</sup> of road including road reconstruction treatments and resurfacing works.

## GLANDORE LANEWAYS

Council has acquired ownership of privately-owned laneways in Glandore and made them public roads. The laneways have been named 'Frederick Lane' and 'Burmeister Lane'. The laneways have undergone a significant transformation including relocation of fence lines and some privately-owned structures. This helped facilitate improved turning movements and access. The previously unsealed road surface has been upgraded to a concrete pavement. Street lighting has been installed to improve safety and drainage works have been completed to improve stormwater management.

## COVE HUB PROGRAM - TO BUILD CAPACITY OF SMALL BUSINESS IN SOUTHERN MARION

The Cove Business Hub continued its program of events and workshops designed to support start-ups and small businesses in the region. The Hub hosted 40 programs with over 640 registrations, an increase of 66 per cent on the previous year. Cove Civic Centre also hosted three markets, bringing in an additional 2000 people to the centre. In the next 12 months, the Civic Centre will again host its Cove Christmas Markets and will continue to deliver a varied program of events and activities to support the southern business community.

# City of Marion

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

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## City of Marion

### General Purpose Financial Statements for the year ended 30 June 2018

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## City of Marion


### 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.

  
Adrian Skull  
**CHIEF EXECUTIVE OFFICER**  
Kris Hanna  
**MAYOR**  
9.10.18

Date: 9.10.18

## City of Marion

### Statement of Comprehensive Income for the year ended 30 June 2018

\$ '000	Notes	2018	2017
<b>Income</b>			
Rates Revenues	2a	74,864	72,591
Statutory Charges	2b	2,305	1,879
User Charges	2c	2,250	1,949
Grants, Subsidies and Contributions	2g	9,954	9,242
Investment Income	2d	1,112	929
Reimbursements	2e	654	691
Other Income	2f	894	479
Net Gain - Equity Accounted Council Businesses	19	533	413
<b>Total Income</b>		<b>92,566</b>	<b>88,173</b>
<b>Expenses</b>			
Employee Costs	3a	33,274	32,221
Materials, Contracts & Other Expenses	3b	30,844	26,783
Depreciation, Amortisation & Impairment	3c	16,991	16,870
Finance Costs	3d	541	613
Net loss - Equity Accounted Council Businesses	19	12	13
<b>Total Expenses</b>		<b>81,662</b>	<b>76,500</b>
<b>Operating Surplus / (Deficit)</b>		<b>10,904</b>	<b>11,673</b>
Asset Disposal & Fair Value Adjustments	4	(1,311)	(1,226)
Amounts Received Specifically for New or Upgraded Assets	2g	1,522	2,524
Physical Resources Received Free of Charge	2i	131	439
<b>Net Surplus / (Deficit) <sup>1</sup></b>		<b>11,246</b>	<b>13,410</b>
<b>Other Comprehensive Income</b>			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	(4,922)	29,324
<b>Total Other Comprehensive Income</b>		<b>(4,922)</b>	<b>29,324</b>
<b>Total Comprehensive Income</b>		<b>6,324</b>	<b>42,734</b>

<sup>1</sup> Transferred to Statement of Changes in Equity

## City of Marion

### Statement of Financial Position as at 30 June 2018

\$ '000	Notes	2018	2017
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5a	21,509	29,913
Trade & Other Receivables	5b	5,878	5,840
Other Financial Assets	5c	27,450	11,900
Inventories	5d	227	248
<b>Total Current Assets</b>		<b>55,064</b>	<b>47,901</b>
<b>Non-Current Assets</b>			
Equity Accounted Investments in Council Businesses	6a	5,815	6,059
Infrastructure, Property, Plant & Equipment	7a	1,132,532	1,135,662
Other Non-Current Assets	6b	6,826	5,202
<b>Total Non-Current Assets</b>		<b>1,145,173</b>	<b>1,146,923</b>
<b>TOTAL ASSETS</b>		<b>1,200,237</b>	<b>1,194,824</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	10,339	10,235
Borrowings	8b	1,100	1,197
Provisions	8c	5,422	5,239
<b>Total Current Liabilities</b>		<b>16,861</b>	<b>16,671</b>
<b>Non-Current Liabilities</b>			
Borrowings	8b	6,805	7,905
Provisions	8c	700	701
<b>Total Non-Current Liabilities</b>		<b>7,505</b>	<b>8,606</b>
<b>TOTAL LIABILITIES</b>		<b>24,366</b>	<b>25,277</b>
<b>Net Assets</b>		<b>1,175,871</b>	<b>1,169,547</b>
<b>EQUITY</b>			
Accumulated Surplus		380,504	373,871
Asset Revaluation Reserves	9a	760,237	765,159
Other Reserves	9b	35,130	30,517
<b>Total Council Equity</b>		<b>1,175,871</b>	<b>1,169,547</b>

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

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## City of Marion

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

\$ '000		Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
	Notes				
2018					
Balance at the end of previous reporting period		373,871	765,159	30,517	1,169,547
a. Net Surplus / (Deficit) for Year		11,246	-	-	11,246
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	9a	-	(4,922)	-	(4,922)
Other Comprehensive Income		-	(4,922)	-	(4,922)
Total Comprehensive Income		11,246	(4,922)	-	6,324
c. Transfers between Reserves		(4,613)	-	4,613	-
Balance at the end of period		380,504	760,237	35,130	1,175,871
2017					
Balance at the end of previous reporting period		369,211	735,835	21,767	1,126,813
a. Net Surplus / (Deficit) for Year		13,410	-	-	13,410
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	9a	-	29,324	-	29,324
Other Comprehensive Income		-	29,324	-	29,324
Total Comprehensive Income		13,410	29,324	-	42,734
c. Transfers between Reserves		(8,750)	-	8,750	-
Balance at the end of period		373,871	765,159	30,517	1,169,547

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

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## City of Marion

### Statement of Cash Flows for the year ended 30 June 2018

\$ '000	Notes	2018	2017
<b>Cash Flows from Operating Activities</b>			
<b><u>Receipts</u></b>			
Rates Receipts		74,602	72,393
Statutory Charges		2,335	1,888
User Charges		2,475	2,013
Grants, Subsidies and Contributions (operating purpose)		10,222	9,377
Investment Receipts		1,112	929
Reimbursements		711	725
Other Receipts		5,665	3,555
<b><u>Payments</u></b>			
Payments to Employees		(33,446)	(32,423)
Payments for Materials, Contracts & Other Expenses		(35,993)	(26,707)
Finance Payments		(541)	(613)
<b>Net Cash provided by (or used in) Operating Activities</b>	11b	<b>27,142</b>	<b>31,137</b>
<b>Cash Flows from Investing Activities</b>			
<b><u>Receipts</u></b>			
Amounts Received Specifically for New/Upgraded Assets		1,522	2,524
Sale of Replaced Assets		529	2,049
Sale of Surplus Assets		318	363
Distributions Received from Equity Accounted Council Businesses		765	-
<b><u>Payments</u></b>			
Expenditure on Renewal/Replacement of Assets		(13,223)	(12,675)
Expenditure on New/Upgraded Assets		(8,687)	(4,931)
Net Purchase of Investment Securities		(15,550)	(3,700)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(34,326)</b>	<b>(16,370)</b>
<b>Cash Flows from Financing Activities</b>			
<b><u>Receipts</u></b>			
Proceeds from Bonds & Deposits		-	3
<b><u>Payments</u></b>			
Repayments of Borrowings		(1,197)	(1,126)
Repayment of Bonds & Deposits		(23)	(2)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(1,220)</b>	<b>(1,125)</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>(8,404)</b>	<b>13,642</b>
plus: <b>Cash &amp; Cash Equivalents at beginning of period</b>	11a	<b>29,913</b>	<b>16,271</b>
<b>Cash &amp; Cash Equivalents at end of period</b>	11a	<b>21,509</b>	<b>29,913</b>

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

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## City of Marion

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

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## 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 31 May 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 Marion is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 245 Sturt Road, Sturt. 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.

Other entities in which Council has an interest but does not control are reported in Note 19.

#### 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	\$1,278,810	\$2,715,629	-\$1,436,819
2016/17	\$4,091,214	\$2,700,069	+\$1,391,145
2017/18	\$3,399,489	\$3,269,242	+\$130,247

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

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

### Note 1. Summary of Significant Accounting Policies (continued)

compared to those that would have been reported 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.

Category	Individual Threshold
Infrastructure	\$5,000
Land	N/a
Land Improvements	\$5,000
Buildings	\$5,000
Furniture and Fittings	\$3,000
Equipment	\$3,000
Other	\$3,000

Thresholds are also applied to Aggregated Assets in determining whether the value is considered material.

Category	Aggregated Threshold
Infrastructure	
Reserve Lighting	\$250,000
Reserve Pathways	\$500,000
Buildings	
Bus Shelters	\$1,000,000
Shelters/Gazebos	\$250,000
Fencing	\$500,000

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

### Note 1. Summary of Significant Accounting Policies (continued)

Furniture and Fittings	\$25,000
Equipment	
Irrigation	\$1,000,000
LED Lighting	\$1,000,000
Other	
BBQs	\$250,000
Reserve Furniture	\$500,000
Drink Fountains	\$50,000
Reserve Bollards	\$250,000
Reserve Bins	\$100,000
City Band Instruments	\$100,000
Council Artwork	\$100,000

#### 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.

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.

	Short Life Years	Long Life Years
<b><i>Furniture &amp; Equipment</i></b>		
Office Equipment	3 to 10	N/a
Office Furniture	15	N/a
Vehicles and Heavy Equipment	3 to 15	N/a
Other Plant & Equipment	7 to 25	N/a
LED Lighting	50	N/a
Irrigation – Equipment	10	N/a
Irrigation - Pipework	60	N/a
<b><i>Buildings</i></b>		
Sub Structure	N/a	80 to 200
Super Structure	40 to 80	N/a
Roofing	40	N/a
Services	40 to 50	N/a
Fitout	30 years	N/a
<b><i>Infrastructure</i></b>		
Sealed Roads – Surface	25 to 40	N/a
Road Base	60 to 100	200
Road Formation	200	N/a
Kerb	70 - 105	200
Footpath – Bitumen/Rubber	20 to 40	60 to 100
Footpath – Concrete	50 to 85	N/a
Footpath – Paved	50 to 85	N/a
Other Road Structures	20 to 100	20 to 40
Traffic Signs	15 to 20	N/a
Bridges	80 to 140	200
Stormwater Pipes Concrete	100 to 175	200
Stormwater Pipes PVC	60 to 100	N/a
Stormwater Pipes Ribloc	60 to 100	200
Junction Boxes	100 to 175	200
Pollutant Traps	100 to 175	200
Box Culverts	100 to 175	200
Headwalls	100 to 175	200
Drainage Pits	100 to 175	200
<b><i>Other Infrastructure</i></b>		
Wetland Assets	15-100	250 years
Car Parks	25 to 40	N/a
Lighting	15-25	N/a
Recreation Pathways	30-40	N/a
Sports Floodlights	25	N/a

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

Note 1. Summary of Significant Accounting Policies (continued)

<b>Other Assets</b>		
Playground Equipment	20	N/a
Reserve Furniture	25	N/a
Band Instruments	30	N/a
Civic Art Structures	15 to 80	N/a

### 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".

## 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.

### 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

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

### Note 1. Summary of Significant Accounting Policies (continued)

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 interpretations

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

City of Marion 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 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*

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

Note 1. Summary of Significant Accounting Policies (continued)

- 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 2017-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 4*

**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 1059 *Service Concession Arrangements: Grantors*
- AASB 1059 *Service Concession Arrangements: Grantors (Appendix D)*

**15 Disclaimer**

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

**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.



## City of Marion

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

#### Note 2. Income

\$ '000	Notes	2018	2017
<b>(a). Rates Revenues</b>			
<b>General Rates</b>			
General Rates		74,161	71,746
Less: Mandatory Rebates		(1,357)	(1,060)
Less: Discretionary Rebates, Remissions & Write Offs		(3)	(7)
<b>Total General Rates</b>		<b>72,801</b>	<b>70,679</b>
<b>Other Rates (Including Service Charges)</b>			
Natural Resource Management Levy		1,801	1,666
<b>Total Other Rates</b>		<b>1,801</b>	<b>1,666</b>
<b>Other Charges</b>			
Penalties for Late Payment		262	246
<b>Total Other Charges</b>		<b>262</b>	<b>246</b>
<b>Total Rates Revenues</b>		<b>74,864</b>	<b>72,591</b>
<b>(b). Statutory Charges</b>			
Development Act Fees		899	810
Town Planning Fees		74	86
Animal Registration Fees & Fines		531	465
Parking Fines / Expiation Fees		801	518
<b>Total Statutory Charges</b>		<b>2,305</b>	<b>1,879</b>
<b>(c). User Charges</b>			
Hall & Equipment Hire		285	256
Sales - General		373	297
Sundry		887	785
Admission Fees		460	380
Rental Income		245	231
<b>Total User Charges</b>		<b>2,250</b>	<b>1,949</b>



## City of Marion

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

#### Note 2. Income (continued)

\$ '000	Notes	2018	2017
<b>(d). Investment Income</b>			
Interest on Investments			
- Local Government Finance Authority		1,103	924
- Banks & Other		9	5
<b>Total Investment Income</b>		<b>1,112</b>	<b>929</b>
<b>(e). Reimbursements</b>			
Private Works		250	171
Other		404	520
<b>Total Reimbursements</b>		<b>654</b>	<b>691</b>
<b>(f). Other Income</b>			
Insurance & Other Recoupments - Infrastructure, IPP&E		175	31
Sundry		145	124
Donations & Contributions income		574	324
<b>Total Other Income</b>		<b>894</b>	<b>479</b>
<b>(g). Grants, Subsidies, Contributions</b>			
Amounts Received Specifically for New or Upgraded Assets		1,522	2,524
<b>Total Amounts Received Specifically for New or Upgraded Assets</b>		<b>1,522</b>	<b>2,524</b>
Other Grants, Subsidies and Contributions		8,433	7,851
Individually Significant Item - Additional Grants Commission Payment (refer below)		1,521	1,391
<b>Total Other Grants, Subsidies and Contributions</b>		<b>9,954</b>	<b>9,242</b>
<b>Total Grants, Subsidies, Contributions</b>		<b>11,476</b>	<b>11,766</b>
The functions to which these grants relate are shown in Note 12.			
<b>(i) Sources of grants</b>			
Commonwealth Government		4,256	3,613
State Government		7,133	7,956
Other		87	197
<b>Total</b>		<b>11,476</b>	<b>11,766</b>
<b>(ii) Individually Significant Items</b>			
Grant Commission (FAG) Grant Recognised as Income		1,521	1,391

2018 : In June 2018, Council received payment of the first two instalments of the 2018/19 Grants Commission Financial Assistance Grants. This was offset by the 2017/18 Grants Commission payment received in June 2017.

2017: In June 2017, Council received payment of the first two instalments of the 2017/18 Grants Commission Financial Assistance Grants. This has had a material effect on Council's operating result in the 2016/17 financial year.

## City of Marion

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

#### Note 2. Income (continued)

\$ '000	Notes	2018	2017
<b>(h). Conditions over Grants &amp; Contributions</b>			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
<b>Unexpended at the close of the previous reporting period</b>		2,839	1,245
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Other		(443)	(835)
<b>Subtotal</b>		<b>(443)</b>	<b>(835)</b>
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Other		1,632	2,429
<b>Subtotal</b>		<b>1,632</b>	<b>2,429</b>
<b>Unexpended at the close of this reporting period</b>		<b>4,028</b>	<b>2,839</b>
<b>Net increase (decrease) in assets subject to conditions in the current reporting period</b>		<b>1,189</b>	<b>1,594</b>
<b>(i). Physical Resources Received Free of Charge</b>			
Land & Improvements		-	264
Roads, Bridges & Footpaths		112	83
Stormwater Drainage		12	68
Buildings		-	23
Other		7	1
<b>Total Physical Resources Received Free of Charge</b>		<b>131</b>	<b>439</b>

## City of Marion

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

#### Note 3. Expenses

\$ '000	Notes	2018	2017
<b>(a). Employee Costs</b>			
Salaries and Wages		28,259	27,408
Employee Leave Expense		2,571	2,609
Superannuation - Defined Contribution Plan Contributions	18	2,540	2,488
Workers' Compensation Insurance		806	890
Less: Capitalised and Distributed Costs		(902)	(1,174)
<b>Total Operating Employee Costs</b>		<b>33,274</b>	<b>32,221</b>
Total Number of Employees (full time equivalent at end of reporting period)		360	344
<b>(b). Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration			
- Auditing the Financial Reports		34	37
Bad and Doubtful Debts		3	-
Elected Members' Expenses		329	340
Operating Lease Rentals - Cancellable Leases		483	450
<b>Subtotal - Prescribed Expenses</b>		<b>849</b>	<b>827</b>
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contractors		14,022	12,770
Energy		2,022	1,815
Maintenance		3,046	2,014
Legal Expenses		249	180
Levies Paid to Government - NRM levy		1,799	1,683
Levies - Other		174	160
Parts, Accessories & Consumables		3,031	2,681
Professional Services		1,342	977
Sundry		2,485	1,826
Insurance		521	627
Fringe Benefits Tax		181	215
Advertising		138	103
Printing & Postage		333	331
Memberships & Subscriptions		260	209
Bank Fees & Charges		200	203
Telecommunication Charges		192	162
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>29,995</b>	<b>25,956</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>30,844</b>	<b>26,783</b>

## City of Marion

### 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>(c). Depreciation, Amortisation and Impairment</b>			
<b>(i) Depreciation and Amortisation</b>			
Buildings & Other Structures		4,884	4,927
Infrastructure		8,493	8,361
- Other		1,409	1,380
Plant & Equipment		1,210	1,260
Furniture & Fittings		77	76
Intangible Assets		58	54
Other Assets		965	954
<b>Subtotal</b>		<b>17,096</b>	<b>17,012</b>
Less: Capitalised and Distributed costs		(105)	(142)
<b>Total Depreciation, Amortisation and Impairment</b>		<b>16,991</b>	<b>16,870</b>
<b>(d). Finance Costs</b>			
Interest on Loans		541	613
<b>Total Finance Costs</b>		<b>541</b>	<b>613</b>

#### Note 4. Asset Disposal & Fair Value Adjustments

##### Infrastructure, Property, Plant & Equipment

##### (i) Assets Renewed or Directly Replaced

Proceeds from Disposal	688	2,412
Less: Carrying Amount of Assets Sold	(2,053)	(3,638)
<b>Gain (Loss) on Disposal</b>	<b>(1,365)</b>	<b>(1,226)</b>

##### (ii) Assets Surplus to Requirements

Proceeds from Disposal	159	-
Less: Carrying Amount of Assets Sold	(105)	-
<b>Gain (Loss) on Disposal</b>	<b>54</b>	<b>-</b>
<b>Net Gain (Loss) on Disposal or Revaluation of Assets</b>	<b>(1,311)</b>	<b>(1,226)</b>

#### Note 5. Current Assets

##### (a). Cash & Cash Equivalents

Cash on Hand at Bank	309	213
Short Term Deposits & Bills, etc.	21,200	29,700
<b>Total Cash &amp; Cash Equivalents</b>	<b>21,509</b>	<b>29,913</b>

## City of Marion

### 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
<b>(b). Trade &amp; Other Receivables</b>			
Rates - General & Other		2,315	2,065
Rates Postponed for State Seniors		159	145
Accrued Revenues		328	467
Debtors - General		1,501	1,463
GST Recoupment		988	1,064
Prepayments		587	636
<b>Total Trade &amp; Other Receivables</b>		<b>5,878</b>	<b>5,840</b>

#### (c). Other Financial Assets (Investments)

Other Financial Assets (Term Deposits with over 90 days to maturity)	27,450	11,900
<b>Total Other Financial Assets (Investments)</b>	<b>27,450</b>	<b>11,900</b>

Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13

#### (d). Inventories

Stores & Materials	227	248
<b>Total Inventories</b>	<b>227</b>	<b>248</b>

### Note 6. Non-Current Assets

#### (a). Equity Accounted Investments in Council Businesses

Southern Region Waste Resource Authority	19	5,739	5,971
Council Solutions	19	76	88
<b>Total Equity Accounted Investments in Council Businesses</b>		<b>5,815</b>	<b>6,059</b>

#### (b). Other Non-Current Assets

Capital Works-in-Progress	6,660	4,978
Computer Software & Licences	1,178	1,238
Less Accumulated Amortisation	(1,012)	(1,014)
<b>Total Other Non-Current Assets</b>	<b>6,826</b>	<b>5,202</b>



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

**Note 7a (i). 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	Impairment	Carrying Value	Asset Additions			WDV of Asset Disposals	Depreciation Expense (Note 3c)	Adjustments & Transfers	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Dep'n	Impairment	Carrying Value	
							New / Upgrade	Renewals												
\$ '000																				
Land	2	357,491	2,653	-	-	360,144	-	-	-	-	-	(8,149)	-	351,995	-	-	-	-	351,995	
Buildings & Other Structures	3	136,341	27,436	80,571	-	83,206	2,256	925	(1,060)	(4,884)	-	-	25,625	168,688	2,399	65,019	-	-	106,068	
Infrastructure	3	741,028	4,562	105,764	-	639,826	2,072	7,161	-	(8,493)	-	(21,961)	-	756,151	2,055	139,601	-	-	618,605	
- Other	3	46,771	6,410	15,938	-	37,243	3,092	944	(548)	(1,409)	(4,538)	(1,004)	-	42,819	3,164	12,203	-	-	33,780	
Plant & Equipment		-	13,687	7,197	-	6,490	1,390	2,036	(536)	(1,210)	4,538	-	-	-	21,872	9,164	-	-	12,708	
Furniture & Fittings		-	1,734	892	-	842	7	35	-	(77)	-	-	-	-	1,774	967	-	-	807	
Other Assets		13,295	1,938	7,322	-	7,911	637	433	(14)	(965)	-	-	567	11,290	537	3,258	-	-	8,569	
Total Infrastructure, Property, Plant & Equipment		1,294,926	58,420	217,684	-	1,135,662	9,454	11,534	(2,158)	(17,038)	-	(31,114)	26,192	1,330,943	31,801	230,212	-	-	1,132,532	
Comparatives		1,275,378	51,136	214,856	-	1,111,658	4,195	11,081	(3,638)	(16,958)	-	-	29,324	1,294,926	58,420	217,684	-	-	1,135,662	

**Note 7a (ii). Investment Property**

Nil

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

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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)

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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 restated 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**

All of Council's non financial assets are considered as being utilised for their highest and best use.

**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.

Fair value hierarchy level 2 valuations: Land is 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.

*Fair value hierarchy level 3 valuations of valuations of buildings, infrastructure and other assets* : There is no known market for these assets and they 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)

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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. A comprehensive revaluation was carried out by independent valuation for the reporting period, 30 June 2018.

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. Additions are recognised at cost.

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset. Currently there are no assets that require this treatment.

**Buildings & Other Structures**

A comprehensive revaluation was carried out by independent valuation for this reporting period, 30 June 2018.

**Infrastructure**

A comprehensive revaluation of infrastructure assets (roads, footpaths, kerbs, drains, bridges, traffic devices and traffic signs) was carried out by independent valuation for this reporting period, 30 June 2018.

A comprehensive revaluation was carried out by independent valuation for this reporting period, 30 June 2018 for other infrastructure assets such as car parks, lighting, walking trails and reserve pathways

All acquisitions made after the respective dates of valuation are recorded at cost.

**Plant, Furniture & Equipment**

These assets are recognised on the cost basis.

**All other Assets**

A comprehensive revaluation was carried out by independent valuation for this reporting period, 30 June 2018.

## City of Marion

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

#### Note 8. Liabilities

\$ '000	Notes	2018	2018	2017	2017
		Current	Non Current	Current	Non Current
(a). Trade and Other Payables					
Goods & Services		9,537	-	9,451	-
Payments Received in Advance		21	-	-	-
Accrued Expenses - Employee Entitlements		744	-	737	-
Accrued Expenses - Other		18	-	20	-
Deposits, Retentions & Bonds		-	-	23	-
Other		19	-	4	-
Total Trade and Other Payables		10,339	-	10,235	-

#### (b). Borrowings

Loans	1,100	6,805	1,197	7,905
<b>Total Borrowings</b>	<b>1,100</b>	<b>6,805</b>	<b>1,197</b>	<b>7,905</b>

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

#### (c). Provisions

Employee Entitlements (including oncosts)	5,422	700	5,239	701
<b>Total Provisions</b>	<b>5,422</b>	<b>700</b>	<b>5,239</b>	<b>701</b>

#### Note 9. Reserves

\$ '000	1/7/2017	Increments (Decrements)	Transfers	Impairments	30/6/2018
<b>(a). Asset Revaluation Reserve</b>					
Land	258,845	(8,149)	-	-	250,696
Buildings & Other Structures	59,250	25,625	-	-	84,875
Infrastructure	25,857	(21,961)	-	-	3,896
- Stormwater Drainage	97,742	-	-	-	97,742
- Other	1,302	(1,004)	-	-	298
- Roads, Bridges, Footpaths	318,547	-	-	-	318,547
Other Assets	4,506	567	-	-	5,073
JV's / Associates - Other Comprehensive Income	(890)	-	-	-	(890)
<b>Total Asset Revaluation Reserve</b>	<b>765,159</b>	<b>(4,922)</b>	<b>-</b>	<b>-</b>	<b>760,237</b>
<b>Comparatives</b>	<b>735,835</b>	<b>29,324</b>	<b>-</b>	<b>-</b>	<b>765,159</b>

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## City of Marion

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

#### Note 9. Reserves (continued)

\$ '000	1/7/2017	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2018
<b>(b). Other Reserves</b>					
Open Space Reserve	1,188	53	(23)	-	1,218
Grants/Carry Forward Projects Reserve	13,698	11,077	(12,519)	-	12,256
Asset Sustainability Reserve	15,631	8,098	(2,073)	-	21,656
<b>Total Other Reserves</b>	<b>30,517</b>	<b>19,228</b>	<b>(14,615)</b>	<b>-</b>	<b>35,130</b>
<b>Comparatives</b>	<b>21,767</b>	<b>15,929</b>	<b>(7,179)</b>	<b>-</b>	<b>30,517</b>

#### 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).

##### Open Space Reserve

Purpose - this reserve has been established to account for the following:

- I. set aside open space contributions provided by developers in accordance with the Development Act (conditions may apply)
- II. separate net proceeds associated with Road Closures.
- III. net proceeds associated with disposal of minor land holdings
- IV. funds received from the 'Urban Trees Fund'

Use of Fund - monies can be applied to the development of Open Space facilities as approved by Council and in accordance with the Open Space Policy (pending). Interest revenues earned on contributions provided by developer are transferred to the Fund.

##### Grants/Carry Forward Projects Reserve

Purpose - this reserve was created for:

*Grants received in advance* - occasionally a funding body has provided Grant funds relating to the following financial year in advance. When this has occurred, it has been necessary to transfer these funds to this reserve so that they can be matched against the expenditures planned to be incurred in the next financial year.

*Unexpended Grants* - when grant monies have not been fully acquitted in the financial year this reserve is used to transfer the unexpended balance to the following year.

*Carryovers* - typically represents unspent capital and service improvements budgets carried forward to the following financial year.

*Use of Fund* - monies are utilised in accordance with the original purpose.

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

Note 9. Reserves (continued)

**Asset Sustainability Reserve**

Purpose - this is a reserve fund established to:

- I. Primary Purpose – Provide Council with the ability to access sufficient funds to enable it to respond to a major infrastructure failure or fund an infrastructure gap identified in periodic asset audits. A minimum balance of \$2 million will be retained in the Asset Sustainability Reserve for this purpose.
- II. Assist Council fund its Long Term Asset Management objectives.
- III. Provide a means by which to spread the cost of intergenerational assets thereby reducing the need for borrowing
- IV. Provide a means by which Council can strategically plan to maintain its asset base within a long term Financial framework.
- V. Quarantine funds specifically set aside in the Community Facilities Partnership Program (CFPP) for the purpose of funding the renewal, upgrade and purchase of Council assets as resolved by Council. This will include encouraging organisations leasing council facilities to seek partnership funding for required renewal and upgrade of those community facilities.

The Asset Sustainability Reserve will be funded from planned surpluses identified in the Long Term Financial Plan (LTFP) and from funds specifically set aside for the CFPP in the LTFP.

Use of Fund - Reserve transfers will be controlled by specific Council resolutions or identified as part of the approved annual Strategic Plan and Budget.

Note 10. Assets Subject to Restrictions

\$ '000	Notes	2018	2017
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The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

**Cash & Financial Assets**

**Unexpended amounts received from Federal Government**

Other	4,028	2,839
<b>Total Cash &amp; Financial Assets</b>	<b>4,028</b>	<b>2,839</b>
<b>Total Assets Subject to Externally Imposed Restrictions</b>	<b>4,028</b>	<b>2,839</b>

## City of Marion

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

#### Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2018	2017
<b>(a). Reconciliation of Cash</b>			
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	21,509	29,913
<b>Balances per Statement of Cash Flows</b>		<b>21,509</b>	<b>29,913</b>
<b>(b). Reconciliation of Change in Net Assets to Cash from Operating Activities</b>			
<b>Net Surplus/(Deficit)</b>		<b>11,246</b>	<b>13,410</b>
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		16,991	16,870
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(521)	(400)
Non-Cash Asset Acquisitions		(131)	(439)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(1,522)	(2,524)
Net (Gain) Loss on Disposals		1,311	1,226
Other		2	-
		<b>27,376</b>	<b>28,143</b>
<b>Add (Less): Changes in Net Current Assets</b>			
Net (Increase)/Decrease in Receivables		(38)	(1,086)
Net (Increase)/Decrease in Inventories		21	(72)
Net (Increase)/Decrease in Other Current Assets		58	(4)
Net Increase/(Decrease) in Trade & Other Payables		(457)	4,152
Net Increase/(Decrease) in Unpaid Employee Benefits		182	4
<b>Net Cash provided by (or used in) operations</b>		<b>27,142</b>	<b>31,137</b>
<b>(c). Non-Cash Financing and Investing Activities</b>			
<b>Acquisition of assets by means of:</b>			
- Physical Resources Received Free of Charge	2i	131	439
<b>Amounts recognised in Income Statement</b>		<b>131</b>	<b>439</b>
<b>Total Non-Cash Financing &amp; Investing Activities</b>		<b>131</b>	<b>439</b>
<b>(d). Financing Arrangements</b>			
<b>Unrestricted access was available at balance date to the following lines of credit:</b>			
Corporate Credit Cards		75	75
LGFA Cash Advance Debenture Facility		11,000	11,000
The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Council also has immediate access to a short-term draw-down facility, and variable interest rate borrowings under a cash advance facility, both from the Local Government Finance Authority of SA.			

## 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
<b>\$ '000</b>										
<b>Leader in the Delivery of the Community Vision</b>										
Development Assessment	1,042	1,086	3,823	3,669	(2,781)	(2,583)	-	3	-	-
Crime Prevention	1	1	388	390	(387)	(389)	-	-	-	-
Community Support & Development	5,269	3,404	10,130	9,701	(4,861)	(6,297)	3,399	1,999	116,030	115,560
Public & Environment Health	87	90	895	843	(808)	(753)	35	38	-	-
General Inspection	1,359	1,011	1,610	1,589	(251)	(578)	-	1	-	-
Public Infrastructure	3,503	3,713	18,988	18,132	(15,485)	(14,419)	2,910	3,319	676,208	707,144
Open Space	711	260	13,288	12,000	(12,577)	(11,740)	468	59	290,111	264,162
Public Conveniences	3	2	607	516	(604)	(514)	-	-	3,172	3,005
Strategic Projects	182	25	1,356	1,276	(1,174)	(1,251)	-	21	-	1
Asset Management	-	-	-	-	-	-	-	-	15,967	17,492
Neighbourhood Centres	778	640	2,481	2,480	(1,703)	(1,840)	521	382	7,820	6,882
Cultural Development	353	311	3,453	3,371	(3,100)	(3,060)	2	24	14,852	11,129
Libraries	675	700	7,483	7,518	(6,808)	(6,818)	558	547	14,612	14,581
Waste & Recycling	96	56	7,956	7,525	(7,860)	(7,469)	9	3	5,739	5,972
Economic Development	195	204	1,002	749	(807)	(545)	200	160	-	-
<b>Total Leader in the Delivery of the Community Vision</b>	<b>14,302</b>	<b>11,503</b>	<b>74,865</b>	<b>69,759</b>	<b>(60,563)</b>	<b>(58,256)</b>	<b>8,102</b>	<b>6,556</b>	<b>1,144,511</b>	<b>1,145,928</b>
<b>Organisation of Excellence</b>										
Governance	1	89	4,191	4,130	(4,190)	(4,041)	-	1	-	2
Service Quality	-	1	168	136	(168)	(135)	-	-	589	578
<b>Total Organisation of Excellence</b>	<b>1</b>	<b>90</b>	<b>4,359</b>	<b>4,266</b>	<b>(4,358)</b>	<b>(4,176)</b>	<b>-</b>	<b>1</b>	<b>589</b>	<b>580</b>
<b>Treasury</b>	<b>77,730</b>	<b>76,167</b>	<b>2,426</b>	<b>2,462</b>	<b>75,304</b>	<b>73,705</b>	<b>1,852</b>	<b>2,685</b>	<b>55,137</b>	<b>48,316</b>
<b>Total Functions/Activities</b>	<b>92,033</b>	<b>87,760</b>	<b>81,650</b>	<b>76,487</b>	<b>10,383</b>	<b>11,273</b>	<b>9,954</b>	<b>9,242</b>	<b>1,200,237</b>	<b>1,194,824</b>

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

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

Note 12b. Components of Functions

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**The activities relating to Council functions are as follows:**

**Leader in the Delivery of the Community Vision – “Broad Horizons, Bright Future”**

**PUBLIC INFRASTRUCTURE**

Includes the design, development and maintenance of footpaths, streets, drainage and kerb and water table, as well as street signs, traffic control devices and line-marking ensuring that local neighbourhoods are safe and accessible with good amenity

**WASTE & RECYCLING**

Services including domestic kerbside collection, hard rubbish collection, street sweeping and general litter collection to maintain cleanliness and amenity

**OPEN SPACE**

Parks, reserves, ovals and streetscape development and maintenance providing well maintained public spaces for use by all members of the community

**LIBRARIES**

Providing opportunities for learning and social activities for all ages and interests

**ASSET MANAGEMENT**

Management and maintenance of Council properties enabling them to be utilised by members of the community for various purposes such as meetings, social activities and programs

**COMMUNITY SUPPORT & DEVELOPMENT**

Services such as home and community care, youth services, support for volunteers and community transport providing direct support to groups within the community

**COMMUNITY DEVELOPMENT**

Recreation, sport and leisure facilities, services and activities that provide opportunities for community members to socialise and undertake physical activity

**DEVELOPMENT ASSESSMENT**

Building and planning services which ensure that houses are safely constructed and designed and developed in a manner which is sympathetic to the local neighbourhood

**CULTURAL DEVELOPMENT**

Supporting community involvement in arts and cultural activity and expression, celebrating diversity, indigenous people and those from culturally and linguistically diverse backgrounds. This includes the Marion Cultural Centre and Living Kaurna Cultural Centre providing cultural and artistic experiences for the community

**TREES**

Provision of street trees and revegetation programs to improve amenity and promote, where possible, the use of indigenous plants

**NEIGHBOURHOOD CENTRES**

Providing opportunities for learning and social activities for all ages and interests



## Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

### Note 12b. Components of Functions (continued)

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#### **PUBLIC & ENVIRONMENTAL HEALTH**

Services such as food safety and public health inspections, immunisation and enforcement of certain environmental regulations as well as Planning, information, advice and demonstration to promote environmentally sensitive practices by both Council and the community

#### **ECONOMIC DEVELOPMENT**

Planning and support for existing and potential businesses to assist businesses to adapt to changing circumstance and provide an employment base for the Marion community

#### **STRATEGIC PROJECTS**

Major projects such as the Marion South Plan and State Aquatic Centre aimed at providing improved services and facilities for the Community

#### **CRIME PREVENTION**

Services such as graffiti removal and working with other agencies to improve the safety and amenity of the community

#### **GENERAL INSPECTION**

Services include dog and cat control, pest control, parking control and the enforcement of by-laws to ensure that the community is safe and orderly

#### **PUBLIC CONVENIENCES**

Services such as provision and maintenance of public toilets in close proximity to highly frequented reserves and other open space areas

#### **Organisation of Excellence**

To lead in the delivery of the Community Vision, the organisation must maintain its sustainability. This underpins our Corporate Vision of "An Organisation of Excellence". To achieve this, the following essential support services are funded in the budget.

#### **Excellence in Governance**

##### **Elected Member Support**

Provision of services which enable Elected Members to undertake their role in making decisions for the Council and community, including Council meetings, elections, council receptions and Sister City activities

##### **Strategic, corporate and sustainability planning and policy development**

To ensure that Council is progressing towards achieving the Community Vision 2020 and its strategic social, cultural, and economic and environmental sustainability goals in a transparent and accountable manner, working with our Local, State, and Federal Government partners

##### **Financial services**

Including budgeting, rating, accounts management and payroll, which ensure sound and transparent financial management which enables Council to provide adequate services and facilities and appropriately address community needs

##### **Risk management policy, development and internal audit**

Activities to ensure that Council is continuously improving its management systems

##### **External relations, communication and community engagement**

Enables the community to be appropriately and adequately informed about the activities and decisions of the Council

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

### Note 12b. Components of Functions (continued)

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#### **Service Quality**

##### **Customer service**

In particular the Customer Service Centre, which enables Council staff to liaise with the community to address issues and concerns directly with Council, as well as provide the community with information and referral to other services provided in the region

##### **Information technology**

Provides support to Council staff for their technological needs to enable them to contribute towards delivery of the Community Vision as well as access by the community to Council information and services through the internet and email

##### **Information Management**

Enables Council to keep adequate and appropriate records of activities and decisions

#### **Employer of Choice**

##### **Human Resources**

Services that provide support for staff to undertake their roles to deliver the Community Vision

##### **Occupational Health & Safety**

Services to ensure that work is undertaken in a manner that is safe for the staff and community

### Note 13. Financial Instruments

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#### **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 2.15% and 2.35% (2017: 1.85% and 2.40%). Short term deposits have an average maturity of 98 days and an average interest rate of 2.34% (2017: 95 days and 2.42%).

##### **Carrying Amount:**

Approximates fair value due to the short term to maturity.

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

Note 13. Financial Instruments (continued)

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**Recognised Financial Instruments**

**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 2% (2017: 2%). 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).

**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.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

### Note 13. Financial Instruments (continued)

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#### Recognised Financial Instruments

##### 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.

##### 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 over 10 to 15 years; interest is charged at fixed rates between 5.80% and 6.85% (2017: 5.80% and 6.85%).

##### Carrying Amount:

Approximates fair value.

##### Liabilities

##### Finance Leases

##### Accounting Policy:

Accounted for in accordance with AASB 117.

## City of Marion

### 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
<b>2018</b>					
<b><u>Financial Assets</u></b>					
Cash & Equivalents	21,509	-	-	21,509	21,509
Receivables	1,829	-	-	1,829	1,829
Other Financial Assets	27,450	-	-	27,450	27,450
<b>Total Financial Assets</b>	<b>50,788</b>	<b>-</b>	<b>-</b>	<b>50,788</b>	<b>50,788</b>
<b><u>Financial Liabilities</u></b>					
Payables	10,339	-	-	10,339	10,339
Current Borrowings	1,570	-	-	1,570	1,100
Non-Current Borrowings	-	5,301	3,155	8,456	6,805
<b>Total Financial Liabilities</b>	<b>11,909</b>	<b>5,301</b>	<b>3,155</b>	<b>20,365</b>	<b>18,244</b>
<b>2017</b>					
<b><u>Financial Assets</u></b>					
Cash & Equivalents	29,913	-	-	29,913	29,913
Receivables	1,930	-	-	1,930	1,930
Other Financial Assets	11,900	-	-	11,900	11,900
<b>Total Financial Assets</b>	<b>43,743</b>	<b>-</b>	<b>-</b>	<b>43,743</b>	<b>43,743</b>
<b><u>Financial Liabilities</u></b>					
Payables	10,235	-	-	10,235	10,235
Current Borrowings	1,743	-	-	1,743	1,197
Non-Current Borrowings	-	5,791	4,235	10,026	7,905
<b>Total Financial Liabilities</b>	<b>11,978</b>	<b>5,791</b>	<b>4,235</b>	<b>22,004</b>	<b>19,337</b>

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	6.16%	7,905	6.17%	9,102
		<b>7,905</b>		<b>9,102</b>

#### **Net Fair Value**

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



## City of Marion

### 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

##### Capital Commitments

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

Land	69	56
Buildings	533	961
Infrastructure	1,237	2,952
Plant & Equipment	21	208
Other	274	64
	<b>2,134</b>	<b>4,241</b>

##### **These expenditures are payable:**

Not later than one year	2,134	4,241
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	<b>2,134</b>	<b>4,241</b>

## City of Marion

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

#### Note 15. Financial Indicators

	Amounts	Indicator	Prior Periods	
\$ '000	2018	2018	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	10,904	12%	13%	12%
Total Operating Income	92,566			

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

##### 2. Net Financial Liabilities Ratio

Net Financial Liabilities	(30,471)	(33%)	(25%)	(8%)
Total Operating Income	92,566			

*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	10%	12%	12%
Adjusted Net Financial Liabilities Ratio	(33%)	(25%)	(8%)

##### 3. Asset Sustainability Ratio

Net Asset Renewals	13,278	78%	75%	84%
Infrastructure & Asset Management Plan required expenditure	16,991			

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

## City of Marion

### 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	92,566	88,173
less Expenses	(81,662)	(76,500)
<b>Operating Surplus / (Deficit)</b>	<b>10,904</b>	<b>11,673</b>
<b>Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	(13,807)	(12,675)
add back Depreciation, Amortisation and Impairment	16,991	16,870
add back Proceeds from Sale of Replaced Assets	529	2,049
<b>Subtotal</b>	<b>3,713</b>	<b>6,244</b>
<b>Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(8,687)	(4,931)
add back Amounts Received Specifically for New and Upgraded Assets	1,522	2,524
add back Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	318	363
<b>Subtotal</b>	<b>(6,847)</b>	<b>(2,044)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>7,770</b>	<b>15,873</b>

## City of Marion

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

#### Note 17. Operating Leases

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\$ '000	2018	2017
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##### 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	279	300
Later than one year and not later than 5 years	292	287
Later than 5 years	142	-
	<u>713</u>	<u>587</u>

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

### Note 18. Superannuation

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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 3.2% 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.

## City of Marion

### 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	521	400	5,815	6,059
<b>Total</b>	<b>521</b>	<b>400</b>	<b>5,815</b>	<b>6,059</b>

#### (i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

##### (a) Carrying Amounts

Name of Entity	Principal Activity	2018	2017
Southern Region Waste Resource Authority (SRWRA)	Waste Disposal	5,739	5,971
Council Solutions	Procurement	76	88
<b>Total Carrying Amounts - Joint Ventures &amp; Associates</b>		<b>5,815</b>	<b>6,059</b>

##### **Southern Region Waste Resource Authority (SRWRA)**

The Southern Region Waste Resource Authority was established under Section 43 of the Local Government Act to provide and operate services for the management of waste and waste facilities under its control on behalf of its constituent councils.

The SRWRA owns and operates the Southern Region Waste Disposal Depot on behalf of the Cities of Holdfast Bay, Marion and Onkaparinga.

The City of Marion has an equal voting right and a 30% interest in the assets and liabilities of SRWRA. For the year ended 30 June 2018, the net assets of SRWRA total \$19,133,000. The City of Marion interest, totalling \$5,739,000 is disclosed below.

In 2006 the decision was taken to equity account for this investment due to a change in the operations of the business. Initial balances were brought to account through accumulated surplus.

##### **Council Solutions**

Established by the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully in December 2012, this regional joint venture has been established for the purposes of providing a centre of excellence in procurement and to provide services to the Constituent Councils

The City of Marion has a 16.67% interest in the assets and liabilities of Council Solutions. For the year ended 30 June 2018, the net assets of Council Solutions total \$455,000. The City of Marion interest, totalling \$76,000 is disclosed below.



## City of Marion

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

#### Note 19. Interests in Other Entities

\$ '000

##### (b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2018	2017	2018	2017	2018	2017
Southern Region Waste Resource Authority (SRWRA)	30%	30%	30%	30%	30%	30%
Council Solutions	17%	17%	17%	17%	17%	17%

##### (c) Movement in Investment in Joint Venture or Associate

	Southern Region Waste Resource Authority (SRWRA)		Council Solutions	
	2018	2017	2018	2017
Opening Balance	5,971	5,558	88	101
Share in Operating Result	533	413	(12)	(13)
Distributions Received	(765)	-	-	-
<b>Council's Equity Share in the Joint Venture or Associate</b>	<b>5,739</b>	<b>5,971</b>	<b>76</b>	<b>88</b>

##### (d). Share of Joint Operations Expenditure Commitments

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

	2018	2017
<b>(i) Operating Expenditures Payable</b>		
Not later than one year	18	18
Later than one year and not later than 5 years	19	37
Later than 5 years	-	-
	<b>37</b>	<b>55</b>

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

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

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2018

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

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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.

#### 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 currently has no guaranteed loans or other banking facilities advanced to community organisations and sporting bodies at reporting date.

#### 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 4 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

## City of Marion

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

#### Note 22. Events after the Balance Sheet Date

---

Events that occur after the reporting date of 30 June 2018, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 09/10/18.

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

#### Note 23. Related Party Transactions

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\$ '000	2018	2017
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##### Key Management Personnel

##### Transactions with Key Management Personnel

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

##### The compensation paid to Key Management Personnel comprises:

Salaries, Allowances & Other Short-Term Employee Benefits	1,190	1,167
Post-Employment Benefits	77	74
<b>Total</b>	<b>1,267</b>	<b>1,241</b>

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 no receipts from Key Management Personnel.



## **Independent Auditor's Report to the Members of the Corporation of the City of Marion**

### **Opinion**

We have audited the financial report of the Corporation of the City of Marion (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 statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration the Chief Executive Officer.

In our opinion the accompanying financial report presents fairly, in all material respects, the Entity's financial position as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with 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 Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### **Other Information**

The Chief Executive Officer is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Chief Executive Officer's Responsibilities for the Financial Report**

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

In preparing the financial report, the Chief Executive Officer is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Executive Officer either intends to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

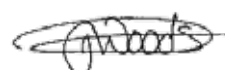
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

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

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

We communicate with the Chief Executive Officer 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.

  
DELOITTE TOUCHE TOHMATSU



Penny Woods  
Partner  
Chartered Accountants  
Adelaide, 9 October 2018

# **Independent Assurance Report to the members of the Corporation of the City of Marion**

## ***Opinion***

We have undertaken a reasonable assurance engagement on the Corporation of the City of Marion (the "Council")'s compliance, in all material respects, with the requirement to design and implement internal controls to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions, as evaluated against Section 125 of the Local Government Act 1999, for the period from 1 July 2017 to 30 June 2018.

In our opinion, the Council has complied, in all material respects, with the requirement to design and implement internal controls to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions, as evaluated against Section 125 of the Local Government Act 1999, for the period from 1 July 2017 to 30 June 2018.

## ***Basis for Opinion***

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* ("ASAE 3100") issued by the Auditing and Assurance Standards Board.

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

## ***The Council's Responsibilities***

The Council is responsible for:

- a) The compliance activity undertaken to meet Section 125 of the Local Government Act 1999 in relation to the design and implementation of internal controls;
- b) Identifying risks that threaten compliance with Section 125 of the Local Government Act 1999 in relation to the design and implementation of internal controls identified above being met;
- c) Identifying suitable compliance requirements as specified by Section 125 of the Local Government Act 1999 in relation to the design and implementation of internal controls; and
- d) Identifying, designing and implementing controls to enable Section 125 of the Local Government Act 1999 to be met and to monitor ongoing compliance.

## ***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.



## **Assurance Practitioner's Responsibilities**

Our responsibility is to express an opinion on the Council's compliance, in all material respects, with the requirement to design and implement internal controls to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions, as evaluated against Section 125 of the Local Government Act 1999, for the period from 1 July 2017 to 30 June 2018. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether the Council has complied, in all material respects, with the requirement to design and implement internal controls to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions, as evaluated against Section 125 of the Local Government Act 1999, for the period from 1 July 2017 to 30 June 2018.

An assurance engagement to report on the Council's compliance with the requirement to design and implement internal controls to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the compliance requirements. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance with requirement to design and implement internal controls to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions, as evaluated against Section 125 of the Local Government Act 1999.

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

## **Inherent Limitations**

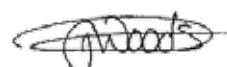
Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with compliance requirements may occur and not be detected.

A reasonable assurance engagement for the period from 1 July 2017 to 30 June 2018 does not provide assurance on whether compliance with requirement to design and implement internal controls to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions will continue in the future.

## **Restricted Use**

This report has been prepared for use by the members of the Council in accordance with *Section 129 of the Local Government Act 1999* in relation to the design and implementation of internal controls. We disclaim any assumption of responsibility for any reliance on this report to any person other than the members of the Council, or for any purpose other than that for which it was prepared.

  
DELOITTE TOUCHE TOHMATSU



Penny Woods  
Partner  
Chartered Accountants  
Adelaide, 9 October 2018

## City of Marion

### 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 Marion for the year ended 30 June 2018, the Council's Auditor, Deloitte Touche Tohmatsu has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

  
\_\_\_\_\_  
Adrian Skull  
**CHIEF EXECUTIVE OFFICER**

Date: 2.10.18

  
\_\_\_\_\_  
Greg Connor  
**PRESIDING MEMBER, AUDIT COMMITTEE**



9 October 2018

Corporation of the City of Marion  
245 Sturt Road  
STURT SA 5047

Dear Members

**Auditor's Independence Declaration to the Corporation of the City of Marion**

In accordance with the Local Government (Financial Management) Regulations 2011, I am pleased to provide the following declaration of independence to the councillors of the Corporation of the City of Marion.

I confirm that, for the audit of the financial statements of the Corporation of the City of Marion for the 30 June 2018 financial year, 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.

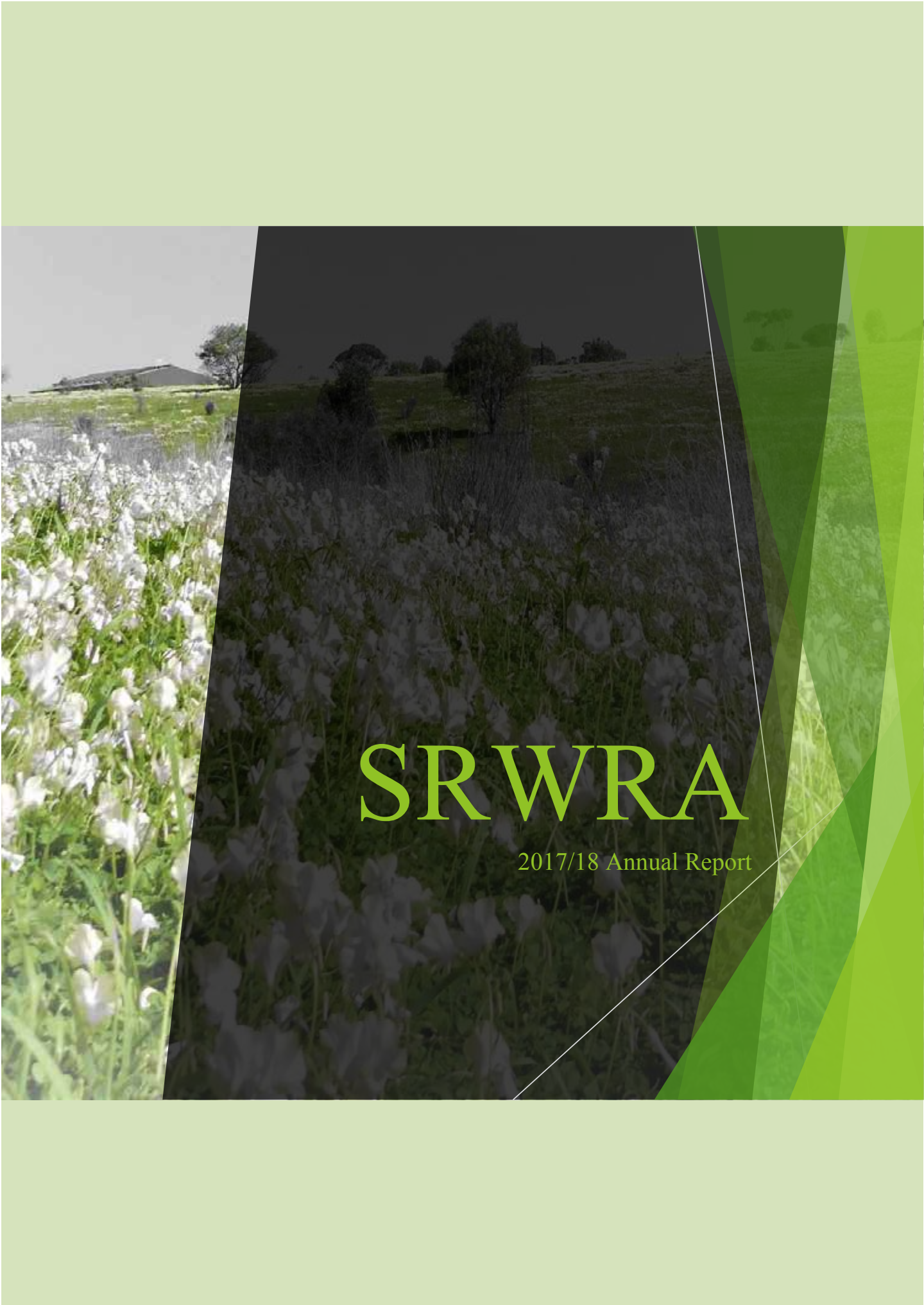
Yours faithfully

A handwritten signature in dark ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in dark ink that appears to read "Penny Woods".

Penny Woods  
Partner  
Chartered Accountants



# SRWRA

2017/18 Annual Report



SRWRA is a regional subsidiary established by the Cities of Onkaparinga, Marion and Holdfast Bay, pursuant to Section 43 of the Local Government Act, 1999.

Under our Charter, SRWRA is responsible for providing and operating waste management services on behalf of our constituent Councils.

At a practical level, our core business activity is the management of our wholly-owned SRWRA Landfill and Recycling Operation employing innovative resource recovery approaches in managing all products and materials as valuable and finite resources. This is one of the State's major landfill operations currently receiving over 100,000 tonnes of waste annually.

Since 1996 the Authority has been extracting landfill gas (methane) through its gas management plant. On average, the Authority generates over 18,000MWh per annum from the SRWRA Landfill facility, equivalent to powering more than 2,500 local homes. As a result, more than 6.8m cubic metres of methane from the SRWRA's Landfill Gas site is consumed, CO2 abatement equivalent to taking 26,000 cars off the road.

The SRWRA's joint venture operation with Integrated Waste Services (IWS) has developed through 2017/18 with significant improvements in the recycling programme through the jointly operated Southern Recycling Centre (SRC) realising significant improvements in the reduction of waste to landfill.

#### **Joint Venture Partner**



#### **Constituent Councils**





## **Chairperson's Message**



Waste management impacts many aspects of society and the economy. This has never been more evident than in the past 12 months when the Chinese government stopped taking recyclable materials from Australia, an action which focused our collective consciousness on the need to ensure we have sustainable markets for recycled materials in Australia.

As a country we have a strong commitment to recycling and South Australia has long been at the forefront of this. For many people, recycling means putting waste in the yellow-top bin with the expectation that this is then sorted and turned back into its base materials such as paper, glass, plastics etc. Unfortunately, all too much of this product is not suitable for recycling and ends up in a landfill. This must change. In Australia we need to proactively stimulate markets for the use of recycled materials so that industry will continue to invest and innovate to produce products which rely less on virgin materials. The circular economy needs commitment from government at the policy level, all levels of government from a procurement perspective and from the consumer. We must strive to keep resources in use for as long as possible, extract the maximum value from them while they

are in use, then recover and regenerate products and materials at the end of each service lifecycle. We need our businesses and governments to actively prioritise the use of recycled goods or to introduce recycled material quotas.

As the Southern Region Waste Resource Authority, we continue to ensure that we are investing in the technology and systems to increase resource recovery from our operations. The Southern Recycling Centre is now operating effectively and has diverted over 10,000 tonnes from landfill over the past 12 months, and we expect this volume to increase over time.

Our landfill operation is one of the South Australia's largest, and it continues to be a very important component in ensuring SRWRA continues to fulfil its responsibility to provide and operate waste management services on behalf of its Constituent Councils.

We have again delivered an excellent financial performance distributing \$2.550 million to the Constituent Councils while keeping waste disposal costs very competitive in the market.

The Board, the Audit Committee and our staff, capably led by Chief Executive Mark Hindmarsh, are to be commended for their dedication and commitment to ensure the Authority continues to meet the objectives and responsibilities outlined in its Charter in a fiscally and environmentally sustainable manner.

On behalf of the Board of the Southern Region Waste Resource Authority, I am pleased to submit the Annual Report for the 2018 financial year.



## *Board of Management as at June 30<sup>th</sup> 2018*

### **Chairperson**



### **Members**

Mark Booth



Kirk Richardson  
City of Onkaparinga



Vincent Mifsud  
City of Marion



Lynda Yates  
City of Holdfast Bay



Alison Hancock  
City of Onkaparinga



Ian Crossland  
City of Marion



Roberto Bria  
City of Holdfast Bay

### **Deputy Members**



Heidi Greaves  
City of Onkaparinga



Nick Kerry  
City of Marion



John Smedley  
City of Holdfast Bay

### **Chief Executive Officer's Message**



The past year has seen an increased focus on the Waste Management Sector especially around the recovery of reusable and recyclable waste products.

The Authority is committed to sustainability and sets a high environmental standard for its incorporation and use of recycled products which promotes the regeneration of recyclable products and supports the key delivery outcomes by reducing reliance on disposal to landfill.

Recovery and reuse form a staple part of the landfill and recycling operations with over 40,000 tonnes of waste being recovered for reuse on site this year. An integral part of the recovery and diversion from landfill process comes from the Southern Recycling Centre diverting over 10,000 tonnes of organic waste from landfill this year for positive reuse.

The Authority continues to develop its operations incorporating new advancements in lining technology, pioneering an Australian first with a new lining design and application.

The culmination of investigation and exploration of several developments and efficiencies in the use of recovered products has seen the Authority deliver a milestone financial performance distributing \$2.55 million to its Constituent Councils whilst assuring low cost competitive disposal costs for its members.

With several successful projects coming to fruition the year has been an educational year of working with new technologies to enhance the operation of the waste management and resource recovery systems at the Authority.

SRWRA has a dedicated team and strong supportive Board who are integral to the momentum of efficiencies and continuous improvements across the administration and operations of the SRWRA landfill and recycling operations.

I would like to take this opportunity to extend my thanks and appreciation to the SRWRA staff, Board members and Audit Committee members for their hard work and dedicated contribution over the past twelve months, strengthening the Authorities commitment and responsibilities to waste management on behalf of its Constituent Councils.

In the continued development of the SRWRA's community educational initiatives each year the Authority writes to all the local primary schools in the Constituent Council areas promoting the Les Perry Memorial Grant Programme. Schools in the Constituent Council areas are encouraged to apply to the Authority for a grant of approximately \$500 each to focus on recycling and educating children on the importance of recycling and re-use of common household waste materials. A total of 14 schools were successfully awarded the grant this year.

I am pleased to report that the 2017/18 financial period for the Authority showed an operating surplus of \$1.75M for the year ended 30th June 2018. This is an excellent result, built around the improvements and ongoing efficiencies of the operations over the past twelve months. The Authority strives to operate a reasonable commercial return to the Constituent Councils whilst ensuring there are adequate financial reserves to meet future developments and post closure requirements of its operations.

A complete copy of the Audited Financial Statements for 2017/18 form part of this report.

As the demands on the Waste Industry continues to evolve and develop, I look forward to leading the Authority through the challenges and exciting opportunities in the year ahead.



## **FINANCIAL REPORT**

For the Financial Year Ended 30 June 2018

# SOUTHERN REGION WASTE RESOURCE AUTHORITY

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## SOUTHERN REGION WASTE RESOURCE AUTHORITY

### ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2018

#### CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Southern Region Waste Resource Authority Board to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards*.

- the financial statements present a true and fair view of the Authority's financial position at 30 June 2018 and the results of its operations and cashflows for the financial year.

- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable throughout the financial year.

- the financial statements accurately reflect the Authority's accounting and other records.



.....  
Mark Booth  
Chairman



.....  
Mark Hindmarsh  
Executive Officer

Dated the 12<sup>th</sup> day of Sept 2018

## SOUTHERN REGION WASTE RESOURCE AUTHORITY

### STATEMENT OF COMPREHENSIVE INCOME for the financial year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>INCOME</b>			
User charges	2	11,713	11,617
Investment income	2	620	552
Other Income	2	1,201	244
Net gain - equity accounted Joint Venture	15	176	265
<b>Total Income</b>		<b>13,710</b>	<b>12,678</b>
<b>EXPENSES</b>			
Employee costs	3	1,189	1,194
Materials, contracts & other expenses	3	9,777	9,240
Depreciation, amortisation & impairment	3	908	949
Other Expenses	3	80	78
Net loss - equity accounted Joint Venture	15	-	-
<b>Total Expenses</b>		<b>11,954</b>	<b>11,461</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>1,756</b>	<b>1,217</b>
Net gain (loss) on disposal or revaluation of assets	4	21	18
Amounts received specifically for new or upgraded assets		-	140
<b>NET SURPLUS / (DEFICIT)</b>		<b>1,777</b>	<b>1,375</b>
transfer to Equity Statement			
<b>Other Comprehensive Income</b>			
Changes in revaluation surplus - property, plant & equipment		-	-
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,777</b>	<b>1,375</b>

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



# SOUTHERN REGION WASTE RESOURCE AUTHORITY

## STATEMENT OF FINANCIAL POSITION as at 30 June 2018

		2018	2017
	Notes	\$'000	\$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	16,343	19,940
Trade & other receivables	5	1,839	2,025
Inventories	5	-	-
		<u>18,182</u>	<u>21,965</u>
<b>Total Current Assets</b>		<u>18,182</u>	<u>21,965</u>
<b>Non-current Assets</b>			
Equity Accounted Joint Venture	15	885	709
Property, Plant & Equipment	6	15,580	15,081
		<u>16,465</u>	<u>15,790</u>
<b>Total Non-current Assets</b>		<u>16,465</u>	<u>15,790</u>
<b>Total Assets</b>		<u>34,647</u>	<u>37,755</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	7	2,436	2,529
Provisions	7	101	149
		<u>2,537</u>	<u>2,678</u>
<b>Total Current Liabilities</b>		<u>2,537</u>	<u>2,678</u>
<b>Non-current Liabilities</b>			
Provisions	7	12,980	15,174
		<u>12,980</u>	<u>15,174</u>
<b>Total Non-current Liabilities</b>		<u>12,980</u>	<u>15,174</u>
<b>Total Liabilities</b>		<u>15,517</u>	<u>17,852</u>
<b>NET ASSETS</b>		<u>19,130</u>	<u>19,903</u>
<b>EQUITY</b>			
Accumulated Surplus		19,130	19,903
<b>TOTAL EQUITY</b>		<u>19,130</u>	<u>19,903</u>

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

## SOUTHERN REGION WASTE RESOURCE AUTHORITY

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

2018	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
Notes				
Balance at end of previous reporting period	19,903	-	-	19,903
Adjustments due to compliance with revised Accounting Standards	-	-	-	-
Adjustments to give effect to changed accounting policies	-	-	-	-
Restated Opening Balance	19,903	-	-	19,903
Net Surplus/ (Deficit) for Year	1,777			1,777
<b>Other Comprehensive Income</b>				
Gain on revaluation of infrastructure, property, plant & equipment	-	-	-	-
Transfers between reserves	-	-	-	-
Distributions to Member Councils	(2,550)	-	-	(2,550)
<b>Balance at end of period</b>	<b>19,130</b>	<b>-</b>	<b>-</b>	<b>19,130</b>

2017	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
Notes				
Balance at end of previous reporting period	18,528	-	-	18,528
Adjustments due to compliance with revised Accounting Standards	-	-	-	-
Adjustments to give effect to changed accounting policies	-	-	-	-
Restated Opening Balance	18,528	-	-	18,528
Net Surplus/ (Deficit) for Year	1,375	-	-	1,375
<b>Other Comprehensive Income</b>				
Gain on revaluation of infrastructure, property, plant & equipment	-	-	-	-
Transfers between reserves	-	-	-	-
Distributions to Member Councils	-	-	-	-
<b>Balance at end of period</b>	<b>19,903</b>	<b>-</b>	<b>-</b>	<b>19,903</b>

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

## SOUTHERN REGION WASTE RESOURCE AUTHORITY

### STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

		2018	2017
	Notes	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Operating receipts		13,439	11,927
Investment receipts		623	552
<u>Payments</u>			
Operating payments to suppliers & employees		(12,322)	(10,279)
<b>Net Cash provided by (or used in) Operating Activities</b>	8 (b)	<b>1,740</b>	<b>2,200</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		-	-
Sale of surplus assets		33	163
Distributions received from equity accounted Joint Venture	15	-	125
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(341)	(754)
Expenditure on new/upgraded assets		(2,479)	(863)
Capital contributed to equity accounted Joint Venture	15	-	-
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(2,787)</b>	<b>(1,329)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Payments</u>			
Distribution to Member Councils		(2,550)	-
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(2,550)</b>	<b>-</b>
<b>Net Increase (Decrease) in cash held</b>		<b>(3,597)</b>	<b>871</b>
Cash & cash equivalents at beginning of period		19,940	19,069
<b>Cash &amp; cash equivalents at end of period</b>	8 (a)	<b>16,343</b>	<b>19,940</b>

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

# SOUTHERN REGION WASTE RESOURCE AUTHORITY

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

### Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

#### 1 Basis of Preparation

##### 1.1 Compliance with Australian equivalents to International Financial Reporting Standards

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group Interpretations (UIGs) and relevant South Australian legislation.

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of City of Onkaparinga, City of Marion and the City of Holdfast Bay.

##### 1.2 Historical Cost Convention

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

##### 1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

##### 1.4 Rounding

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

#### 2 The Local Government Reporting Entity

Southern Region Waste Resource Authority operates as a regional subsidiary pursuant to Section 43 of the SA Local Government Act 1999 and Section 25 of the Local Government Implementation Act 1999, and has its principal place of business at 112 Bakewell Dr, Seaford Heights SA 5169.

#### 3 Income recognition

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

#### 4 Cash, Cash Equivalents and other Financial Instruments

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

Receivables are generally unsecured and do not bear interest.

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

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

## SOUTHERN REGION WASTE RESOURCE AUTHORITY

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

#### Note 1 - Significant Accounting Policies (cont)

##### 5 Infrastructure, Property, Plant & Equipment

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".

##### 5.1 Initial Recognition

All assets are initially recognised at cost. 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. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Authority includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

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

##### 5.2 Materiality

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

Capitalisation threshold applied of \$1,000 for all asset classes. Any purchases greater than this amount are capitalised and depreciated on the Authority's asset register.

##### 5.3 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are shown below. Depreciation on Landfill Construction assets are amortised proportionately to the rate of filling based upon the projected remaining airspace of landfill cells as at the beginning of the reporting period. The Authority annually assesses the remaining airspace of landfill cells and accordingly, depreciation and amortisation rates are adjusted to reflect these estimates. Depreciation periods for infrastructure assets have been estimated based on the best information available to the Authority, 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	3 -10 years
Buildings	30 - 50 years
Waste Facility	10 - 15 years
Landfill Construction	Amortised proportionately to rate of filling

##### 6 Payables

##### 6.1 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.

## SOUTHERN REGION WASTE RESOURCE AUTHORITY

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

#### Note 1 - Significant Accounting Policies (cont)

##### 7 Employee Benefits

###### 7.1 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.

The Authority recognises all presently entitled liabilities as current liabilities regardless of whether it is expected to be paid within the preceding 12 months of reporting date.

###### 7.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to Statewide Super. The Scheme has two types of membership, each of which is funded differently.

###### Accumulation Fund Members

*Accumulation fund members receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation 9.5% in 2017/18 (9.5% in 2016/17; 9.5% in 2015/16). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.*

###### Defined Benefit Members

*Defined benefit scheme is where the benefit payable is based on a formula determined by the member's contribution rate, number of years of contribution and final average salary. The Authority makes employer contributions as determined by the scheme's Trustee based on advice from the Scheme's Actuarial. The most recent full actuarial investigation conducted by the Scheme's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.*

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

##### 8 Rehabilitation

Expenditures relating to ongoing rehabilitation and restoration reduce any provision previously established.

The Authority annually monitors the liability recorded for landfill rehabilitation and restoration estimates and makes adjustments to the liability as required to ensure an accurate projected cost of the liability is showing in the balance sheet. The Authority will be undertaking further detailed reviews of all rehabilitation and restoration liability costs in future years with the assistance of external consultants to ensure all projected costs have been independently verified.

##### 9 Inventory

Inventory held by the Authority reflect materials stored on site which have either been purchased or gifted which will be used for future Cell and Capping construction works to be undertaken in future years.



## **SOUTHERN REGION WASTE RESOURCE AUTHORITY**

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

#### **Note 1 - Significant Accounting Policies (cont)**

##### **10 GST Implications**

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax". Receivables and Creditors include GST receivable and payable. Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable. Non-current assets and capital expenditures include GST net of any recoupment.

Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

##### **11 Comparative Information**

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with AIFRS.

##### **12 New Accounting Standards**

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

The Authority is of the view that none of the new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

##### **13 Valuation of Land and Building Assets**

Land and Building assets held by the Authority were valued by Opteon (South Australia) Pty Ltd with an effective valuation date of 30 June 2014 applied for financial reporting purposes. Assets were valued to their market value based on the current zoning of the Onkaparinga Council Development Plan and Environmental Protection Agency (EPA) constraints and assessed market values based on highest and best use. All purchases made post 30 June 2014 have been recorded at Cost.

##### **14 Capping Liability Review**

During the 2017/18 financial year, the Authority undertook a review of all the key assumptions and estimates in relation to the measurement of the Future Restoration liability recorded in Note 7 of the Financial Statements. The Authority engaged Golder Associates Pty Ltd to complete the independent assessment of the liability. As a result of work completed, Golder Associates estimated the liability to be \$1.471 million as at 30 June 2018. The Authority has applied an additional 10% contingency estimate on the Post Closure liability estimate for risk mitigating purposes which resulted in a total reduction in the liability of \$2.555 million reducing the balance of the provision for future restoration costs to \$1.605 million (2017: \$4.159 million).

As a result of the reduction in the liability, a non-cash income amount totalling \$0.886 million was recognised in the Statement of Comprehensive Income.

During the 2018/19 financial year, all other landfill capping liability estimates and assumptions will be reviewed and updated accordingly. Any changes to key assumptions or estimates will be applied in the 2018/19 financial year once the review has been completed.

# SOUTHERN REGION WASTE RESOURCE AUTHORITY

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

### Note 2 - INCOME

	Notes	2018 \$'000	2017 \$'000
<b>USER CHARGES</b>			
Landfill Operations		11,713	11,617
		<u>11,713</u>	<u>11,617</u>
<b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		444	488
Banks & other		24	22
Investment property rental income		152	42
		<u>620</u>	<u>552</u>
<b>OTHER INCOME</b>			
Movement in Landfill Liabilities	1.14	886	-
Other Income		48	88
Southern Recycling Centre		267	156
		<u>1,201</u>	<u>244</u>

### Note 3 - EXPENSES

<b>EMPLOYEE COSTS</b>			
Salaries and Wages		1,092	1,042
Employee leave expense		(42)	26
Superannuation		87	90
Workers' Compensation Insurance		52	50
Less: Capitalised and distributed costs		-	(14)
<b>Total Operating Employee Costs</b>		<u>1,189</u>	<u>1,194</u>
<b>Total Number of Employees</b>		<b>11</b>	<b>11</b>
<i>(Full time equivalent at end of reporting period)</i>			
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		18	16
Board Expenses		38	37
Operating Lease Rentals - cancellable leases		-	-
Subtotal - Prescribed Expenses		<u>56</u>	<u>53</u>
<u>Other Materials, Contracts &amp; Expenses</u>			
Contractors		143	238
Fuel		113	135
Equipment Hire		68	19
Maintenance		299	299
Legal Expenses		21	14
Levies paid- EPA Levy		8,547	8,018
Professional services		28	20
Southern Recycling Centre		187	60
Sundry		315	384
Subtotal - Other Materials, Contracts & Expenses		<u>9,721</u>	<u>9,187</u>
		<u><b>9,777</b></u>	<u><b>9,240</b></u>

# SOUTHERN REGION WASTE RESOURCE AUTHORITY

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

### Note 3 - EXPENSES (cont)

	Notes	2018 \$'000	2017 \$'000
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Landfill Construction		394	488
Buildings & Waste Facility		140	99
Plant & Equipment		374	362
Impairment	6	-	-
		<u>908</u>	<u>949</u>
<b>OTHER EXPENSES</b>			
Transfer to Provision of Cell 3-1 & 3-2 Capping		80	78
		<u>80</u>	<u>78</u>

### Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

<b>PROPERTY, PLANT &amp; EQUIPMENT</b>			
Proceeds from disposal		33	163
Less: Carrying amount of assets sold		(12)	(145)
<b>Gain (Loss) on disposal</b>		<u>21</u>	<u>18</u>
<b>NET GAIN (LOSS) ON DISPOSAL OF ASSETS</b>		<u>21</u>	<u>18</u>

### Note 5 - CURRENT ASSETS

<b>CASH &amp; EQUIVALENT ASSETS</b>			
Cash on Hand and at Bank		2,013	3,787
Short Term Deposits & Bills, etc		14,330	16,153
		<u>16,343</u>	<u>19,940</u>
<b>TRADE &amp; OTHER RECEIVABLES</b>			
Accrued Revenues		22	19
Debtors - general		1,813	1,994
Prepayments		4	12
		<u>1,839</u>	<u>2,025</u>
<b>INVENTORIES</b>			
Stores & Materials		-	-
		<u>-</u>	<u>-</u>

# SOUTHERN REGION WASTE RESOURCE AUTHORITY

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

### Note 6 - PROPERTY, PLANT & EQUIPMENT

	2017					2018				
	\$'000					\$'000				
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT		AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	
Land	1,427	400	-	1,827		1,427	2,556	-	3,983	
Buildings	560	3,825	(351)	4,034		560	4,042	(491)	4,111	
Plant & Equipment	-	4,150	(2,358)	1,792		-	4,393	(2,651)	1,742	
Office Equipment	-	132	(102)	30		-	148	(113)	35	
<b>Landfill Construction:</b>										
Landfill Cell 3-1 & 3-2	-	-	-	-		-	-	-	-	
Landfill Cell's 3-1 & 3-2 Capping	-	-	-	-		-	-	-	-	
Cell 3-3 & 3-4 (Lower)	-	-	-	-		-	-	-	-	
Cell 3-3 & 3-4 (Lower) Capping	-	-	-	-		-	-	-	-	
Cell 4	-	-	-	-		-	-	-	-	
Cell 4 (Capping)	-	-	-	-		-	-	-	-	
Super Cell		7,436	(4,867)	2,569			7,511	(5,042)	2,469	
Super Cell Capping		4,737	(1,777)	2,960			4,887	(1,982)	2,905	
Post Closure Rehabilitation	-	5,851	(5,740)	111		-	5,974	(5,756)	218	
Future Restoration Costs	-	4,159	(2,495)	1,664		-	4,159	(4,159)	-	
Work in Progress	-	94	-	94		-	117	-	117	
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	1,987	30,784	(17,690)	15,081		1,987	33,787	(20,194)	15,580	
<b>Comparatives</b>	<b>1,987</b>	<b>36,085</b>	<b>(23,611)</b>	<b>14,461</b>		<b>1,987</b>	<b>30,784</b>	<b>(17,690)</b>	<b>15,081</b>	

This Note continues on the following pages.

# SOUTHERN REGION WASTE RESOURCE AUTHORITY

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

### Note 6 - PROPERTY, PLANT & EQUIPMENT

	2017 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR								2018 \$'000
		\$'000								
		Additions		Disposals	Depreciation	Impairment	Adjustments	Transfer		
		Capital	Renewals							
Land	1,827	2,156	-	-	-	-	-	-	3,983	
Buildings	4,034	217	-	-	(140)	-	-	-	4,111	
Plant, Equipment & Motor Vehicles	1,792	-	326	(12)	(364)	-	-	-	1,742	
Office Equipment	30	-	15	-	(10)	-	-	-	35	
Landfill Construction:										
Landfill Cell 3-1 & 3-2	-	-	-	-	-	-	-	-	-	
Landfill Cell's 3-1 & 3-2 Capping	-	-	-	-	-	-	-	-	-	
Cell 3-3 & 3-4 (Lower)	-	-	-	-	-	-	-	-	-	
Cell 3-3 & 3-4 (Lower) Capping	-	-	-	-	-	-	-	-	-	
Cell 4	-	-	-	-	-	-	-	-	-	
Cell 4 (Capping)	-	-	-	-	-	-	-	-	-	
Super Cell	2,569	74	-	-	(174)	-	-	-	2,469	
Super Cell Capping	2,960	150	-	-	(205)	-	-	-	2,905	
Post Closure Rehabilitation	111	122	-	-	(15)	-	-	-	218	
Future Restoration Costs	1,664	-	-	-	-	-	(1,664)	-	-	
Work in Progress	94	23	-	-	-	-	-	-	117	
TOTAL PROPERTY, PLANT & EQUIPMENT	15,081	2,742	341	(12)	(908)	-	(1,664)	-	15,580	
Comparatives	14,461	1,343	755	(145)	(949)	-	-	(384)	15,081	

This Note continues on the following pages.

# SOUTHERN REGION WASTE RESOURCE AUTHORITY

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

### Note 7 - LIABILITIES

		2018 \$'000		2017 \$'000	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		2,371	-	2,469	-
Accrued expenses - other		65	-	60	-
		<b>2,436</b>	<b>-</b>	<b>2,529</b>	<b>-</b>
PROVISIONS					
Annual Leave		63	-	78	-
Long Service Leave		38	39	71	32
Post Closure Rehabilitation		-	3,895	-	3,772
Cell Capping - 3-1 & 3-2		-	2,554	-	2,474
Cell Capping - 3-3 & 3-4 (Lower)		-	2,937	-	2,845
Cell 4 Capping		-	1,950	-	1,892
Future Restoration Costs		-	1,605	-	4,159
		<b>101</b>	<b>12,980</b>	<b>149</b>	<b>15,174</b>

### Movements in Provisions - 2018 year only (current & non-current)

	Opening Balance	Additional Amounts Recognised/ (Derecognised)	Payments	Closing Balance
Post Closure Rehabilitation	3,772	123	-	3,895
Cell Capping - 3-1 & 3-2	2,474	80	-	2,554
Cell Capping - 3-3 & 3-4 (Lower)	2,845	92	-	2,937
Cell 4 Capping	1,892	58	-	1,950
Future Restoration Costs	4,159	(2,554)	-	1,605
Total	15,142	(2,201)	-	12,941



# SOUTHERN REGION WASTE RESOURCE AUTHORITY

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

### Note 8 - RECONCILIATION OF CASH FLOW STATEMENT

#### (a) Reconciliation of Cash

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

	Notes	2018 \$'000	2017 \$'000
Total cash & equivalent assets	5	16,343	19,940
Less: Short-term borrowings		-	-
Balances per Cash Flow Statement		<u>16,343</u>	<u>19,940</u>

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

Net Surplus (Deficit)	1,777	1,375
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	908	949
Net (Gain) loss in Equity Movement Joint Venture	(176)	(265)
Movement in Landfill Provisions	(886)	-
Net (Gain) Loss on Disposals	(21)	(45)
	<u>1,602</u>	<u>2,014</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	186	(1,018)
Net (increase) decrease in inventories	-	48
Net (increase) decrease in other current assets	-	-
Net increase (decrease) in trade & other payables	(93)	1,166
Net increase (decrease) in other provisions	45	(10)
<b>Net Cash provided by (or used in) operations</b>	<u>1,740</u>	<u>2,200</u>

#### (c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge	-	-
- Non-cash grants & contributions	-	-
<i>Amounts recognised in Income Statement</i>	-	-
- Finance Leases	-	-
	<u>-</u>	<u>-</u>

#### (d) Financing Arrangements

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

Corporate Credit Cards	18	18
------------------------	----	----

The Authority has no bank overdraft facility.

## SOUTHERN REGION WASTE RESOURCE AUTHORITY

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

#### Note 9 - FINANCIAL INSTRUMENTS

##### Recognised Financial Instruments

<b>Bank, Deposits at Call, Short Term</b>	<b>Accounting Policy:</b> Carried at lower of cost and net realisable value; Interest is recognised when earned.
<b>Deposits</b>	<b>Terms &amp; conditions:</b> Deposits are returning fixed interest rates of 1.25 - 2.5% (2017: 1.25 - 2.5%). Short term deposits have an average maturity of 90 days (2017: 90 days).
	<b>Carrying amount:</b> approximates fair value due to the short term to maturity.
<b>Receivables - Gate Fees &amp; Associated Charges</b>	<b>Accounting Policy:</b> 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.
	<b>Carrying amount:</b> approximates fair value (after deduction of any allowance).
<b>Liabilities - Creditors and Accruals</b>	<b>Accounting Policy:</b> Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.
	<b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.
	<b>Carrying amount:</b> approximates fair value.

##### Net Fair Value

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

##### Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any provision for doubtful debts. All investments are made with the SA Local Government Finance Authority and the ANZ Bank. There is no material exposure to any individual debtor.

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

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of the Authority's financial instruments are at fixed rates. Any such variations in future cash flows will not be material in effect on either the Authority's incomes or expenditures.

## SOUTHERN REGION WASTE RESOURCE AUTHORITY

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

#### Note 9 (cont) - FINANCIAL INSTRUMENTS

##### Liquidity Analysis

2018	Floating Interest Rate \$'000	Fixed interest maturing in			Non- interest bearing \$'000	Total \$'000
		≤ 1 year \$'000	> 1 year ≤ 5 years \$'000	> 5 years \$'000		
<b>Financial Assets</b>						
<b>Fair Value through P&amp;L</b>						
Cash Assets	2,013	14,330	-	-	-	16,343
<b>Loans &amp; Receivables</b>						
Receivables	-	-	-	-	1,839	1,839
<b>Total</b>	<b>2,013</b>	<b>14,330</b>	<b>-</b>	<b>-</b>	<b>1,839</b>	<b>18,182</b>
<i>Weighted Average Interest Rate</i>	<i>1.25%</i>	<i>2.50%</i>				
<b>Financial Liabilities</b>						
Payables	-	-	-	-	2,436	2,436
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,436</b>	<b>2,436</b>
<b>EXCESS OF FINANCIAL ASSETS OVER LIABILITIES</b>	<b>2,013</b>	<b>14,330</b>	<b>-</b>	<b>-</b>	<b>(597)</b>	<b>15,746</b>

2017	Floating Interest Rate \$'000	Fixed interest maturing in			Non- interest bearing \$'000	Total \$'000
		≤ 1 year \$'000	> 1 year ≤ 5 years \$'000	> 5 years \$'000		
<b>Financial Assets</b>						
<b>Fair Value through P&amp;L</b>						
Cash Assets	3,787	16,153	-	-	-	19,940
<b>Loans &amp; Receivables</b>						
Receivables	-	-	-	-	2,025	2,025
<b>Total</b>	<b>3,787</b>	<b>16,153</b>	<b>-</b>	<b>-</b>	<b>2,025</b>	<b>21,965</b>
<i>Weighted Average Interest Rate</i>	<i>1.50%</i>	<i>2.80%</i>				
<b>Financial Liabilities</b>						
Payables	-	-	-	-	2,529	2,529
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,529</b>	<b>2,529</b>
<b>EXCESS OF FINANCIAL ASSETS OVER LIABILITIES</b>	<b>3,787</b>	<b>16,153</b>	<b>-</b>	<b>-</b>	<b>(504)</b>	<b>19,436</b>

## SOUTHERN REGION WASTE RESOURCE AUTHORITY

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

#### Note 10 - COMMITMENTS FOR EXPENDITURE

	2018 \$'000	2017 \$'000
	<u>Notes</u>	
<b>Capital Commitments</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Committed Projects	-	-
	<u>-</u>	<u>-</u>
As at 30 June 2018, the Authority has entered into no capital commitments that are not already recorded on the Statement of Financial Position.		
<b>Other Expenditure Commitments</b>		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	37	55
	<u>37</u>	<u>55</u>
These expenditures are payable:		
Not later than one year	18	18
Later than one year and not later than 5 years	19	37
Later than 5 years	-	-
	<u>37</u>	<u>55</u>

#### Note 11 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to users of the financial report in making and evaluating decisions about the allocation of scarce resources.

##### 1. Potential Insurance Losses

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

##### 2. Legal Expenses

All known costs have been recognised.

#### Note 12 - EVENTS OCCURRING AFTER REPORTING DATE

There were no events subsequent to 30 June 2018 that need to be disclosed in the financial statements.

# SOUTHERN REGION WASTE RESOURCE AUTHORITY

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

### Note 13 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Authority prepared on a uniform and consistent basis. The uniform presentation represents a simplified version of reporting under the Government Finance Statistics (GFS) framework of the Australian Bureau of Statistics.

	2018 \$'000	2017 \$'000
Income	13,710	12,678
/less Expenses	(11,954)	(11,461)
Operating Surplus / (Deficit)	1,756	1,217
<b>/less Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	341	754
Depreciation, Amortisation, Impairment and Movement in Landfill Provisions	(988)	(1,027)
Proceeds from Sale of Replaced Assets	-	-
	(647)	(273)
<b>/less Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets	2,479	863
Amounts received specifically for New and Upgraded Assets	-	-
Proceeds from Sale of Surplus Assets	(33)	(163)
	2,446	700
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(43)</b>	<b>790</b>

## SOUTHERN REGION WASTE RESOURCE AUTHORITY

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

#### Note 14 - DISCLOSURES OF RELATED PARTY TRANSACTIONS

The Key Management Personnel include the Chair of the Board, Chief Executive and other officers prescribed under Section 112 of the *Local Government Act 1999*. The following payments were made to Key Management Personnel during the year:

	2018 \$'000
Salaries, allowances & other short term benefits	380
Post-employment benefits	-
Long term benefits	26
Termination Benefits	7
<b>TOTAL</b>	<b>413</b>

#### Transactions with Related Parties:

The following transactions occurred with Related Parties:

Related Party Entity	Sale of Goods and Services (\$'000)	Amounts Outstanding from Related Parties (\$'000)	Description of Services Provided to Related Parties
City of Onkaparinga	4,509	382	Provision of waste disposal services
City of Holdfast Bay	825	84	Provision of waste disposal services
City of Marion	2,026	248	Provision of waste disposal services
Southern Recycling Centre	4,523	508	Provision of waste disposal services

Amounts recorded as outstanding from Related Parties are recorded in Trade and other receivables in Note 5.

The Related Parties disclosed above are equity owners of the Authority and are referred to as Member Councils. Member Councils have equal representation on the Board of the Authority and accordingly have significant influence on the financial and operating decisions of the Authority. No one Member Council individually has control of those policies.

# SOUTHERN REGION WASTE RESOURCE AUTHORITY

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

### Note 15 - EQUITY ACCOUNTED JOINT VENTURE

#### Southern Recycling Centre (SRC)

The Authority has entered into a joint venture arrangement with Integrated Waste Services Pty Ltd to operate the Southern Recycling Centre located on the Authority's landfill site.

	2018 \$'000	2017 \$'000
<b>The Authority's respective interests are:</b>		
- interest in operating result:	49.99%	49.99%
- ownership of equity	49.99%	49.99%
the proportion of voting power	50.00%	50.00%
<u>Movement in Investment in Joint Operation:</u>		
Opening Balance	709	164
New Capital Contributions	-	405
Share in Operating Result	176	71
Equity Adjustment	-	194
Distributions Received	-	(125)
<b>Share in Equity of Joint Operation</b>	<b>885</b>	<b>709</b>

#### Expenditure Commitments

There were no expenditure commitments at reporting date that required to be recognised in the financial statements.

#### Contingent Liabilities

There were no contingent liabilities at reporting date that required to be recognised in the financial statements.



# SOUTHERN REGION WASTE RESOURCE AUTHORITY

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

### Note 16 - FAIR VALUE MEASUREMENTS

The Authority measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- Land assets.

The Authority does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

(a) **Fair value hierarchy**

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

*Valuation techniques*

The Authority selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the association are consistent with one or more of the following valuation approaches:

- *Market approach*: uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- *Income approach*: converts estimated future cash flows or income and expenses into a single current (i.e. discounted) value.
- *Cost approach*: reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Authority gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

# SOUTHERN REGION WASTE RESOURCE AUTHORITY

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

### Note 16 - FAIR VALUE MEASUREMENTS (Cont.)

The following tables provide the fair values of the Authority's assets measured and recognised on a recurring basis after initial recognition, categorised within the fair value hierarchy.

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>2018</b>					
Recurring fair value measurements					
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
- Land	6	-	1,427	-	1,427
- Buildings	6	-	560	-	560
<b>Total financial assets recognised at fair value</b>		-	<b>1,987</b>	-	<b>1,987</b>

<b>2017</b>					
Recurring fair value measurements					
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
- Land	6	-	1,427	-	1,427
- Buildings	6	-	560	-	560
<b>Total financial assets recognised at fair value</b>		-	<b>1,987</b>	-	<b>1,987</b>

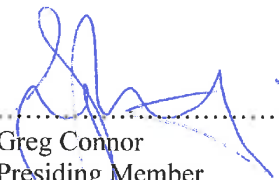
(b) **Disclosed fair value measurements**

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used.

	Fair Value Hierarchy Level	Valuation Technique	Inputs Used
There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.	2	Market Value	Observable sales of similar properties – both vacant land and land with improvements

**Presiding Member Southern Region Waste Resource Authority  
Audit Committee – Auditor Independence**

I, Greg Connor the person occupying the position of Presiding Member of the Southern Region Waste Resource Authority's Audit Committee, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the Southern Region Waste Resource Authority, Galpins, has not been engaged by the Southern Region Waste Resource Authority to provide services to the Southern Region Waste Resource Authority outside of the scope of the audit functions under the Local Government Act 1999.

  
.....  
Greg Connor  
Presiding Member  
Southern Region Waste Resource Authority Audit Committee

28 / 8 / 18  
.....  
Dated

# Galpins

Accountants, Auditors  
& Business Consultants

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



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under Professional Standards Legislation

## SOUTHERN REGION WASTE RESOURCE AUTHORITY

### 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 the Southern Region Waste Resource Authority for the year ended 30 June 2018, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

#### GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

**Simon Smith** FCPA, Registered Company Auditor

Partner

13/09/2018



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOUTHERN REGION WASTE RESOURCE AUTHORITY

### INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE SOUTHERN REGION WASTE RESOURCE AUTHORITY

We have audited the compliance of the Southern Region Waste Resource Authority ("the Authority") with the requirements of *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Authority 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.

#### The Authority's Responsibility for Internal controls

The Authority 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, with acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

#### Auditor's responsibility

Our responsibility is to express an opinion on the Authority's compliance with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Authority to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with the law, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Authority 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 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

#### Limitation of Use

This report has been prepared for the members of the Authority 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 Authority, or for any purpose other than which it was prepared.

**Inherent Limitation.**

Due to the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance may occur and not to 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.

**Independence**

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

**Opinion**

In our opinion, the Authority has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal controls established by the Authority relating 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 authority have been conducted properly and in accordance with law for the year ended 30 June 2018.

**GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS**

**Simon Smith** FCPA, Registered Company Auditor

Partner

13/09/2018

David Chant CA, FCPA  
Simon Smith CA, FCPA  
David Sullivan CA, CPA  
Jason Seidel CA  
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## INDEPENDENT AUDITOR'S REPORT

### To the members of the Southern Region Waste Resource Authority

#### Report on the Audit of the Financial Report

#### Opinion

We have audited the accompanying financial report of the Southern Region Waste Resource Authority ("the Authority"), which comprises the balance sheet 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 statement by the Executive Officer and the Chairman.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Authority 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 entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our 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.

#### Responsibility for the Financial Report

The Authority 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 the Authority 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, the Authority is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority'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 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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



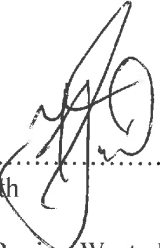
**Simon Smith** FCPA, Registered Company Auditor

Partner

13/09/2018

**Southern Region Waste Resource Authority  
Board Chair – Auditor Independence**

I, Mark Booth, the person occupying the position of Chair of the Southern Region Waste Resource Authority's Board, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the Southern Region Waste Resource Authority, Galpins, has not been engaged by the Southern Region Waste Resource Authority to provide services to the Southern Region Waste Resource Authority outside of the scope of the audit functions under the Local Government Act 1999.

  
.....  
Mark Booth  
Chair  
Southern Region Waste Resource Authority Board

28 / 8 / 2018  
Dated

**Chief Executive Officer's Certificate of Compliance - Auditor Independence  
Southern Region Waste Resource Authority**

I, Mark Dowd the person for the time being occupying the position of Chief Executive Officer of the City of Onkaparinga, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside of the scope of the audit functions under the Local Government Act 1999.



Mark Dowd  
Chief Executive Officer  
City of Onkaparinga  
23 August 2018



**City of Onkaparinga**  
PO Box 1  
Noarlunga Centre  
South Australia 5168  
[www.onkaparingacity.com](http://www.onkaparingacity.com)

**Noarlunga office**  
Ramsay Place  
Noarlunga Centre  
Telephone (08) 8384 0666  
Facsimile (08) 8382 8744

**Aberfoyle Park office**  
The Hub  
Aberfoyle Park  
Telephone (08) 8384 0666  
Facsimile (08) 8382 8744

**Willunga office**  
St Peters Terrace  
Willunga  
Telephone (08) 8384 0666  
Facsimile (08) 8382 8744

**Woodcroft office**  
175 Bains Road  
Morphett Vale  
Telephone (08) 8384 0666  
Facsimile (08) 8382 8744

17 August 2018




Henny Redden  
Southern Region Waste Resource Authority  
PO Box 2414  
McLaren Vale SA 5171

PO Box 21, Oaklands Park  
South Australia 5046  
245 Sturt Road, Sturt  
South Australia 5047  
T (08) 8375 6600  
F (08) 8375 6699  
E [council@marion.sa.gov.au](mailto:council@marion.sa.gov.au)

Dear Henny,

**Chief Executive Officer's Certificate of Compliance – Auditor Independence  
Southern Region Waste Resource Authority**

I, Adrian Skull, the person for the time being occupying the position of Chief Executive Officer of the City of Marion, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside of the scope of the audit functions under the Local Government Act 1999.

  
.....  
Adrian Skull  
Chief Executive Officer  
City of Marion

15.8.18  
.....  
Dated

The City of Marion acknowledges it is part of Kaurna land and recognises the Kaurna people  
as the traditional and continuing custodians of the land.



City of Marion



@CityofMarion



City of Marion



@CityofMarion

[marion.sa.gov.au](http://marion.sa.gov.au)



[holdfast.sa.gov.au](http://holdfast.sa.gov.au)

Brighton Civic Centre 24 Jetty Road, Brighton SA 5048  
PO Box 19 Brighton SA 5048

P 08 8229 9999 F 08 8298 4561

Glenelg Customer Service Centre and Library  
2 Colley Terrace, Glenelg SA 5045

**Chief Executive Officer's Certificate of Compliance – Auditor Independence  
Southern Region Waste Resource Authority**

I, Justin Lynch, the person for the time being occupying the position of Chief Executive Officer of the City of Holdfast Bay, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside of the scope of the audit functions under the Local Government Act 1999.

  
Justin Lynch  
Chief Executive Officer  
City of Holdfast Bay

*17.1.18*  
Dated



## Attendance at Board Meetings

July 2017 – June 2018

BOARD MEETINGS	A	B
<b>BOARD MEMBERS</b>		
Chairman Mark Booth	7	7
Trish Aukett (resigned April 2018)	5	3
Roberto Bria (appointed May 2018)	2	2
Kirk Richardson	7	7
Vincent Mifsud	7	6
Alison Hancock (appointed October 2017)	5	5
Lynda Yates	7	6
Ian Crossland	7	5
<b>DEPUTY BOARD MEMBERS</b> Please Note: Deputy Board Members are only required to attend a Board Meeting when the Board Member is an apology.		
Nick Kerry		
John Smedley		2
Heidi Greaves		

A = Number of meetings held 1 July 2017 to 30 June 2018 at which time the Board Member or the Deputy Board Member was a member of the Board.

B = Number of meetings attended by the Board Member or Deputy Board Member from 1 July 2017 to 30 June 2018.

## Attendance at Audit Committee Meetings

AUDIT COMMITTEE MEETINGS	A	B
Chairman Greg Connor	4	4
Vicki Brown	4	4
David Powell	4	3
Mark Booth	4	3
Lynda Yates (Deputy SRWRA Representative)	3	3

A = Number of meetings held 1 July 2017 to 30 June 2018 at which time the Audit Committee Member was a member of the Committee.

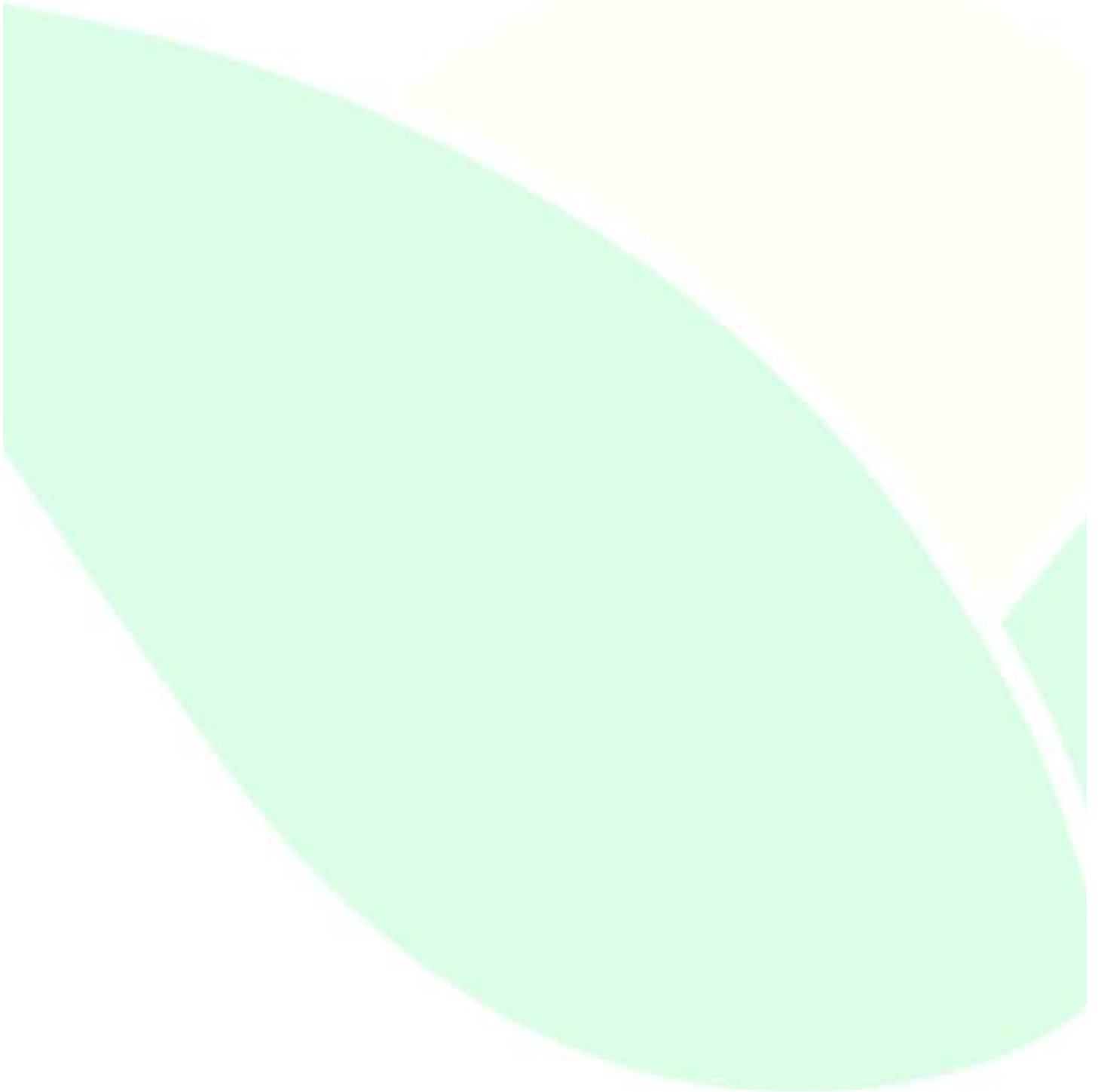
B = Number of meetings attended by the Audit Committee Board Member from 1 July 2017 to 30 June 2018

## Performance Against Business Plan

Each year SRWRA prepares an Annual Business Plan that is submitted to the Constituent Councils detailing its aims and objectives.

Aims and objectives	
Operating Surplus is maintained	Achieved
Meet all legislative requirements (WHS, EPA, Zero Waste)	Achieved
Asset Management plans are in place	Achieved
Grow the revenue (to offset a reduction in the forecast SRWRA revenue)	Achieved
Capital works program is planned and funded i.e. cell construction (link to LTFP).	Achieved
Development of a Bio-Pad, Bailing field and Hard-Stand/Capped operational area	In Progress







**SRWRA Constituent Councils**





**Council Solutions**<sup>TM</sup>

*improved outcomes*

# ANNUAL REPORT

2017/18

Council Solutions is a joint initiative of the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully that make up the Constituent Councils.

Established in 2012 as a Regional Authority in accordance with Section 43 of the *Local Government Act 1999*, Council Solutions provides a collaborative and strategic approach to the procurement of goods and services on behalf of its Constituent Councils, including negotiating and managing contracts, and investigating the provision of other shared functions.

This collaborative approach to procurement not only provides significant purchasing power to attain the best value for the community, but it also optimises the financial sustainability of each of the Constituent Councils by reducing administrative costs, the number of tender processes and replicated contract management activities.

The goal of Council Solutions is to improve community prosperity and wellbeing by undertaking local government procurement and collaborative services that:

- ❖ Deliver best value for money
- ❖ Explore innovative ways of delivering infrastructure and services
- ❖ Value partnership between councils and suppliers

## BACKGROUND

---

Council Solutions provides the legal structure to the G6 Procurement Group formed in 1994 by the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully to address the combined \$415 million annual spend on infrastructure and services by these Constituent Councils.

Ministerial approval was given for the Council Solutions Regional Authority to be established by notice in the SA Government Gazette on 20 December 2012. The Gazette states the purpose of the Authority as "*promoting procurement and service delivery amongst the constituent councils.*"

As a South Australian local government body, it is governed by the:

- ❖ *Local Government Act 1999*
- ❖ *Local Government (Financial Management) Regulations 2011*
- ❖ *Council Solutions Regional Authority Charter 2012*

### Council Solutions Regional Authority

25 Pirie St, Adelaide SA 5000  
[councilsolutions.sa.gov.au](http://councilsolutions.sa.gov.au)

ABN 92 168 067 160

*Date prepared: 30 September 2018*

## FOREWORD FROM THE CHAIR

---

Council Solutions continues to optimise the financial sustainability of Constituent Councils through the benefits of collaborative strategic procurement and contract management.

The Regional Forward Procurement Plan (RFPP) saw the establishment of 12 new contract arrangements in 2017/18. The benefits of aligning and managing contracts under the regional subsidiary are significant and resulted in estimated savings of \$6.48M for the Constituent Councils. It also is pleasing to note that Council Solutions was able to negotiate Mount Barker District Council, City of Victor Harbour and City of Unley's accession to two of the current contracts this financial year.

There have been several high level strategic undertakings by Council Solutions, including:

- ❖ Finalisation of Unified Communications as a Service, which provides Councils with a solution that gives them the freedom to manage their technological communication requirements without the need to own and manage the infrastructure;
- ❖ Piloting a Council Cost and Service Optimisation Review that provides the participating Councils with options on how they can provide improved and effective services to their communities;
- ❖ Finalisation of a Procurement Review Project which saw the introduction of a new Governance Framework and Key Performance Indicators for the operations of Council Solutions; and
- ❖ Significant work on the Waste Management Project with Applications for Authorisation being submitted to the ACCC for three separate Waste Services Packages, being Kerbside Waste Collection, Waste Processing Services and Waste Ancillary Collection Services.

Council Solutions achieved favourable performance against budget and maintains a strong equity position. I thank our Audit Committee who supports us in achieving the highest standards of accountability, transparency and governance.

I would also like to acknowledge Chief Executive Officer Oliver Barry, his team and the Board of Management for their commitment, dedication and support.



Catherine Cooper  
Chair of the Board, Council Solutions Regional Authority

## REPORT FROM THE CHIEF EXECUTIVE OFFICER

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The past year has seen Council Solutions continue to work in partnership with our Constituent Councils to deliver optimum value for money from collaborative strategic procurement and contract management.

A new strategic procurement for the provision of Unified Communications as a Service was completed and a total of 12 collaborative contract arrangements across 34 suppliers with a combined total value of over \$7.3 million per annum were re-tendered or re-negotiated.

The Board of Management approved a new Governance Framework and Key Performance Indicators for the operations of Council Solutions and the Constituent Councils further enhancing the effectiveness and efficiency of collaborative procurement operations.

I thank the Board for their support and the Council Solutions team comprising Audrey Rangel, Bruce Wright, Clare Coupar, Tammy Sheridan, Tim Dawson and previous team member Taryn Alderdice.



Oliver Barry  
Chief Executive Officer, Council Solutions Regional Authority



## BOARD OF MANAGEMENT 2018

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**Ms Catherine Cooper**  
Independent Chairperson



**Mr Mark Goldstone**  
City of Adelaide



**Mr Paul Sutton**  
City of Charles Sturt



**Mr Adrian Skull**  
City of Marion



**Mr Mark Dowd**  
City of Onkaparinga



**Mr John Harry**  
City of Salisbury



**Mr John Moyle**  
City of Tea Tree Gully



## BOARD OF MANAGEMENT 2018

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Council Solutions is a body corporate governed by a Board of Management of seven members being the Chief Executive Officer from each Constituent Council - the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully, and one person who is not a member or officer of a Constituent Council who holds the position of Independent Chair.

The Board held three formal meetings during the year to consider the strategic direction and financial integrity of the organisation. Attendance at meetings was as follows:

Board Position	Board Member	Meetings Attended
Independent Chairperson	Ms Catherine Cooper	3
City of Adelaide	Mr Mark Goldstone, CEO	2
City of Charles Sturt	Mr Paul Sutton, CEO	3
City of Marion	Mr Adrian Skull, CEO	2
City of Onkaparinga	Mr Mark Dowd, CEO	2
City of Salisbury	Mr John Harry, CEO	3
City of Tea Tree Gully	Mr John Moyle, CEO	3

## AUDIT COMMITTEE

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The Council Solutions Board is supported by one designated committee being the Audit Committee which is formally appointed pursuant to the requirements under the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2013.

The function of the Audit Committee includes reviewing annual financial statements to ensure that they present fairly the state of affairs of the Authority and reviewing the adequacy of financial management systems and practices. The Audit Committee is governed by Terms of Reference with the work flow controlled by an Audit Committee Work Program. The Audit Committee Work Program is updated after each meeting to reflect Committee achievements and actions arising from the meeting as well as from Board Meetings.

Please refer to Appendix B for a report on the activities undertaken by the Audit Committee throughout the 2017/18 financial year.

## GOVERNANCE AND OPERATING FRAMEWORK

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Led by the Chief Executive Officer, Council Solutions works in partnership with its Constituent Councils to deliver value outcomes.

A review of the operating management framework was undertaken, and the Board of Management approved a new Governance Framework and a set of Key Performance Indicators for the operations of Council Solutions and the Constituent Council.

Three critical success factors were identified that underpin the optimal effectiveness and value provided by collaborative partnership with Council Solutions and its Constituent Councils. These are:

- ❖ *Shared accountability and responsibility for achievement of goals and outcomes;*
- ❖ *Evidence-based opportunity identification, analysis and performance measurement via shared data and information; and*
- ❖ *Effective communication with key stakeholders to ensure clear understanding of goals, roles and responsibilities.*

The updated Governance Framework assists in enhancing the effectiveness and efficiency of collaborative procurement by having the appropriate decision-making structure that ensures key staff have ownership in the management and success of the operations. It also plays the key role of developing and maintaining a strong partnership and collaborative culture and is underpinned by seven inter-related elements:

- ❖ **Direction** - *shared understanding of our purpose and priorities through collaboration and effective planning and resource allocation;*
- ❖ **Expectations** – *agreed performance expectations through effective communication;*
- ❖ **Delivery** – *quality customer-focused service delivery through effective resource management, monitoring, review and reporting;*
- ❖ **Improvement** – *enhance our performance through review, intervention, capability-building and internal control mechanisms;*
- ❖ **Risk Management** - *regularly assess and respond to risk and opportunities;*
- ❖ **Responsibilities** – *accountability and transparency for decisions through information management, evaluation and Audit Committee and Board reporting; and*
- ❖ **Alignment** – *functions, structures and a culture that supports the success of Council Solutions through quality leadership, role clarity and empowered staff.*

Key Performance Indicators provide the Board of Management oversight of the effectiveness and value that Council Solutions provide to its Constituent Councils.

The Key Performance Indicators are:

### **Savings and Benefits**

Expected outcomes of the procurement activity are achieved. These will be detailed as part of the procurement activity initiation and will be reported on upon the conclusion of the activity.

**Timeliness**

Procurements are undertaken within the agreed timeframes nominated as part of the procurement activity initiation and will be reported on upon conclusion of the activity.

**Value and Scope of collaborative procurement arrangements**

Total value of Council procurement expenditure made via collaborative procurement arrangements compared to the previous 12 months to compare and assess any changes in scope/breadth of goods, services, works covered by collaborative procurement arrangements (i.e. number of contracts established for new categories/services).

Reporting of performance against the Key Performance Indicators are provided to the Board of Management bi-annually.

## STRUCTURE AND STAFFING

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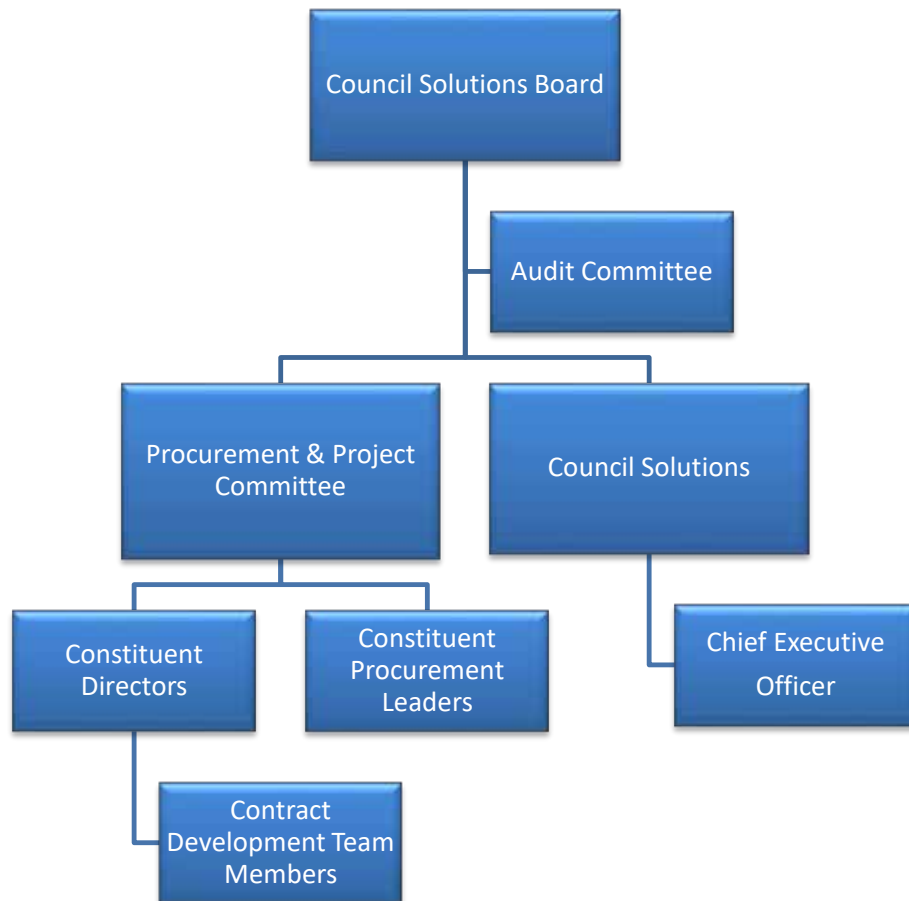
As at 30 June 2018, Council Solutions comprised six staff (5.4 FTE) delivering expertise in management, procurement, contract management, governance, policy, data analysis and administration skills. In addition, support has also been provided to the team by Rex Mooney, Financial Consultant.

The Council Solutions team comprises:

- ❖ Chief Executive Officer – Oliver Barry
- ❖ Senior Procurement Officers – Bruce Wright, Clare Coupar, Tammy Sheridan, Tim Dawson
- ❖ Support Officer– Audrey Rangel

## GOVERNANCE AND ORGANISATION STRUCTURE

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## ACHIEVEMENTS 2017-2018

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### **Completion of Procurement Review Project**

A Procurement Review Project was undertaken with three of the Constituent Councils – the Cities of Charles Sturt, Marion and Onkaparinga. A senior manager from the City of Charles Sturt was seconded to undertake the review over a six-month period.

The objective of the project was to look for opportunities for the three Councils and Council Solutions to work together to maximise the benefits of collaborative procurement by further enhancing processes, with the aim of increasing the collaborative spend and developing the capacity of resources across the organisations. Several recommendations were made and endorsed by the Board of Management which included:

- a revised Governance Framework;
- the introduction Key Performance Indicators; and
- a review of the current Regional Forward Plan.

### **Waste Management Services Project**

The collaborative procurement of four Participating Councils will see alignment of waste management services across three service streams. Significant work has been undertaken seeking authorisation from the Australian Competition and Consumer Commission (ACCC) and draft determinations are expected in the first quarter of FY2018/19. If positive determinations are received from the ACCC, tenders for the three service streams will be called for contract terms of up to a maximum of 10 years. The scale and value of the contracts is in the order of \$20 million per annum and this will encourage industry competition and innovation.

### **Management Fee Audit Project**

Council Solutions contracts that qualify for recovery of a management fee from the suppliers is collected based on expenditure and data provided by the suppliers. As part of Council Solutions' governance and compliance processes, an audit of a randomly selected sample of contracts and invoices was undertaken to examine the accuracy of contract expenditure data being supplied by the suppliers to determine if the management fee is being calculated and collected in accordance with the terms and conditions of the contracts.

A total of thirteen suppliers were audited. The data that has been gathered is currently being evaluated with early indications that there are no significant problems.

A final report will be circulated to the Board in due course and will be considered by the Audit Committee as part of their meeting activities.

## **Finance**

Council Solutions achieved a favourable performance against budget and maintains a strong equity position. Council Solutions has reported a deficit operating result of \$71,000 for the financial year ending 30 June 2018. An original deficit of \$235,000 was budgeted for with the intention of funding this deficit from cash reserves that were generated from prior period surpluses. The final result is significantly better than originally budgeted. Management fee revenue was \$69,000 less than originally budgeted. This reflects a decrease in usage by the Constituent Councils of Council Solutions contracts. Management Fees are a variable source of revenue determined by the level of usage by the Constituent Councils of the numerous Council Solution negotiated contracts.

Operating expenditure varies from year to year based on the level of consultancy and legal services required to deliver the various projects agreed to in the Regional Forward Procurement Plan.

As net financial assets have only reduced by \$71,000 the Authority has maintained its high level of cash reserves. Net financial assets were originally budgeted to be \$367,000, however given the better than forecast operating result net financial assets as at 30 June 2018 are \$455,000.

## **VendorPanel Software**

VendorPanel continues to be an efficient procurement tool used by Constituent Councils when purchasing from Council Solutions collaborative contracts. VendorPanel is a software application that help to increase value and reduce risk whilst providing Constituent Councils streamlined Request for Quote (RFQ) processes. In FY2017/18 over ninety requests for quotation were issued and the uptake continues towards a steady incline. Webinars are scheduled for Constituent Councils in the next financial year to further promote its use.

## **PROCUREMENT AND CONTRACT MANAGEMENT**

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The total combined procurement expenditure by Constituent Councils is approximately \$427 million per annum, providing a compelling opportunity for collaboration to drive best value for the Constituent Councils.

During 2017/18 approximately \$60 million of Council expenditure was undertaken utilising Council Solutions collaborative contract arrangements. This represents a decrease of 6% on the previous year.

Our suite of contracts cover a diverse and comprehensive range of goods and services utilised by Councils including Finance & Professional Services, Human Resources, Roads Infrastructure, Facilities Management and Parks & Gardens. Our strong focus on contract management is key to extracting value from the contracts for both Councils and suppliers.

Other Council Solutions' achievements in this space include:

### **Contract Extensions**

Over the past 12 months Councils Solutions has facilitated the extensions of 6 existing collaborative contract arrangements with a combined total value of approximately \$5.9 million per annum.

## **Contracts Re-tendered**

### **Printing & Distribution Service for Rates and Dog Registration Notices**

Through establishing the new printing and distribution service for rates and dog registration notices, Council Solutions was able to introduce a semi-automated 'Customer Job Tracking System'. This system provides timely status updates via email or telephone including the notification of any process delays and notifications of lodgement of Notices with Australia Post. Participating Councils can also access stock quantities of stored pre-printed material such as envelopes and brochures. Participating Councils also have access to 'Ezybill', an additional electronic billing presentment option to BPayView and the Australia Post Digital Mailbox, which is badged as a Council service.

### **Irrigation Services (including Irrigation Works, Irrigation Design and the Supply of Irrigation Parts)**

The Irrigation Services tender ensured Council Solutions provided a holistic irrigation service by increasing the service scope of the Irrigation Works and Design Services to include the supply of irrigation parts. Irrigations services quotes are now able to be sought using VendorPanel thereby building in efficiencies.

### **Fencing Supply, Installation and Repairs**

A refresh process was undertaken to appoint additional suppliers to the fencing panel. Council Solutions established a northern and southern region to ensure that all Participating Councils had suitably experienced suppliers with the capacity to deliver on the requirements of the contract. In addition, Council Solutions incorporated service levels for all suppliers for the monitoring of timeliness and responsiveness.

### **Arboriculture Services (Tree Works and Consultancy)**

Council Solutions established panel arrangements for the provision of Tree Works and Arboriculture Consultancy. The panel contract has identified organisations with the capability and expertise to meet the needs of the Participating Councils, in addition to ensuring full contractual compliance whilst providing a competitive rate structure and a streamlined engagement process.



## **Other Contract Achievements**

### **Bituminous Works**

The Bituminous Works contract in conjunction with Participating Councils (the Cities of Charles Sturt, Marion, Onkaparinga, Salisbury, Tea Tree Gully and Mount Barker District Council) lowered their carbon footprint by adopting sustainably manufactured asphalt products and reducing impacts on the environment. Through the use of Recycled Asphalt Pavement (RAP) the Councils have re-used product that would potentially have ended up as landfill. Collectively this is a total saving of 730 tonnes of CO<sub>2</sub> emissions which is the equivalent of removing 289 cars from our road network per year.

### **Crack Sealing**

Participating Councils' (the Cities of Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully) crack sealing program resulted in approximately 2 million m<sup>2</sup> of our combined road network. In addition to extending pavement life, this preventative maintenance saw the use of 1200 recycled tyres, the equivalent to a reduction of 100 household rubbish bins not going to landfill.

## COUNCIL SOLUTIONS CONTRACT MANAGEMENT LIST AS AT 30 JUNE 2018

<b>Contract</b>	<b>Contract Value \$ (2017-18 expenditure)</b>
Bituminous Works	22,450,000
Temporary Labour Hire	17,000,000
Legal Services	3,620,000
Cleaning Services	3,440,000
Supply or Supply & Install of Segmental Pavers	2,470,000
Arboriculture Tree Works	1,700,000
Leasing Finance of IT Equipment	1,600,000
Manufacture, Supply & Delivery of Concrete	1,300,000
Debt Collection Services	1,300,000
Supply, Supply & Delivery of Quarry Materials	1,200,000
Postal Services	820,000
Roadworks – Crack Sealing	610,000
Supply, Installation and Repair of Fencing	510,000
Irrigation Works	490,000
Architectural Services (various disciplines)	220,000
Printing and Mailing Service for Rate & Dog Notices	200,000
Arboriculture Consultancy Advice Services	150,000
Irrigation Design	130,000
Engineering Consultancy Services (various disciplines)	127,000
Provision of Pest Control Services - European Wasps	20,000
Transactional Banking Services	Not Applicable

## FINANCIAL SUMMARY REPORT AS AT 30 JUNE 2018

---

<b>Statement of Comprehensive Income</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
Income	1,699	1,234
Less: Operating expenses	1,770	1,310
Operating Surplus (Deficit) for the year	(71)	(76)
Total other comprehensive income	-	-
<b>Comprehensive result for the year</b>	<b>(71)</b>	<b>(76)</b>

<b>Balance Sheet</b>		
Current assets	174	334
Non-current assets	563	469
<b>Total current assets</b>	<b>737</b>	<b>803</b>
Current liabilities	124	222
Non-current liabilities	158	55
<b>Total liabilities</b>	<b>282</b>	<b>277</b>
<b>Net assets</b>	<b>455</b>	<b>526</b>
Accumulated surplus	312	383
Share Capital	143	143
<b>Total Equity</b>	<b>455</b>	<b>526</b>

**Council Solutions Regional Authority**  
**General Purpose Financial Reports**  
for the year ending 30 June 2018

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**Council Solutions Regional Authority**  
**Certification Of Financial Statements**  
**for the year ending 30 June 2018**

I have been authorised by the Council Solutions Regional Authority Board to certify the financial statements of the Council Solutions Regional Authority in their final form. In my 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 Solutions Regional Authority's financial position at 30 June 2018 and the results of its operations and cash flows for the financial year.
- Internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- The financial statements accurately reflect the Council Solutions Regional Authority's accounting and other records.



.....  
Catherine Cooper  
**Chair Of The Board**

Date: 5/9/18

## **Appendix A**

### **COUNCIL SOLUTIONS REGIONAL AUTHORITY STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2018**

		<b>2018</b>	<b>2017</b>
	Notes	<b>\$'000</b>	<b>\$'000</b>
<b>INCOME</b>			
Investment Income	2	<b>4</b>	<b>6</b>
Management Fees	2	<b>1,054</b>	<b>1,167</b>
Other Income	2	<b>641</b>	<b>61</b>
<b>Total Income</b>		<b>1,699</b>	<b>1,234</b>
<b>EXPENSES</b>			
Materials, contracts & other expenses	3	<b>1,770</b>	<b>1,310</b>
<b>Total Expenses</b>		<b>1,770</b>	<b>1,310</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>(71)</b>	<b>(76)</b>
<b>NET SURPLUS / (DEFICIT)</b>		<b>(71)</b>	<b>(76)</b>
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(71)</b>	<b>(76)</b>

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

**COUNCIL SOLUTIONS REGIONAL AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		174	334
Receivables		563	469
<b>Total Current Assets</b>	4,7	<b>737</b>	<b>803</b>
<b>Total Assets</b>		<b>737</b>	<b>803</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables		124	222
Other Current Liabilities		158	55
<b>Total Current Liabilities</b>	5,7	<b>282</b>	<b>277</b>
<b>Total Liabilities</b>	5,7	<b>282</b>	<b>277</b>
<b>NET ASSETS</b>		<b>455</b>	<b>526</b>
<b>EQUITY</b>			
Accumulated Surplus		312	383
Share Capital		143	143
<b>TOTAL EQUITY</b>		<b>455</b>	<b>526</b>

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

**COUNCIL SOLUTIONS REGIONAL AUTHORITY**  
**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 June 2018

	Initial Contribution by Owners	Accumulated Surplus	Total
2018	\$'000	\$'000	\$'000
Opening Balance	143	383	526
Net Surplus for Year	-	(71)	(71)
Balance at end of period	143	312	455

	Initial Contribution by Owners	Accumulated Surplus	Total
2017	\$'000	\$'000	\$'000
Opening Balance	143	459	602
Net Surplus for Year	-	(76)	(76)
Balance at end of period	143	383	526

**STATEMENT OF CASH FLOW**  
for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Operating receipts		1,600	1,150
Investment Income		4	6
<u>Payments</u>			
Operating payments to suppliers & employees		(1,764)	(1,089)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>(160)</b>	<b>67</b>
<b>Net Increase (Decrease) in cash held</b>		<b>(160)</b>	<b>67</b>
Cash & cash equivalents at beginning of period		334	267
<b>Cash &amp; cash equivalents at end of period</b>	6	<b>174</b>	<b>334</b>

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



# Council Solutions Regional Authority

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

### **Note 1 - Significant Accounting Policies**

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

Council Solutions Regional Authority is a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. The Constituent Councils and their respective share of equity are as follows:

Constituent Council	Equity Share
Adelaide City Council	16.67%
City of Charles Sturt	16.67%
City of Marion	16.67%
City of Onkaparinga	16.67%
City of Salisbury	16.67%
City of Tea Tree Gully	16.67%

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

### **1 Basis of Preparation**

The financial report has been prepared on an accruals basis and is based on historical costs. All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

### **2 Income recognition**

Management Fee Income is recognised when the Constituent Councils enter into the purchase of a good or service from a Supplier contracted to provide the Authority (or in the case of some prior contracts that were created jointly between the six constituent Council) with a Management Fee.

### **3 Cash, Cash Equivalents and other Financial Instruments**

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

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

All financial instruments are recognised at fair value at the date of recognition.

### **4 Infrastructure, Property, Plant & Equipment**

The Authority did not procure any non-current assets during the reporting period and does not hold any non-current assets as at the reporting date.

### **5 Employee Benefits**

All employees are employed through Adelaide City Council, one of the Constituent Councils. Those employees are then contracted to the Authority.

**Council Solutions Regional Authority**  
**Notes to and forming part of the Financial Statements**  
**for the year ending 30 June 2018**

**6 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.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

**7 Comparative Information**

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with Australian Accounting Standards.

**8 Critical Accounting Estimates and Judgements**

The Authority evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the authority.

Accounts receivable are reviewed at each reporting date to establish the collectability.

**9 Pending Accounting Standards**

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

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

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

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

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

**Note 2 - INCOME**

	2018	2017
	\$'000	\$'000
<b>INVESTMENTS</b>		
Interest Income	4	6
	<u>4</u>	<u>6</u>
<b>REBATES</b>		
Management Fees	1,054	1,167
	<u>1,054</u>	<u>1,167</u>
<b>OTHER INCOME</b>		
Reimbursements	641	61
	<u>641</u>	<u>61</u>

**Note 3 - EXPENSES**

	2018	2017
	\$'000	\$'000
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>		
Advertising	1	2
Audit Fees	4	4
Catering	1	2
Contractors	45	73
Consultant Fees	532	253
Insurance	27	32
IT Expenses	34	20
Legal Fees	63	48
Membership Fees & Subscriptions	4	12
Motor Vehicle	2	1
Reimbursements - Salary & Wages	982	775
Rent	26	30
Sitting Fees	32	39
Sundry	13	14
Telephone	2	1
Training and Development	2	4
	<u>1,770</u>	<u>1,310</u>

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

**Note 4 - CURRENT ASSETS**

	2018 \$'000	2017 \$'000
<b>CASH &amp; CASH EQUIVALENTS</b>		
Cash at Bank	174	334
	<u>174</u>	<u>334</u>
<b>RECEIVABLES</b>		
Accounts Receivables	418	271
Accrued Income	143	196
Prepaid Expenses	2	2
	<u>563</u>	<u>469</u>
<b>TOTAL CURRENT ASSETS</b>	<u>737</u>	<u>803</u>

**Note 5 - LIABILITIES**

	2018 \$'000	2017 \$'000
<b>TRADE &amp; OTHER PAYABLES</b>		
Creditors	120	218
Expenses Accrued	4	4
	<u>124</u>	<u>222</u>
<b>OTHER CURRENT LIABILITIES</b>		
Payable to Adelaide City Council	158	55
	<u>158</u>	<u>55</u>
<b>TOTAL LIABILITIES</b>	<u>282</u>	<u>277</u>

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

**Note 6 - RECONCILIATION TO CASH FLOW STATEMENT**

**(a) Reconciliation of Cash**

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

	2018	2017
	\$'000	\$'000
Cash at Bank	174	334
<b>Balances per Cash Flow Statement</b>	<b>174</b>	<b>334</b>

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

Net Surplus	(71)	(76)
Net (increase)/decrease in Receivables	(95)	(79)
Net increase/(decrease) in Current Liabilities	6	222
<b>Net Cash provided by (or used in) operations</b>	<b>(160)</b>	<b>67</b>

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

**Note 7 - FINANCIAL INSTRUMENTS**

**(a) Interest Rate Risk**

The Authority's exposure to interest rate risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on those applicable financial assets and liabilities is as follows;

**2017-18**

	Weighted Average Interest Rate	Fair Value of Variable Interest Rate Instruments	Fair Value of Fixed Interest rate instruments maturing within One Year	Fair Value of Fixed Interest rate instruments maturing Due > 1 less 5 Yrs	Fair Value of Fixed Interest rate instruments maturing Due > 5 Yrs	Fair Value of Non-Interest Bearing Instruments
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets:</b>						
Cash	1.9%	174	-	-	-	173
Receivables	0.0%	-	-	-	-	564
<b>Total Financial Assets</b>		<b>174</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>737</b>
<b>Financial Liabilities:</b>						
Creditors and Provisions	0.0%	-	-	-	-	282
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>282</b>

**2016-17**

	Weighted Average Interest Rate	Fair Value of Variable Interest Rate Instruments	Fair Value of Fixed Interest rate instruments maturing within One Year	Fair Value of Fixed Interest rate instruments maturing Due > 1 less 5 Yrs	Fair Value of Fixed Interest rate instruments maturing Due > 5 Yrs	Fair Value of Non-Interest Bearing Instruments
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets:</b>						
Cash	1.8%	334	-	-	-	334
Receivables	0.0%	-	-	-	-	469
<b>Total Financial Assets</b>		<b>334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>469</b>
<b>Financial Liabilities:</b>						
Creditors and Provisions	0.0%	-	-	-	-	277
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>277</b>

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

**(b) Credit Risk**

Credit Risk represents the loss that would be recognised if other entities failed to perform as contracted.

The Authority's exposure to credit risk is summarised as follows;

Receivables - the Authority's maximum exposure is disclosed in the financial statements net of any provision for doubtful debts

**(c) Net Fair Value**

The net fair value of a financial instrument is defined as its value net of all costs to settle the asset and liability. The financial assets and liabilities as stated or referred to in notes (a) and (b) above, are stated at their face value (less provision for doubtful debts if applicable).

Due to the nature of financial instruments held in the Authority, the cost associated with their settlement would not be material, and hence, have not been considered.

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

**Note 8 - RELATED PARTY DISCLOSURES**

**KEY MANAGEMENT PERSONNEL**

The Key Management Personnel of the Council include the Chair of the Board, the Board and the CEO.

Salaries, allowances & other short term benefits paid by Council Solutions to KMP were \$259k (2017-18) and \$261k (2016-17)

The following qualifying related party disclosures have been identified in relation to the 2017-18 financial year

<b>Related Party Entity</b>	<b>Amounts received from related parties during 2017-18 FY</b>	<b>Amounts outstanding from related parties as at 30 June 2018</b>	<b>Amounts outstanding to related parties as at 30 June 2018</b>
	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
City of Adelaide	109	53	100
City of Charles Sturt	128	57	-
City of Marion	203	48	-
City of Salisbury	35	3	-
City of Tea Tree Gully	23	3	-
City of Onkaparinga	45	3	-

The above amounts received represent reimbursements of designated project costs paid by the above listed Constituent Councils to Council Solutions at various times throughout the year. These amounts have been approved by the Board and reported on as part of the ongoing annual budget setting and budget review process.

Council Solutions provides procurement services to the above listed entities.




## Council Solutions Regional Authority

### Certification Of Auditor Independence for the year ending 30 June 2018

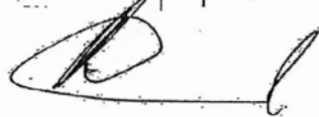
To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Council Solutions Regional Authority for the year ended 30 June 2018, the Council's Auditor, Ian G McDonald FCA, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

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

  
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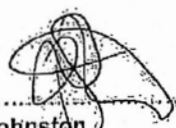
Catherine Cooper  
CHAIR

Date: 5/9/18

  
.....

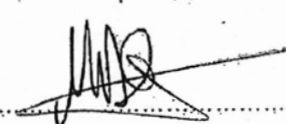
Mark Dowd  
CHIEF EXECUTIVE OFFICER  
City of Onkaparinga

Date: 5 September 2018

  
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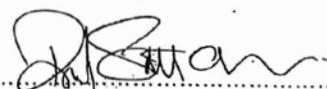
Tanya Johnston  
PRESIDING MEMBER OF AUDIT COMMITTEE

Date: 05/09/18

  
.....


Mark Goldstone  
CHIEF EXECUTIVE OFFICER  
City of Adelaide

Date: 10/9/18

  
.....

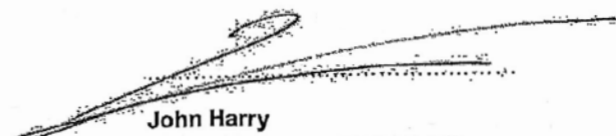
Paul Sutton  
CHIEF EXECUTIVE OFFICER  
City of Charles Sturt

Date: 6.9.18.

  
.....

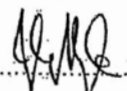
Adrian Skull  
CHIEF EXECUTIVE OFFICER  
City of Marion

Date: 6.9.18

  
.....

John Harry  
CHIEF EXECUTIVE OFFICER  
City of Salisbury

Date: 7/9/2018.

  
.....

John Moyle  
CHIEF EXECUTIVE OFFICER  
Tea Tree Gully

Date: 7/9/18

## **Council Solutions Regional Authority**

### **ANNUAL FINANCIAL STATEMENTS** **For the year ended 30 June 2018**

#### **STATEMENT BY AUDITOR**

We confirm that, for the audit of the financial statements of the Council Solutions Regional Authority for the year ended 30 June 2018, we have maintained our 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*.

A handwritten signature in blue ink, reading "Ian McDonald".

**Ian G McDonald FCA**

Dated this 17<sup>th</sup> day of August 2018

## Council Solutions Regional Authority Independent Auditor's Report

We have audited the attached financial statements, being a general purpose financial report, of Council Solutions Regional Authority for the year ended 30 June 2018.

### Opinion

In our opinion, the financial statements of the Authority are properly drawn up:

- a) to present fairly the financial position of the Authority as at the 30 June 2018 and the results of its operations for the period then ended, and;
- b) according to Australian Accounting Standards.

### Basis for Opinion

For the audit of the Authority we have maintained our independence in accordance with the relevant ethical requirements of APES 110 Section 290. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information – Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist the authority to meet the requirements of Local Government Act 1999 together with the Local Government (Financial Management Regulations 2011). As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members.

### Responsibilities of Management for the Financial Report

The Board of Management is responsible for the preparation of the financial report in accordance with Local Government Act 1999 together with the Local Government (Financial Management Regulations 2011) and for such internal control as management determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation 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 association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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



Ian G McDonald FCA  
Registered Company Auditor

Dated at Grange this 12<sup>th</sup> day of September 2018

## **Appendix B:**

### **Audit Committee Annual Report to the Board for the Year Ending 30 June 2018**

#### **Audit Committee**

The Council Solutions Board is supported by one designated committee being the Audit Committee which is formally appointed pursuant to the requirements under the Local Government Act 1999 (the Act) and the Local Government (Financial Management) Regulations 2013.

The function of the Audit Committee includes reviewing annual financial statements to ensure that they present fairly the state of affairs of the Authority and reviewing the adequacy of financial management systems and practices.

This report provides a summary of activities undertaken by the Audit Committee during the Year Ending 30 June 2018.

#### **Committee Membership and Meetings Attended**

The Audit Committee met on four occasions during the financial year.

<b>Member</b>	<b>Meetings Attended</b>
Ms Tanya Johnston (Chair) Independent Member	4
Mr David Papa, Independent Member	4
Mr John Moyle, Board member	3
Mr Adrian Skull, Proxy Board Member	1

#### **Activities**

The Audit Committee is governed by a terms of reference with the work flow controlled by an Audit Committee Work Program. The Audit Committee Work program is updated after each meeting to reflect Committee achievements as well as to include actions arising from the meeting as well as from Board meetings.

The table that follows represents the completed work program for the meetings held in the year ending 30 June 2018.

## Completed Work Program 2017/18

ACTIVITY	MEETING DATE
<b>1. Financial Reporting</b>	
<p>Monitor the integrity of the financial statement reports referred to below to review any significant financial reporting issues and judgements which they may contain.</p> <p>Specifically - review and challenge where necessary:</p> <ul style="list-style-type: none"> <li>the consistency in application of, and/or any changes to, accounting policies;</li> <li>the method used to account for significant or unusual transactions where different approaches are possible;</li> <li>whether the Authority has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;</li> <li>the clarity of disclosure in the Authority's financial reports and the context in which statements are made;</li> <li>all information presented with the financial statements, such as the operating and financial review and the corporate governance statement (in so far as it relates to the audit and risk management); and significant adjustments to the financial report (if any) arising from the audit process.</li> </ul>	
1.1 Budget Review #2 – 2017-18	Mar 2018
1.2 Medium Term Business Plan – 2018-20	Jun 2018
1.3 Annual Budget – 2018-19	Mar 2018 Jun 2018
1.4 Budget Review #3 – 2017-18	Jun 2018
1.5 Annual Financial Statements – 2017-18	Sep 2018
1.6 Financial Performance Report – 2017-18	Sep 2018
1.7 Budget Review #1 2018-19	Dec 2017
<b>2. Internal Controls and Risk Management Systems</b>	
2.1 Review and comment on internal control policy & operational framework.	Mar 2018 Dec 2017
2.2 Review & comment on updated risk register including the risk assessment framework used when completed.	Mar 2018 Sep 2017
2.3 Review & comment on the disaster recovery plan as well as a business continuity plan when completed.	Jun 2018

ACTIVITY	MEETING DATE
<b>3. External Audit</b>	
3.1 Liaise with the Authority's external auditor on the scope and planning of annual audits, including any issues arising from audits and the resolution of such matters.	Sep 2018
3.2 Review the findings of any external audit report that raises significant issues relating to risk management, accounting, internal controls, financial reporting and other accountability or governance issues and make recommendations to the Board where appropriate.	Sep 2018
3.3 All correspondence between the Auditor & Council is to be tabled for consideration. The audit committee will review and comment on the Authority's response to, and actions taken following issues raised from any external audit.	Ongoing
3.4 Ensure compliance with Clause 22 of the Local Government (Financial Management) Regulations 1999 regarding the prohibition of auditors providing additional non-audit services.	Sep 2018
3.5 Chair of Audit Committee to meet with the Chair of the Board to discuss on-going matters with the parties would help identify risks from a governance perspective	Sep 2018
3.6 Chair of Audit Committee to meet with the external Auditors to discuss on-going matters with the parties would help identify risks from a governance perspective	Sep 2018
<b>4. Reporting Requirements of the Audit Committee</b>	
4.1 Ensure that significant, urgent matters identified through the work program are formally and promptly reported to the Board.	Ongoing
4.2 Table the minutes of Audit Committee meetings held as part of the agenda of the next Board meeting, ensuring recommendations are considered and adopted as required.	Ongoing
4.3 Prepare annually a report to the Board on the Audit Committees performance over the past year and include the report in the Annual Report of Council Solutions.	Sep 2018
4.4 Review its own performance and Terms of Reference on an annual basis.	Dec 2017
<b>5. Other</b>	
5.1 Set Audit Committee work program and Confirm meeting dates for 2018.	Dec 2017
5.2 Audit Committee Chairperson Appointment	Jun 2018

ACTIVITY	MEETING DATE
5.3 Management Fee Audit. Update Report.	Ongoing
5.4 Review and comment on the following policies: <ul style="list-style-type: none"> <li>• Petty cash / credit cards</li> <li>• Financial delegations</li> </ul>	Dec 2017





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