

ANNUAL REPORT 2018-19



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WELCOME FROM THE MAYOR

Welcome to the City of Marion Annual Report for 2018/19.

In November 2018 the Council elections were held: the Mayor and 9 out of 12 Councillors were voted back in, so we had a fair degree of continuity.

For 2018/19, Council introduced an average residential rate rise of 1.8 per cent – Marion's lowest in more than 15 years.

In June this year we voted to maintain that same low rate rise for 2019/20. It is the lowest residential rate rise of any suburban Council in Adelaide this year, and services have been maintained. This was despite a State Government levy rise which added about .5% to Council payments commencing in the current financial year. At the same time, we pay off about \$1m a year off Council loans!

Daily traffic jams are a thing of the past following the completion of the \$174 million Oaklands Crossing upgrade, which I opened with Federal and State MPs in July. Council campaigned long and hard to achieve this. I thank the Federal and State Governments for funding almost all of the project.

Our transformation of sporting and community facilities continued with:

- Opening the \$8.8 million upgrade of Edwardstown Oval Soldiers' Memorial Recreation Ground (including a \$4 million contribution from the Federal Government)
- Committing to the \$3.7 million rebuild of Morphettville Park Sports and Community Club
- Securing \$5 million of Federal Government funding to add to Council's \$10 million set aside to redevelop Mitchell Park Sports and Community Centre (although this amount only provides for 2 indoor courts in addition to the complete renewal of the current building and a new community centre)
- Removing obstacles to a new \$5 million soccer facility planned for Majors Road (with \$2.5 million from Council and matching funding from State Government)
- Continuing to work on a cost-effective means to build a track for the local BMX club (with the \$5.8m cost shared between the State Government, Marion and Onkaparinga Councils).

Our playgrounds are becoming known as among the best in Adelaide. Last financial year some highlights were finalised upgrades at Oaklands Estate Reserve, the Oaklands Estate Recreation Plaza and the Hendrie Street Inclusive Playground.

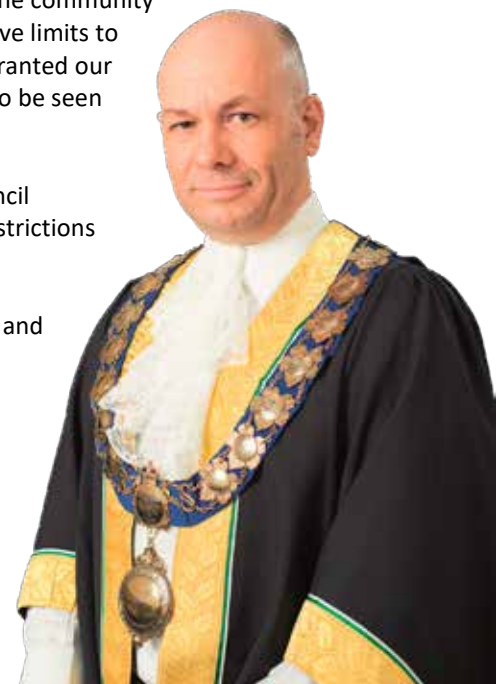
In the 2018-19 financial year one very significant problem remained unaddressed - excessive urban infill. Not that we didn't try to do something about it. After a 2 year process, on behalf of the community in December 2017 we lodged plans with the Planning Minister so he could approve limits to infill north of Seacombe Road. More than 18 months later, the Minister largely granted our wishes. With new planning laws to standardise everything, however, it remains to be seen whether our good work will be undone.

A trend is becoming clear: State Government taking ever more money from Council ratepayers, adding more costs to Council operations, and placing ever greater restrictions on what Councils can actually do for the community.

Thank you to everyone who helped to make our area a better place to live, work and play.

Yours faithfully,

Kris Hanna,
Mayor City of Marion



MESSAGE FROM THE CEO

The foyer in the Administration Building has been transformed into a modern service hub continuing our work to put customers first. This is reducing wait times, improving access to specialist staff and greater privacy for customers.

This builds on the City of Marion Customer Experience Charter which seeks to deliver the best possible service to our community. Council continued to strive for excellence in governance and risk management with safety at the forefront of everything we do.

As well making considerable investment in upgrading sporting and community facilities, parks and playgrounds we:

- Completed \$1.1 million of streetscape upgrades to Finnis Street
- Began \$1.1 million streetscape upgrade to Railway Terrace
- Upgraded lighting at Marion Cultural Centre plaza to support evening events
- Delivered a \$250,000 project to activate local cafes by installing decking, benches, murals and bike racks
- Established the Smart South Consortium to bring together education, industry, and governments to pilot new projects that address community concerns
- Began preliminary work to build a new park, footpaths and streetscape using the technology to create a “smart precinct” adjacent to the Oaklands Station

We also began the city-wide installation of more than 7,000 energy-saving LED globes.

Additionally, we planted 25,000 local native seedlings, more than 1,800 street trees and 400 mature trees.

Tonsley Innovation District continues to develop, and we worked with the State Government and other stakeholders to support its growth as a leading edge integrated employment and residential district. The redevelopment is expected to attract \$1 billion of private investment.

Events played an increasing role in bringing our community together. A combined total of almost 20,000 people attended Touch-a-Truck, the Marion Celebrates cultural festival, and Concert at the Cove.

The Marion Cultural Centre hosted more than 30 events as part of the internationally-renowned Adelaide Fringe Festival, attracting about 14,000 people.

Our volunteers play a hugely important role in delivering these events and other services, including driving the Community Bus and supporting activities at libraries and neighbourhood centres.

Marion Council became the first organisation in Australia to be recognised for setting new standards in volunteering. We were presented with the national standards quality mark to recognise our work in developing our more than 350 volunteers whose service is valued at \$1.2 million.

These achievements are down to the hard work of the Mayor, Elected Members, the community and all of our staff.

Thank you to everyone who has contributed to making our city more modern, dynamic and sustainable.

Regards,

Adrian Skull,
Chief Executive Officer



OUR PURPOSE, VISION AND VALUES

OUR PURPOSE

(Why we exist)

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

OUR COMMUNITY VISION

(What we want to become)

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

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

ABOUT THE CITY OF MARION – FAST FACTS

Location	South-Western suburbs of Adelaide
Land area	56.18 kms ²
Estimated resident population	92,308
Residents born overseas	24,185
Landmarks	Cove Civic Centre Living Kurna 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 Innovation District Westfield Shopping Centre
Gross Regional Product	\$3.590 billion
Leading Employment Sectors	Retail, Health, Community, Manufacturing
Elected Members	13
Wards	6
Operating Expenditure	\$83.5 million
Revenue	\$95.6 million with \$74.9 million from general rates
Rateable properties	43,085
Average residential rate	\$1,453
Rate increase from 2017/18	1.8% (lowest rate rise in over 15 years)
Library items loaned	761,651
Website visits	627,787
Volunteers	344 contributing 42,474 hrs totalling \$1.79 million
Street trees planted	2,077
Development applications	2,275
Value of Development applications	\$277 million
Distance of footpaths	860.5 km
Distance of roads	489.5 km
Distance of drains	275 km

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 2018/19 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 region's first playground for children of all abilities at Hendrie Street, Park Holme
- The Hallett Cove Foreshore Redevelopment
- Streetscape Improvements
- Oaklands Estate Reserve
- LED Streetlights

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.

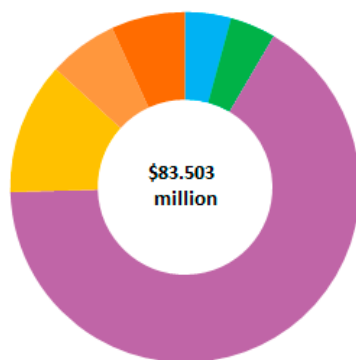
There has been a strong commitment from Council to reduce the financial rate burden while continuing to deliver significant Infrastructure projects. Our rate increase has continued to decline (see diagram below) with 2018/19 achieving an average 1.8% increase, achieving an operating surplus of \$12.134 million. The operating surplus achieved was above the original budgeted operating surplus of \$4.394m adopted by Council. The main factors for this increase include:

- Statutory Charges and User Charges increased \$0.449m
- Supplementary Road Grant for 2019/20 and 2020/21 received in advance \$0.963m
- Other Grants, subsidies and contributions increased \$1.296m
- Lower than Budgeted Materials, Contracts and Other expenses \$2.574m
- Reduction in Depreciation, Amortisation & Impairment \$2.087m

Sustaining an operating surplus is critical to renewing and maintaining the \$1.2 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 \$12.134 million which provides funding for renewal, replacement and upgrade of community assets along with funding for the Community Facilities Partnership Program.
- \$95.637 million revenue with 81 per cent coming from rates.
- \$83.503 million operating expenditure (see diagram below)
- \$1.2 billion net assets, providing community facilities, infrastructure and open space.

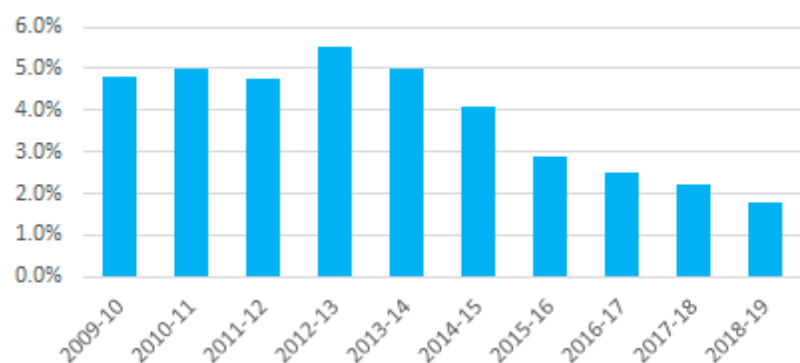
TOTAL OPERATING EXPENDITURE



- Urban Development
- Environmental Sustainability
- Public Infrastructure & Places
- Culture & Recreation
- Community Capacity Building
- Health and Community Care

FUNCTION	Expenses
Development	
Urban Development	\$3.549m
Environment	
Environmental Sustainability	\$3.514m
Infrastructure	
Public Infrastructure & Places	\$55.195m
Community	
Culture & Recreation	\$10.192m
Community Capacity Building	\$5.329m
Health and Community Care	\$5.724m
TOTAL	\$83.503m

AVERAGE RATE INCREASES OVER THE LAST 10 YEARS

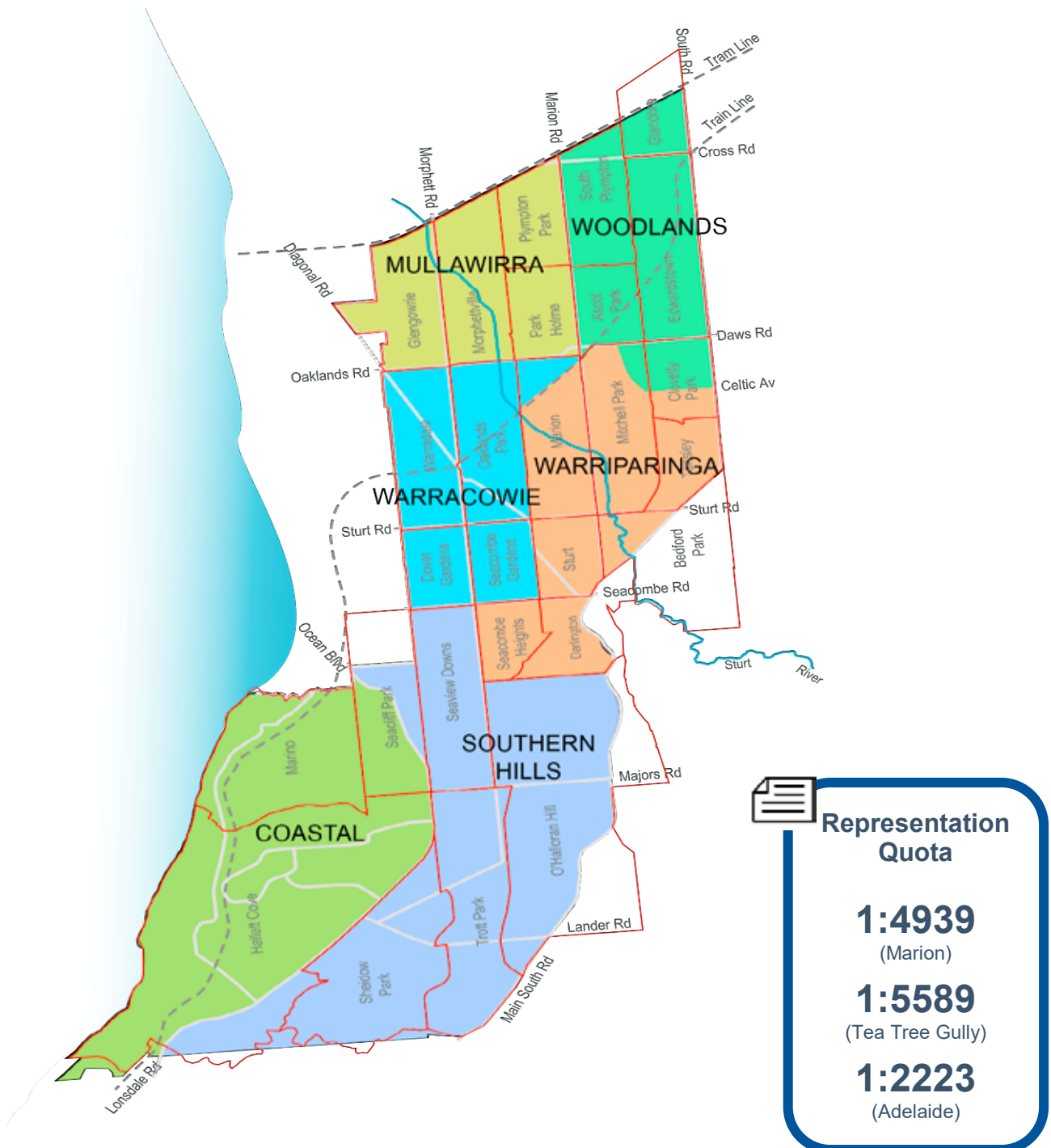


COUNCIL AREA AND WARD BOUNDARIES

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

In the City of Marion, one Elected Member represents 4,939 voters (known as a 'representation quota') (compared with the City of Tea Tree Gully with 5,589 voters for the same amount of Elected Members). In 2013, the City of Marion reviewed its ward structure to ensure Elected Members fairly represent residents and facilities in each ward. In accordance with legislation, a review is scheduled for 2021, where the outcome will be implemented at the 2022 Local Government Election.

The Local Government Elections were held in November 2018 in accordance with the provisions of the *Local Government (Elections) Act 1999*. Local Government Elections are held every four years to determine the membership of each Council. In the 2018 Election, there were 33 candidates in total contesting 13 positions including the Mayor. Four new Councillors were elected as a result of the Election.



ELECTED MEMBERS

MAYOR

Kris Hanna

Jun '18 – Nov '18

Nov '18 – Jun '19

Review and Selection Committee (Presiding Member)

Urban Planning Committee (ex-officio)

Infrastructure and Strategy Committee (ex-officio)



COASTAL WARD COUNCILLORS

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



COUNCILLOR

Ian Crossland

Jun '18 – Nov '18 Review and Selection Committee

Nov '18 – Jun '19 Infrastructure and Strategy Committee



COUNCILLOR

Tim Gard

Jun '18 – Nov '18 Infrastructure and Strategy Committee

Nov '18 – Jun '19 Infrastructure and Strategy Committee

Nov '18 – Jun '19 Finance and Audit Committee

MULLAWIRRA WARD COUNCILLORS

GLENGOWRIE, PLYMPTON PARK,
PARK HOLME, MORPHETTVILLE



COUNCILLOR

Jason Veliskou

Jun '18 – Nov '18 Urban Planning Committee

Nov '19 – Jun '19 Review and Selection Committee



COUNCILLOR

Jerome Appleby

Term concluded November 2018

Jun '18 – Nov '18 Review and Selection Committee



COUNCILLOR

Kendra Clancy

Elected November 2018

Nov '18 – Jun '19 Finance and Audit Committee
Nov '18 – Jun '19 Review and Selection Committee

SOUTHERN HILLS WARD COUNCILLORS

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



COUNCILLOR

Janet Byram

Term Concluded November 2018

Deputy Mayor

Jun '18 – Nov '18

Jun '18 – Nov '18 Review and Selection Committee

Jun '18- Nov '18 Council Assessment Panel



COUNCILLOR

Nick Westwood

Term Concluded November 2018

Jun '18 – Nov '18 Urban Planning Committee



COUNCILLOR

Maggie Duncan

Elected November 2018

Nov '18 – Jun '19 Urban Planning Committee

Nov '18 – Jun '19 Council Assessment Panel



COUNCILLOR

Matthew Shilling

Elected November 2018

Nov '18 – Jun '19 Infrastructure and Strategy Committee

WARRACOWIE WARD COUNCILLORS

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



COUNCILLOR

Bruce Hull

Jun '18 – Nov '18 Infrastructure and Strategy Committee

Nov '18 – Jun '19 Infrastructure and Strategy Committee



COUNCILLOR

Nathan Prior

Jun '18 – Nov '18 Infrastructure and Strategy Committee

Nov '18 – Jun '19 Urban Planning Committee (Presiding Member)

WARRIPARINGA WARD COUNCILLORS

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



COUNCILLOR

Raelene Telfer

*Jun '18 – Nov '18 Finance and Audit Committee
Jun '18 – Nov '18 Urban Planning Committee (Presiding Member)
Nov '18 – Jun '19 Urban Planning Committee
Nov '18 – Jun '19 Council Assessment Panel (stand-in member)*



COUNCILLOR

Luke Hutchinson

*Jun '18 – Nov '18 Infrastructure and Strategy Committee (Presiding Member)
Nov '18 – Jun '19 Infrastructure and Strategy Committee (Presiding Member)
Jun '18 – Nov '18 Council Assessment Panel (stand-in member)*

WOODLANDS WARD COUNCILLORS

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



COUNCILLOR

Tim Pfeiffer

Deputy Mayor

Nov '18 – Jun '19

*Jun '18 – Nov '18 Infrastructure and Strategy Committee
Nov '18 – Jun '19 Review and Selection Committee*



COUNCILLOR

Nick Kerry

Term Concluded November 2018

*Jun '18 – Nov '18 Finance and Audit Committee
Jun '18 – Nov '18 Urban Planning Committee*



COUNCILLOR

Joseph Masika

Elected November 2018

Nov '18 – Jun '19 Urban Planning Committee

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, 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 2018 – 30 June 2019, 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.

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. The table below shows the total number of meetings attended that an Elected Member was eligible to attend. Noting that there was a change in Committee Members from November 2018.

	General Council	Special Council	Urban Planning	Finance & Audit	Council Assessment Panel	Infrastructure & Strategy	Review & Selection
Number of Meetings	18	1	3	5		10	6
Mayor Kris Hanna	18/18	1/1	2/3			9/10	6/6
Cr Ian Crossland	18/18	1/1				6/6	1/1
Cr Tim Gard	13/18	1/1		3/3		8/10	
Cr Jason Veliskou	18/18	1/1					5/5
Cr Jerome Appleby	6/6						1/1
Cr Janet Byram	6/6				4/4		1/1
Cr Nick Westwood	5/6						
Cr Bruce Hull	16/18	1/1				10/10	
Cr Nathan Prior	17/18	1/1	3/3			2/4	
Cr Raelene Telfer**	17/18	1/1	2/3	2/2	0/4		
Cr Luke Hutchinson**	16/18	1/1			0/5	8/10	
Cr Nick Kerry	3/6			1/2			
Cr Tim Pfeiffer	18/18	1/1				4/4	4/5
Cr Maggie Duncan*	12/12	1/1	3/3		5/5		
Cr Matthew Shilling*	12/12	1/1				5/6	
Cr Joseph Masika*	11/12	1/1	2/3				
Cr Kendra Clancy*	11/12	1/1		1/3			4/5

* Newly Elected Councillors as a result of the 2018 Local Government Elections.
The figures shown indicate the number of meetings a member attended out of the maximum they were eligible to attend.

** 'stand-in' member only (Council Assessment Panel)

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, 498 resolutions were made by Council resulting from 226 corporate reports seeking a decision.

The Community was heard by the following deputations:

- Seaview High School Sport Facilities Partnership (President of the Dover Square Tennis Club) – *August '18*
- Seaview High School Sport Facilities Partnership (Seaview High School) – *August '18*
- Morphettville Park Sports Club Redevelopment – *August '18*
- Marion Golf Club – *December '18*
- Bicycle Institute of South Australia – *December '18*
- Cove BMX Club – *January '19*
- South Adelaide Basketball Club – *February '19*
- Mitchell Park Sports and Community Club – *February '19*
- Mitchell Park Football Club – *February '19*
- Climate Change Emergency – *March '19*
- Bandon Terrace Upgrade – *March '19*
- Streetscape Policy and Verge Guidelines – *April '19*
- Amendment to the Streetscape Policy and Verge Guidelines – *May '19*
- Cul de Sac Footpaths – *May '19*

Petitions were received on the following matters:

- Phillis Court, Warradale Development – *July '18*
- Frederick Street, Glengowrie – Parking Petition – *November '18*
- Marion Cultural Centre – *March '19*
- Bandon Terrace Reserve Upgrade – *March '19*
- Newstart Allowance – *April '19*
- Woodend Primary School – Residents of Franklin and Edison Court, Sheidow Park – *June '19*

The following Workshops/Presentations were held in council meetings:

- Proposed Class Action (Andrew Johnson LGA) – *Confidential – September '18*
- Oaklands Park Urban Renewal Proposal (Housing Renewal Australia Pty Ltd) *Confidential – January '19*
- Public Submissions on the Draft 4 Year Business Plan 2019-2023 and Draft Annual Business Plan 2019/2020 – *May '19*

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 30 August 2018 (came into effect from the conclusion on the 2018 Elections) provides for a CPI increase each financial year.

Mayor	\$82,520
Deputy Mayor	\$25,788
Elected Members	\$20,630

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:

- Elected Member Leadership Program (*Local Government Association*)

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

- Elected Members in the workplace delivered by Kaye Smith from EMA Legal
- Economic / Financial responsibilities of Council delivered by Henry Botha, Chartered Accountant
- Role of an Elected Member delivered by Kate McKenzie, Manager Corporate Governance
- Conflict of Interest Training delivered by Felice D'Agostino and Chris Alexandrides, Norman Waterhouse Lawyers

KEY DECISIONS OF GENERAL COUNCIL

Council made many significant decisions during the financial year. For the period during September – November 2018, Council was in Caretaker Period in the lead up to the 2018 Local Government Elections. During this time, Council was unable to make certain decisions that may bind the incoming Council or any designated decisions in line with the *Local Government (Elections) Act 1999*. 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.

2018	Key decisions	2019	Key decisions
July	<ul style="list-style-type: none"> • Endorsed Marion's Community Emergency Management Plan • Sixth Avenue Reserve at Ascot Park will be re-named after the late Joan Herraman in recognition of her long-term service as a community advocate and former councillor • Council resolved to enter into a 21-year lease with Marion RSL's sub-branch clubrooms on Norfolk Rd 	January	<ul style="list-style-type: none"> • Sheidow Park Primary School - Traffic and Parking Improvements Endorsed providing in kind support • Endorsed the release of funding, up to \$165,000 to supply and install a second balancing tank and advanced filtering system, at Oaklands Wetland. • Council to progress building the Sam Willoughby BMX track at the Majors Rd, O'Halloran Hill site - and spend \$1million to remedy latent soil conditions (subject to discussions with the State Government to address the traffic management issues).
August	<ul style="list-style-type: none"> • Approved Youth Development Grants, totaling \$120,000 • Banned the sale and/or public distribution of food and drinks served on or in, non-recyclable, single use plastics at all Council events. • Council endorsed to proceed to design the Morphetville Sports Club complex and will inject \$3.2 million into the project 	February	<ul style="list-style-type: none"> • Committed up to \$10 million to undertake the redevelopment of Mitchell Park Sports and Community Club, and neighbourhood centre facilities. • Nominated Elected Members to act as Council Liaison Officers to various external bodies for a period of two years • Resolved to install a plaque at Hendrie Street Inclusive Playground to honour the memory of Quentin Kenihan
September	<ul style="list-style-type: none"> • Authorised finalisation to enter into a 21 year lease with Marion Sports and Community Club • Re-appointed Ms Emma Hinchey to the Finance and Audit Committee for a 3-year period • Council endorsed the City of Marion 2016 - 2018 Progress Report on Public Health Planning 	March	<ul style="list-style-type: none"> • Resolved to Stage the Adelaide Symphony Orchestra (ASO) at Warriparinga on a date to be fixed in 2019 • Appointed Mr Greg Connor to the Southern Region Waste Resource Authority Audit Committee as the City of Marion Representative for the period from February 2019 to November 2019
October	<ul style="list-style-type: none"> • Adopted audited Annual Financial Statements for the Year ended 30 June 2018 • Adopted a 50% discount to residents and businesses registered within the City of Marion to the Fees and Charges for the hire of Council operated facilities 	April	<ul style="list-style-type: none"> • Endorsed a draft submission to the Minister for Local Government regarding the Local Government Reform proposal • Oaklands Crossing Contributing Works Program - Endorsed the proposed works program scope, scheduling and design budgets • Council will support extra hard waste collection during peak periods at a cost of \$45,000 per year.
November	<ul style="list-style-type: none"> • Re-established Council Committees • Appointed Elected Members Representatives for various positions • Declared Edwardstown Oval and Velodrome dog on leash areas • Endorsed a Coastal Climate Change Adaptation Study, which identified risks from global warming along Marion's coastline 	May	<ul style="list-style-type: none"> • Endorsed a 3 year CALD (Culturally and Linguistically Diverse) Disability and Aboriginal Traineeship Program • Resolved to register its publicly accessible war memorials with the new National Register of War Memorials, Places of Pride. • Endorsed the proposed Streetscape program divided into three delivery segments of 5 years each • Endorsed to increase the service delivery at the City of Marion's neighbourhood centres.
December	<ul style="list-style-type: none"> • Approved Community Grant Applications totaling \$48,970 • Endorsed an additional allocation of up to \$101,800 towards the Cove Sports and Community Club lighting project • Endorsed The City of Marion Walking and Cycling Guidelines 2018-2022 	June	<ul style="list-style-type: none"> • Resolved to temporarily close a 2.5km section of the Coastal Walkway while staff undertake further assessment and repairs. • Endorsed the enclosed fenced playground areas of Hendrie Street Reserve, Jervois Street Reserve and Dumbarton Avenue Reserve as Dog Free areas. • Adopted the Draft 4-Year Business Plan 2019 – 2023 • Adopted Annual Business Plan 2018/19 and Long Term Financial Plan

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 47 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"> involve unreasonable disclosure of information concerning the personal affairs of any person (living or dead). 	15
3(b)(i) and (ii)	<ul style="list-style-type: none"> 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; on balance, be contrary to the public interest. 	17
3(c)	<ul style="list-style-type: none"> reveal a trade secret 	0
3(d)(i) and (ii)	<ul style="list-style-type: none"> commercial information of a confidential nature (not being a trade secret) the disclosure of which— 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; on balance, be contrary to the public interest. 	19
3(e)	<ul style="list-style-type: none"> matters affecting the security of council, members or employees of the council or council property, or the safety of any person. 	1
3(f)	<ul style="list-style-type: none"> 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. 	0
3(g)	<ul style="list-style-type: none"> 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. 	1
3(h)	<ul style="list-style-type: none"> legal advice. 	4
3(i)	<ul style="list-style-type: none"> 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; 	0
3(j)(i) and (ii)	<ul style="list-style-type: none"> 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); on balance, be contrary to the public interest. 	0
3(k)	<ul style="list-style-type: none"> tenders for the supply of goods, the provision of services or the carrying out of works. 	1
3(m)	<ul style="list-style-type: none"> relating to a proposed amendment to a Development Plan under the Development Act 1993 (SA) before a Development Plan Amendment proposal relating to the amendment is released for public consultation under that Act. 	0
3(n)	<ul style="list-style-type: none"> relevant to the review of a determination of a council under the Freedom of Information Act 1991 (SA). 	0

Council undertook a rigorous review of its confidential orders in December 2018 resulting in 4 confidential reports being released and 1 report released in part. At the conclusion of the financial year, Council currently has 139 reports with confidential orders remaining in place to be reviewed again December 2019.

Relevant placita of Local Government Act (SA) 1999	Explanation	Number of times used
(7) + (9)	S 91 Minutes and release of documents 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.	139 All to be reviewed Dec 2019 (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 11 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;
 - 20 February 2018: Urban Activation Project (divulge commercial information) 90(3)(d)
 - 21 August 2018: Coastal Walkway (90)(3)(h) – Legal Advice
 - 19 January 2019: Planning Day (90)(8) – Planning session of a general or strategic nature
 - 16 February 2019: Bus Tour (90)(8) – Planning session of a general or strategic nature
 - 19 March 2019: Rating Data 19/20 (90)(8) – Planning session of a general or strategic nature
 - 23 March 2019: Bus Tour (90)(8) – Planning session of a general or strategic nature

		Elected Member attendance at Informal Gatherings												
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
		1	1	Caretaker Period	Caretaker Period	1	1	2	1	1	3	1	1	13
Mayor Kris Hanna	1	1	1			1	2	1	1	3	1	1	13/13	
Cr Ian Crossland	1	1	1			1	2	1	1	3	1	1	13/13	
Cr Tim Gard	1	1	1			1	2	0	1	3	1	1	12/13	
Cr Jason Veliskou	1	1	1			1	2	1	1	2	1	0	11/13	
Cr Jerome Appleby	1	0											1/2	
Cr Janet Byram	1	1											2/2	
Cr Nick Westwood	1	1											2/2	
Cr Bruce Hull	1	1	1			1	2	1	1	3	1	1	13/13	
Cr Nathan Prior	1	1	1			1	2	1	1	3	1	1	13/13	
Cr Raelene Telfer	1	1	1			0	2	1	1	3	1	1	12/13	
Cr Luke Hutchinson	1	0	1			0	2	1	1	2	0	0	8/13	
Cr Nick Kerry	1	1											2/2	
Cr Tim Pfeiffer	1	1	1			1	2	1	1	3	1	1	11/13	
Cr Joseph Masika*			0			1	2	1	1	3	1	0	9/11	
Cr Kendra Clancy*			1			1	2	1	1	3	1	1	11/11	
Cr Maggie Duncan*			1	1	2	1	1	3	1	1	11/11			
Cr Matthew Shilling*			1	1	2	1	1	3	1	1	11/11			

*Elected following 2018 Local Government Elections

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 2018/19. 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:

- BMX Project
- Stormwater Management Tonsley Water Agreement
- Asset Optimisation
- Positive Ageing
- Coastal Climate Change Plan
- Renewable Energy and Battery Opportunities
- Development of Council's 4-Year Business Plan 2019-2023
- Morphettville Park Sports Club Redevelopment
- Edwardstown Soldiers Memorial Recreation Grounds
- Innovative Smart Initiatives
- Oaklands Smart Precinct
- Hallett Cove Sea Pool
- Future of Lighting
- Urban Activation
- Seaview High School Sports Facilities Partnership
- Current challenges and future opportunities for management of waste and recycling at the City of Marion

REVIEW AND SELECTION COMMITTEE - FUNCTION

The Committee has four (4) Elected Members – Mayor and three (3) Elected Members. The meetings convened as required. In 2018/19, the Committee met on six occasions.

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
- Reviewing, monitoring and recommending to Council relevant strategies regarding the organisation's culture and performance associated with the conduct of Elected Members, employees and volunteers.
- Monitor the organisations direction regarding the efficient and effective delivery of strategic and operational human resource functions
- Ensure the organisation has appropriate employee well-being strategies.

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 five occasions in 2018/19. 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. The Urban Planning Committee met on three occasions in 2018/19.

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.

The following Committees do not have any external members appointed:

- Urban Planning
- Review and Selection

Name of Committee	Finance & Audit (FAC)	Council Assessment (CAP)	Infrastructure & Strategy (ISC)
Total number of meetings	(5)	(9)	(10)
Gavin Lloyd-Jones (*'stand in' member for DAP)		3/9	
Nathan Sim (CAP)		7/9	
Terry Mosel (Chair – CAP)		8/9	
Sue Giles (CAP)		8/9	
Don Donaldson (CAP Jul '18 – Jun '19)		9/9	
Christian Reynolds (ISC)			6/10
Greg Connor (Chair FAC)	5/5		
Emma Hinchey (FAC)	5/5		
Natalie Johnston (FAC)	4/5		

COUNCIL ASSESSMENT PANEL - FUNCTION

The task of the panel is to assess certain development proposals against the Marion Council Development Plan, which sets out the planning policies applicable to the Council area. The Panel considers 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 Council Assessment Panel comprises five members appointed by Council, four of which are independent members with experience in development-related disciplines and one Elected Members.

While the State Government is undertaking Planning Reforms, the Panel operates under both the *Planning, Development and Infrastructure Act 2016* as well as the *Development Act 1993*.

The Panel met on 10 occasions during the financial year. The Presiding Member receives \$500 per meeting; Independent members receive \$400 per meeting and Elected Members \$200 per meeting.

DEVELOPMENT SERVICES

Where Council is the relevant authority for development assessment matters, an internal team of development and building officers undertake a range of assessment duties under the *Planning, Development and Infrastructure Act 2016* as well as the *Development Act 1993*.

ACHIEVEMENTS FOR 2018/19 FINANCIAL YEAR

City of Marion granted more than \$277 million of building applications – an increase of approximately \$56 million from 2017/18.

The two largest value approvals were for a \$30 million development at Westminster School for additions and alterations in the form of two, three storey additions to existing school buildings, alterations to a remaining building, and the removal of four regulated trees and associated demolition and a \$10 million dollar internal refurbishment of the existing Westpac Call Centre on Laffer Drive at Bedford Park. The largest value residential approvals were for three single storey residential flat buildings and three single storey group dwellings with associated parking and at 8 Sturm Court Oaklands Park, and a four storey residential flat building comprising fifteen dwellings at 44-46 MAB Circuit Tonsley with a value of \$6.6m and \$2.6m respectively.

The total number of applications granted was 1771. This included 850 new dwellings and 115 dwelling additions, along with 1423 approvals for class 10 structures, including sheds, pools and verandahs. Over the year 299 demolitions were granted. Four offices, 51 shops, 12 warehouses and 20 public buildings were also approved.

NUMBER OF BUILDING CONSENTS AND VALUES^[1]

2014/15	2015/16	2016/17	2017/18	2018/19
1751	1795	1789	1771	1734
\$195.5m	\$182.1m	\$180.5m	\$221m	\$277m

DEVELOPMENT PLAN AMENDMENTS (DPA)

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. Following public consultation the DPA was amended, taking into account comments received, and forwarded to the Minister for authorisation in late December 2017.

^[1] 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.

In May 2019, Council agreed to a request from Planning Minister Stephan Knoll to split the DPA in two. This would see part of the DPA proceed and further community consultation undertaken on other areas.

As of July 2019, Council is awaiting a formal response from the Minister regarding the status of the DPA.

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

Part 2 of the DPA was authorised by the Minister and consolidated into Council's Development Plan on 29 November 2018. The changes to the Development Plan brought about by Part 2 of the DPA will facilitate the opportunity to create a gateway to the adjacent Tonsley Precinct, along Alawoona Avenue, with a mix of retail/commercial and medium density residential uses, within multi-storey buildings, with active ground floor frontages.

SEACLIFF PARK RESIDENTIAL AND CENTRE DPA (joint DPA with City of Holdfast Bay)

The intention of the DPA is to facilitate the development of land located in the suburbs of Seaclyff, Seaclyff Park and Marino (informally referred to as Cement Hill and/or the Monier/Lorenzin land) for multi-level, medium density residential development, shopping and community facilities and open space,

The DPA has been 'on hold' for a number of years whilst an agreement on the relocation of the quarry haulage road was negotiated between the proponent and Boral Resources.

Given the extent of the intervening period and the proposal to include additional land within the Affected Area, the Statement of Intent has recently been reconsidered by the current Planning Minister. His agreement to the amended SOI was given on 7 June 2019.

The DPA is currently being progressed for public consultation purposes.

COMMUNITY LAND

Previously 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. During 2018/19 Louise Avenue Reserve and Luke Court Reserve were sold and settled. The net proceeds from the sales were paid into the Open Space Reserve Fund for the development of other open space facilities.

It is proposed that Ranger Street Reserve is divided into two residential allotments for individual sale. This process is under way.

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 \$213,446 to \$305,287 for the CEO.

HUMAN RESOURCES INFORMATION

The City of Marion had 330.19 full-time equivalent staff as at the 30 June 2019. The following human resource management or development programs were delivered:

- Gap Year – Council has for the third year employed two persons who completed their Year 12 studies and live in Marion. The program provides these young people with the skills and knowledge that will help them identify a career and increase their chances of finding work post the program.
- Career Transition Program (CTP) – This program enables the City of Marion to put initiatives in place for those nearing or reaching retirement age. 55+ aged staff are given access to flexible working arrangements and the 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 – Our leadership programs promote the City of Marion’s Leadership Capabilities and Values and provides access to structured, high quality learning and development. The program has been enhanced under the banner of Grow your Leadership at the City of Marion which includes four distinct programs tailored to the differing needs of our people leaders. The Leadership Fundamentals program includes training a team for the LG Professionals Management Challenge held in May. Our City of Marion Team achieved second place. We are looking forward to continuing to provide innovative and ongoing development programs.
- Volunteers - contributed 42,374 hours of their time and skills to the community. Volunteers make our community a better place. Our Volunteer Strategy, developed the year before, has provided more opportunities for volunteers than ever before. We have developed a system to attract volunteers wanting to contribute outside the traditional roles on offer. Building and nurturing community relations with other volunteer-driven bodies has been fruitful in sharing best practice and identifying areas for collaboration. Along with some new initiatives, in 2019/20 we aim to make big strides in not only keeping the City of Marion as a first choice for volunteers but also adapting to the changing demands of volunteers expectations.
- Reward and Recognition - The organisation was shortlisted for the LG Professionals Australia Annual Leadership Excellence Awards in the People and Culture category for the implementation of an enhanced employee reward and recognition program. The program was implemented to focus on empowering our leaders to recognise employees and teams for leading the Council values and delivering for our resident.
- Diversity and Inclusion - 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. Our online learning for Cultural Awareness training was launched which enhances our commitment to embracing diversity and inclusivity.

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 2018/19 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 maximises 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 Solutions 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's internal review of a Council decision policy and procedure is available from the City of Marion website. If possible, Council endeavor to resolve any complaint or grievance in line with the policy and procedure, without it being escalated to the formal review process. In 2018/19 Council received two formal requests to conduct an internal review of decisions of Council. The complaints related to the following:

- Development matter regarding a driveway crossover (*October 2018*) – review did not proceed
- Tree Removal (*July 2018*) – review did not proceed

WORK HEALTH AND SAFETY

The safety of our people and the protection of members of the public is a key priority, which is reflected in the City of Marion Values being "With the community and safety at the forefront of everything we do, we value respect, achievement, integrity and innovation." The Think Safe Live Well WHS Plan outlines a vision; 'Through our thoughts, work and actions we can all make a difference and reduce harm'. The Plan's commitments focus on further developing our leadership styles, organisational culture and WHS systems through Safety Leadership, Hazard Management, Incident Management and Continual Improvement.

The KPI set by Council is to reduce the Lost Time Injury Frequency Rate (LTIFR) by 10% against the previous year. Council's LTIFR outlined in blue in the table below, using data sourced from the Local Government Association Workers' Compensation Scheme (LGAWCS) Claim Analysis Portal once claims have been determined, can be measured and monitored against our local government sector counterparts being the Group A Councils (GAC[1]). The City of Marion recorded an LTIFR of 9.4 in 2018/19 which represents a 52% increase over the previous 12 months and does not meet the KPI of 10% reduction on the LTIFR from the previous year. However, despite recording an increase in the LTIFR this year, it should be noted that significant reductions have been made over the past three years including; a reduction of 57% from 2015-16 to 2016-17 which reduced again by 50% in 2017-18. These reductions equate to a 67% reduction over the three years from 2015-16 to 2018-19. The City of Marion, historically, has also recorded a higher LTIFR when compared against our industry counterparts being the Group A Councils and we have recorded lower than the sector now for three years in a row.

LTIFR COMPARED AGAINST GROUP A COUNCILS



RISK

The City of Marion is committed to excellence in governance and risk management is an integral contributor to good governance to foster effective decision making in the achievement of Council's vision and strategic objectives, which focus on our corporate values and the community's wellbeing.

[1] GaC are metropolitan councils with more than 300 staff (Marion, Adelaide, Charles Sturt, Onkaparinga, Playford, Port Adelaide Enfield, Salisbury and Tee Tree Gully).

The aim of the risk management program is to provide Council with assurance that the City of Marion is managing its corporate risks through its approved suite of documents including the Risk Management Policy, Framework and the Corporate Risk Register, in their alignment with ISO31000:2018 'Risk Management - Guidelines'. In 2018/19 work progressed to further embed risk management processes which is evident in the fluid management of risk across the organisation. Key initiatives in the areas of corporate risk, business continuity management, emergency management plus fraud and corruption management continue to grow the risk management culture and maturity across the organisation.

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	12	Of the 11 applications determined:	
Withdrawn	1	Full release	5
Determined	11	Partial release	4
		Refused	2

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 = **638**

Nature of Complaints received:

- Dust - **68**
- Smoke - **25**
- Noise - **169**
- Odour - **24**
- Unsightly - **123**
- Dumped Rubbish on Council land and offender known - **138**
- Dumped Rubbish on Private Property - **30**
- Noisy Bird - **18**
- Other Animals - **43**
(poultry, rats, sheep, snakes)

Offences Expiated = **1**

Offences prosecuted = **0**

Number of nuisance abatement notices issued = **0**

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 Councils 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 \$12.134m for 2018/19 compared to an operating surplus of \$10.904m for 2017/18.

Included in Council's operating surplus is grant funding of \$2.4m received for the redevelopment of Edwardstown Soldiers Memorial Recreation Oval and advance payment of Supplementary Road Grants for 2019/20 and 2020/21 of \$0.963m.

OPERATING INCOME

Total Operating income for 2018/19 was \$95.637m compared to \$92.566m in 2017/18. The increase of \$3.071m predominantly results from an increase in Rates of \$2.3m (from an adopted rate increase of 1.8% + growth) in addition to the advance receipt of 2019/20 and 2020/21 Supplementary Road grant funding of \$0.963m.

OPERATING EXPENSES

Total Operating expense for 2018/19 was \$83.503m compared to \$81.662m in 2017/18. The increase of \$1.841m (2.3%) predominantly relates to an increase in Materials (\$0.246m), Contractors (\$0.745m) & Other Expenses of (\$1.324m). These include increases in election expenses, waste collection, utilities and a significant cash contribution (\$1.0m) to the Oaklands Crossing grade separation project.

Employee costs increased \$1.587m (4.8%) in 2018/19 with increases from Enterprise Agreements (2.3% Salary and 2.5% Wages) and increases to grant funded positions (\$170k) and Council approved positions (\$211k).

CAPITAL REVENUES AND CONTRIBUTED ASSETS

Other key variances reported on the Statement of Comprehensive Income are *Amounts Received Specifically for New or Upgraded Assets* (up \$3.117m) predominantly relating to State Government Grants received for the Sam Willoughby International BMX Track (\$1.3m) and Birch Crescent Streetscape (\$1.8m). Physical resources received free of charge has increased by \$5.189m due to contributed assets from the State Government in the form of roads, drainage and footpaths relating to the Tonsley redevelopment.

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 10% on a five year rolling average.

	2017	2018	2019
Operating Surplus Ratio	13%	12%	13%

The Operating Surplus Ratio in the adopted budget for 2018/19 was 4.75% and this has been significantly impacted by the the advance payment of Supplementary Road Grants for 2019/20 and 2020/21 (\$0.963m), and the reduction in depreciation of Council's fixed assets (\$2.087m). The average Operating Surplus Ratio over the last five financial years is 12%.

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.¹ Council's reliance on rates has decreased by 4% over the past three years.

	2017	2018	2019
Rate Revenue Ratio	82%	81%	81%

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position provides details of Council's assets, liabilities and equity as at 30 June 2019. 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 increased by \$19.313m (1.7%) compared to 2017/18 with the majority of the movement relating to Physical Assets Received Free of Charge (including roads, drainage and footpaths) of \$5.320m from the State Government as part of the Tonsley Redevelopment and a net revaluation increase of \$2.055m.

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.

	2018 \$'000	2019 \$'000	Increase/ (Decrease) \$'000
Building assets	106,068	111,509	5,441
Infrastructure assets	652,385	664,171	11,786

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 1.1.²

	2017	2018	2019
Working Capital Ratio	2.1	2.5	2.9

ASSET RENEWAL FUNDING 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.³

	2017	2018	2019
Asset Renewal Funding Ratio	75%	75%	114%

¹ 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.

² 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.

³ Council's Long Term Financial Plan (LTFP) is set to achieve an average Asset Renewal Funding Ratio of 96% over the next three years, and 91% over the 10-year term of the LTFP. The higher than average ratio of 114% achieved in 2018/19 is due to the renewal of the Edwardstown Soldiers Memorial Recreation Centre.

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.

	2017	2018	2019
Asset Consumption Ratio	78%	77%	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 2019 were \$6.805m – a net decrease of \$1.100m over the level of borrowings in June 2018.

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 2019/20 and beyond totalling \$17.436m.⁴ Council also retains significant cash reserves quarantined for future major projects and long term asset management objectives.

	2017	2018	2019
Net Financial Liabilities Ratio	(25%)	(33%)	(37%)

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.

	2017	2018	2019
Interest Cover Ratio	(0.4%)	(0.6%)	(0.8%)

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 1.6% result is below the maximum target of 5% as illustrated in the table below.

	2017	2018	2019
Debt Servicing Ratio	2.4%	1.9%	1.6%

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 \$1,197.9m 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 decrease in Cash, Cash Equivalents and Investments of \$2.375m compared to 30 June 2018. As previously mentioned a sizable portion of the cash position is committed to unexpended grants, carryovers and

⁴ 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.

retimed works. Council also retains significant cash reserves quarantined for future major projects and long term asset management objectives.

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%.⁵

	2017	2018	2019
Operating Cash Flow Coverage Ratio	147%	132%	139%

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: \$17.436m

This consists of grant funded carryover projects and capital works carried over to 2019/20 or retimed to future years as required.

OPEN SPACE RESERVE: \$2.186m

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

ASSET SUSTAINABILITY RESERVE – GENERAL: \$10.718m

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): \$6.015m

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: \$1.525m

Funding has also been specifically set aside in the Asset Sustainability Reserve for major new projects. Council has endorsed a significant funding contribution to the Southern Region Soccer Facility from this reserve.

WATER RESERVE: \$0.531m

This reserve has been established to quarantine revenue received and savings identified from the sale and use of treated stormwater from the Oaklands Wetland to further develop third party supply opportunities

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).

⁵ 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.



LIVEABLE

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.

EDWARDSTOWN SOLDIERS MEMORIAL OVAL

\$8.8 million (Council \$4.8 million, Federal Government \$4 million) redevelopment of the Edwardstown Soldiers Memorial Oval was completed and officially opened in April 2019. Accommodating up to 250 patrons in new function spaces including four new multi-sport change rooms. The facility houses the historic WW1 Edwardstown Honour Roll and includes the redevelopment of the memorial gardens and surrounding landscaping. The site includes a concrete velodrome, new loop path, cycling club storage and consolidation of the cricket club facilities on site. A public art component encompasses the display of club and community memorabilia. In the first three months of operation an additional three female football teams were formed.

MORPHETTVILLE PARK SPORTS AND COMMUNITY CENTRE

The design and documentation for the delivery of the new clubroom facility that will meet AFL standards and include new female facilities was finalised during 2018/19. The project cost is \$3.773 million and will include an oval realignment to provide a safer environment for players and spectators. The construction phase is due to commence July 2019 and is scheduled for completion in time for the 2020 football season.

SOUTHERN SOCCER FACILITY

The State Government committed \$2.5 million towards a new Southern Soccer Facility within the City of Marion to be developed by the Football Federation of South Australia. The City of Marion has provided in-principle support to contribute \$2.5 million towards the new facility. Concept development has been completed, identifying that there is a funding shortfall to deliver the soccer facility at Majors Road. The City of Marion and the Football Federation of South Australia will continue to work together to identify the preferred location for the Soccer facility in Southern Adelaide.

SAM WILLOUGHBY INTERNATIONAL UCI BMX TRACK

A joint partnership between the State Government and the Cities of Marion and Onkaparinga will see the delivery of the \$5.8 million Sam Willoughby International UCI BMX Track. Following investigations to find a suitable site, the City of Marion announced an additional \$1 million in funding (bring Council's total commitment to \$1.75 million) to enable the Sam Willoughby International UCI BMX Track to be delivered at the Majors Road site, subject to a traffic management solution being resolved from Majors Road to the site with the State Government. Council is working with DPTI to resolve access to the site from Majors Road. Upon resolution, design and documentation will begin in 2019 with construction underway during 2020.

MITCHELL PARK SPORTS AND COMMUNITY CENTRE

Council committed \$10 million and the Federal Government \$5 million to the redevelopment of the

existing club room building into an integrated regional sports and community hub. The facility will cater for the relocation of the Neighbourhood Centre, include indoor multipurpose courts, function / training / community spaces, new change rooms and a public art component. It is anticipated the facility will attract up to 1000 visitors a day. Design and Documentation will occur in 2019/20 with construction scheduled for 2021/22.

PLAYGROUND IMPLEMENTATION PROGRAM

In 2018/19 Council delivered 7 open space and playground upgrades. Sites that were delivered included:

- Heron Way Reserve, Hallett Cove
- Oaklands Estate Reserve, Oaklands Park
- Bandon Terrace Reserve, Marino;
- Crown Street Reserve;
- First Avenue Reserve, Ascot Park;
- Mitchell Park Oval Playground, Mitchell Park;
- Dumbarton Avenue dog friendly Reserve;

HALLETT COVE FORESHORE REDEVELOPMENT

Roadworks were completed during 2018/19 and included the realignment of parking bays, construction of rain gardens, footpath and landscaping. Construction of Stage 4 Reserve and Playground was completed in October 2018 at a cost of \$1.1million and included connecting pathways, tunnel slide, climbing structure, sand and water play nature play areas, picnic setting, BBQ Shelters. Designs are currently being prepared for Stage 6 Café Plaza and connecting paths to provides links between the reserve and the Hallett Cove Conservation Park. It is anticipated that these works including car park alignment and line marking will be completed by June 2020.

MARION OUTDOOR POOL STAGED UPGRADE

The 2018/19 swimming season saw 93,750 attendances. Stage 2 works commenced upgrading the building to significantly improve the function, aesthetic appeal and expand service delivery options. The entry has a large canopy providing increased shade into the new foyer space, a multifunction room has been built as well as vastly improved staff and reception area. The new external kiosk server has a canopy and seating available. The renovated foyer provides improved flow, monitoring and safety for pool users. This build commenced in 2018/19 during the off-season and will continue in 2019/20 to ensure no impact to the swimming season.

FRINGE HUB AT THE MARION CULTURAL CENTRE

The Marion Cultural Centre participated in the 2019 Adelaide Fringe with demonstrated appreciation from residents attracting approximately 14,000 attendances to the venue. 32 events were presented including performances in the Domain Theatre, markets in the plaza and two outdoor festivals. Shows presented incorporated international comedians, cultural performances, youth bands, local artists performing for the first time, kids' shows, tribute bands and much more.



**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.

IMPLEMENT THE CLIMATE CHANGE POLICY AND PLAN (RESILIENT SOUTH PROGRAM)

During 2018/19 the City of Marion continued to work with partner Councils to deliver climate change adaptation initiatives through the Resilient South Program. Key projects were delivered including:

- Creation of a dedicated Resilient South website;
- Climate Ready Communities Program in partnership with Red Cross;
- Development of a metropolitan-Adelaide web portal for urban heat maps;
- Coastal Climate Adaptation Planning Project;
- Climate Risk and Governance Project;

During 2019/20 the Plan will be updated to include recommendations from the Climate Risk and Governance Project.

REGIONAL COASTAL MANAGEMENT PLAN

Council endorsed a Coastal Climate Change Adaptation Study that assesses the risk of the City of Marion Coastline to coastal climate change. The detailed study highlights that by global standards, the City of Marion has a positive outlook for coastal climate over the next 50 years. There are some areas that will need regular monitoring and protection / adaptation works into the future. An ongoing coastal monitoring plan has been endorsed by Council with matching funding to be sought from the State Government (Coast Protection Board) for the coming years.

ENVIRONMENTAL EDUCATION PROGRAMS

During 2018/19 the following education programs delivered included:

- Valuing Marion's Nature Program – providing an opportunity of the community to connect with and learn about local wildlife and natural areas. A total of 443 people attended 13 program events;
- Common Thread events. 287 attendances (workshops / presentations / hands on events);
- Sam Ryan – NRM Education (8 schools and pre-schools engaged through 38 support events);

Council continued to provide education on recycling, encouraging this through:

- 54 presentations to schools, kindergartens, businesses and community groups;
- 1136 free kitchen caddies distributed to households;
- 2 tours of recycling facilities and 2 workshops on home composting;
- Hazardous waste drop-off day - 805 vehicles deliver 27 tonnes of hazardous;
- The Recycle Right Bin Tagging Campaign was delivered to 695 households;
- Introduction of a ban on non-recyclable single-use plastic food and drink packaging items at our events;

In 2019/20 Council will continue to show its commitment to reducing waste to landfill and providing education to the community.

IRRIGATION & WETLANDS PROGRAM

Council continued to irrigate Ovals and Reserves in accordance with an endorsed Irrigation Management Plan. Wetlands at Oaklands and Glade Crescent provide an increasing percentage of the water used to keep our City Green. During summer of 2018/19 Over 270ML of stormwater was treated and stored at Oaklands Wetlands. This treated water was pumped into the aquifer, under a strict Environmental License, until it was required for irrigation or water sales. Council; will review the Irrigation Management Plan early in 2019/20 with the intent of increasing the number of reserves irrigated.

EXPANSION OF THE OAKLANDS WETLANDS WATER DISTRIBUTION NETWORK

Council owns and maintains over 13 km of water pipes under our streets that distributes treated water from Oaklands Wetlands to 35 Ovals, Bowling Clubs, Bus Depot, our own works Depot and other offtakes for water sales. The system is designed to allow for more connections.

During the 2018/19 summer 153ML of treated stormwater was pumped across the City. Approximately 25ML was sold to displace drinking water on two large construction sites (Darlington Superhighway and Oaklands Grade Separation Railways projects).It is envisaged that water supply to the parks and streetscapes within the Tonsley Innovation District will commence during summer 2019/20.

REMNANT NATIVE VEGETATION PLAN

The Plan outlines the strategies and principles that will be implemented to protect and manage remnant vegetation. In 2018/19 the Plan contributed to:

- Planting of around of 25,000 local native seedlings;
 - Weed control and vegetation management; of 35 priority and opportunity native vegetation sites;
 - Both the Trees for Life volunteer management agreement and the Bush for Life partnership agreements signed and procured;
 - Oaklands Reserve National Tree day event in partnership with the Friends of Sturt River Landcare Group;
 - Nari Reserve in partnership with the Friends of Glenthorne Park and the community planting event;
- In 2019/20 planned works include the planting of approximately 18,000 local native seedlings and further vegetation management of all priority and opportunity native vegetation sites

ENHANCED TREE PLANTING PROGRAM

As part of the 2018/19 street tree planting program Council planted over 1,800 street trees. Over 400 advanced street trees were also planted, forming part of a ten year tree scaping program endorsed by Council. In 2019/20 Council will increase its street tree planting target from 1,400 street trees per annum up to 3,000 street trees per annum. This will see a total target of over 3,400 street trees (400 advanced) planted for the year.



ENGAGED

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.

MARION CULTURAL CENTRE EXTERNAL HIRE ENHANCEMENT PROJECT

The Marion Cultural Centre invested in upgrading the lighting within the Plaza with LED fixtures providing a significantly improved outdoor plaza area seeking to encourage more plaza and night activities throughout the year. The LED lights not only provide a better light spread but have less environmental impact, increased efficiency and a safer space for community. Additional markets are scheduled for delivery in the 2019/20 financial year.

FOYER REFURBISHMENT

The City of Marion has a commitment to Customer Experience and has transformed the foyer of the Administration Centre from its original design from its 80's decor to a modern Customer Service Hub. The entire design was centered around improving service to our customers. Benefits include the amalgamation of the Development and Regulatory and Customer Service counter, designated booths for delivery of service, self-serve options, digital sign-in and enhanced facilities for the JP Service. The Customer Service Centre is warm and inviting whilst reducing wait times for our customers. The project cost \$420,000.

ABORIGINAL AND DISABILITY TRAINEESHIPS

The Disability and Aboriginal Traineeships, through Maxima Group, were approved by Council for one year. This enabled an increase to diversity and inclusion in the workforce by attracting a wider range of candidates to vacancies. Two trainees have valued the opportunity to undertake a traineeship and have developed key transferable skills, with the person undertaking the Aboriginal traineeship successfully gaining employment since completing her traineeship. One trainee has successfully completed her certificate 3 in business and the other has continued with this Certificate 3 in Aborigiculture for a further year with Council. Council has Endorsed a three year Disability, CALD (Culturally and Linguistically Diverse) and Aboriginal Traineeship Program (nine trainees over a three year period).

COMMUNITY HUBS PROJECT

A funding project across all four Neighbourhood Centres enabling more programs to address needs, centre operating hours and assists in providing connection and engagement with our Culturally and Linguistically Diverse (CALD), Aboriginal and Indigenous communities. During 2018/19 there was an increase in programs, number of participants, volunteers and level of connection with a diverse range of people. Programs have been developed with the view of engaging with more people and those who do not currently use one of the Centres. Following the introduction of Eventbrite for majority of events, there has been a substantial increase in new people attending the programs.

Key events and achievements included:

- Nunga Lunch at Cooina during NAIDOC week – connecting Aboriginal people in our Centre.
- Increase in new participants across all Centres with increased program diversity.
 - 317 at Trott Park;
 - 306 at Mitchell Park;
 - 189 at Cooina;
 - 411 at Glandore.

During 2019/20 work will continue to progress the project to provide more opportunities for people to connect, volunteer and gain new skills.

MARION LIBRARY SERVICE – 60 YEAR CELEBRATIONS

The City of Marion has three libraries across the city. Achievements in 2018/19:

- Loaned a total of 761,651 items;
- Attracted 450,983 visitors;
- 15,694 people attended library programs;

In February 2019 the Marion Library Service celebrated its 60th birthday. A suite of events and branded promotion was delivered to celebrate this significant milestone and the impact that the Marion Library Service continues to have within the community. Pick Your Pages was a program introduced in 2018, designed to engage people in the selection of library materials to ensure our collections are reflective of the needs and interests of the community.

COMMUNITY LEADERSHIP PROGRAM (CLP)

During 2018/19, 18 people graduated from the program. Participants aged from 28 to 70 years, who live, work or play within the City of Marion. They included City of Marion volunteers, people involved in local charities and organisations, and those in full-time, part-time work and unemployed. The CLP aims to increase community member's confidence to become leaders in the community to bring about change. The CLP gives participants the skills and confidence to develop their own community project and to motivate and encourage others to assume leadership roles in the community. This year's CLP focused on improving skills in: leadership, communication, conflict resolution, personality mapping, resilience, how to run a community event, how to apply for grants, marketing / media, budgeting, risk assessment, presentation skills and more.

YOUTH PARTNERSHIP PROGRAM

Voice It! Create It! Do It! was an engagement and consultation project that connected with over 400 young people across the City of Marion. The project gave young people an opportunity to voice their priorities, passions, experiences and concerns. Young people contributed in many ways including an online Making Marion survey, workshops at local schools, pop-up sessions at Westfield Marion and a Youth forum held at the Marion Cultural Centre. The information gathered from this project will help to inform how we work with young people and ensure the grant and partnership funding is directed to areas of need.



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 INNOVATION DISTRICT

Council continued to work with key stakeholders on the Tonsley development which is purposely designed to attract investment and create a thriving jobs and education precinct that includes residential and community living.

Key achievements include:

- A district energy scheme and recycled water will be provided by Enwave Australia as part of a 50 year development agreement with Renewal SA including 20,000 solar photovoltaic panels on the roofs of the Main Assembly Building (MAB);
- A number of commercial development applications lodged including a Solar Garage, Micro X, Autism SA, Hotel, multi deck carpark, Bedford Medical;
- Planning commenced on the retail hub located adjacent to the Boiler House, which will be delivered by PEET Limited;
- The first stage of the Tonsley Village residential development continued with residents moving into townhouses. Stages 2 and 3 are in construction;
- Planning commenced for future stages and open space landscaping integration;
- Renewal SA and partners hosted Tonsley Open Day with estimated attendance in excess of 10,000 people;
- Project commenced 2012 with scheduled completion 2027;

In 2019/20 Office pod accommodation within the MAB will be completed and available for tenants. Tonsley Greenway will be designed and coordinated to align with the construction of the Flinders Link project.

URBAN ACTIVATION PROJECT

The Urban Activation Project supported five café's in the City of Marion. Lampshade Café, Once and Again Café, Little Bici Café, The Next Chapter Café and the South Australian Aquatic and Leisure Centre were the successful recipients of the \$250,000 project. Smart sensors were installed at each site to monitor the projects over a two year period.

REVIEW EDWARDSTOWN INDUSTRY / COMMERCE PLANNING FRAMEWORK TO SUPPORT FUTURE BUSINESS NEEDS

A forum was held on 23 May 2019 at Edwardstown to connect with the business community on the revitalisation of the precinct from an access, amenity and

activation perspective. As a result of the consultation, a 12 month action plan was developed for Council's consideration.

BUSINESS ASSOCIATION SUSTAINABILITY

The Hallett Cove Business Association and Southern Business Connections are run by volunteers who deliver at least one event for business per month. Funds are used for administration, marketing and promotion and event management.

SOUTHERN ADELAIDE ECONOMIC DEVELOPMENT BOARD (SAEDB) PROJECTS

The Southern Adelaide Economic Development Board was revitalised in 2017 with a new Chair, Nikki Govan, and a new board to deliver a three year plan. \$200,000 was received from the South Australian Government to deliver four projects. The Southern Energy Project delivered a Southern Adelaide Energy Report, Energy Survey of Southern Adelaide Businesses and a business support package for businesses in Woodlands Terrace, Edwardstown.

SMART SOUTH CONSORTIUM

The Smart South Consortium was established to deliver smart city trials within the South. This Consortium brings together education, industry, and governments to address community concerns and innovatively fill gaps in the market.

Achievements included:

- Establishing a governance model, bringing together education, industry and governments to identify technology solutions to civic problems;
 - Pilot project identified to test the governance model
- Opportunities and goals for the next 12 months include:
- Deliver pilot project around pedestrian movements in the Oaklands Precinct;
 - Review governance approach at outcome of pilot project;
 - Identify future projects and funding models.

DIGITAL ECONOMY PROGRAMS FOR BUSINESSES TO CAPITALISE ON THE NBN ROLL OUT

Digital programs under the SEED promotional banner for business have been rolled out at the Cove Business Hub for small business. An annual events calendar is updated monthly and is available on our website.



INNOVATIVE

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.

SMART CITIES PROGRESS

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

Achievements included:

- \$867,500 matched funding from the Australian Government Smart Cities and Suburbs grant program;
- Identifying strategic approach to scaling innovation to ensure data driven decisions, continuously improving the services provided to the community;
- Technology trials to improve service delivery within Playgrounds and measure Activation in Urban Precincts;

Opportunities and goals for the next 12 months include:

- Deliver Oakland's Smart Precinct (Smart Cities and Suburbs grant funding) as a testbed to scale and replicate across the City;
- Continue to review how data can continuously improve the services provided to the community;
- Continue to work with Tonsley Innovation District as a testbed to bring innovation into the community e.g. autonomous vehicles;
- Continue to embed Smart City Principles throughout the organisation;
- Deploy gateways to enable connectivity across the majority of the City for smart monitoring sensors.

RENEWABLES AND ENERGY EFFICIENCY MEASURES

Council focused on energy saving initiatives within Council operations. Key initiatives to reduce costs, energy use and carbon emissions from Council operations include:

- 410 kW solar panels on 10 Council-operated buildings;
- Energy efficiency upgrades in 8 Council-operated buildings;
- 194 kW solar panels on Council-owned leased facilities;
- LED street lighting project;
- Transition of council fleet from petrol / diesel vehicles with the purchase of 5 hybrid fleet vehicles;
- SAEDB Southern Energy Project.

COMMUNITY SURVEYS

The majority of Community and Neighbourhood Centre programs are now bookable online through Eventbrite. Council has seen a vast increase in new people attending programs across all four centres due to programs now available on Eventbrite. Within the first 6 months of using Eventbrite, 960 people booked online for programs. In the next 12 months training will be undertaken to use Making Marion for Program Evaluations to enable the tool to be used for further consultation and program feedback with the community and program participants.

LIBRARIES CUSTOMER RELATIONSHIP MANAGEMENT

In 2018/19 the libraries developed and delivered several key innovative programs:

- Literary Anything – a monthly podcast show designed to engage with readers, encourage library usage and provide an expert resource for reading recommendations, literary news and upcoming events.
- STEM programming for young people – regular term-time programs developed; Bricks 'n Bytes and Junior Builders. Sessions designed to introduce and develop digital skills in coding, robotics, building and creative thinking.
- Vox Books – a new collection of read-along books that provide high quality audio to a selection of fiction and non-fiction children's books. Designed to assist with literacy development and self-paced learning.

ICT BUSINESS SYSTEMS FITNESS REVIEW

The Business Systems Fitness Review (BSFR) consisted of an objective and balanced assessment of Councils core IT business systems. The key outcomes are a clearer understanding of current gaps and opportunities as well as future business needs to inform decision making strategies for new systems procurement. The BSFR consisted of 3 main phases:

Phase 1: Distribution of 3 online surveys for business users and the CoM ICT team

Phase 2: 'Closing the Loop' workshop sessions to present and validate the findings

Phase 3: Drafting of the key findings report and supporting documents

ONLINE BOOKING SYSTEM – PHASE 2

The online booking system was developed as a pilot project, enabling people to book and pay for hiring rooms at 3 locations. In 2019/19, the System was extended with a total of 9 locations using the System, including all of our neighbourhood centres. The system has increased functionality to enable tailored approach to each location. The focus for the next 12 months will be to add the remaining eligible council owned and leased facilities to the system. This will enable the community to locate all available rooms for hire in the one location. Total project spend to date is \$110,000.



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.

CAPITAL WORKS PROGRAM – ROADS

During 2018/19 The streetscape of Finnis Street was completed. Council in conjunction with South Australian Power Networks, previously undergrounded the electrical wires and installed heritage street lighting along the road. The streetscape design consists of:

- Indented parking bays and bus bays along both sides;
- Two pedestrian refuges;
- A wombat crossing to facilitate safe pedestrian and cycle movements along the Sturt Linear Path;
- Landscaping, including Water Sensitive Urban Design
- New and wider footpaths;
- Modifications to the intersection of Finnis Street and George Street.

STREETSCAPE PROGRAM 2018/19

Council developed a new streetscape and tree-scape program which is divided into delivery segments, as follows:

- Streetscape - 3 delivery segments - of a 5 year period each, over a total of 15 years.
- Tree-scape - 2 delivery segments, of 5 years period each, over a total 10 years.

This will result in a total of 20 roads (a combination of arterial and local roads) being streetscaped and 25 roads being planted with established trees.

RAILWAY TERRACE GREENWAY

Construction of the Railway Greenway and Streetscape commenced. The main features of the design are:

- The provision of a bi-directional on-road bike path adjacent the rail corridor;
- The installation of indented parking bays on the western side of the road, where possible;
- The installation of a new wider footpath on the residential side of the street;
- Narrowing of the road and angled paving sections
- No Stopping Zones along the eastern side;
- Upgrade of landscaping;
- Development of a station precinct at the Woodlands Railway Station.

BRAY STREET - STREETSCAPE

The streetscape of Bray Street commenced, involving:

- Upgraded the shopping precinct, by providing:
 - A raised pavement area, from Ferry Avenue to west of the shops;
 - A new footpath adjacent to the shops, while maintaining the parking bays;
 - Short sections of walls and landscaping;
- A wide paved footpath on the north side of Bray Street, from Marion Road to Ferry Avenue;
- Tree planting.

LED LIGHTING TRANSITION

The completion of the entire city-wide LED roll-out was funded during the 2018/19 Financial Year. The rollout of the new LED's recommenced in May 2019 and an

additional 1,308 LED luminaries were installed up until the end of June 2019. Upon completion of the new LED street lights (8525) the initiative is expected to reduce energy costs by 75%, reducing carbon emissions by 1,600 tonnes per year whilst improving visibility for all road users. The project is due for completion by November 2019.

DIGITAL LITERACY PROGRAMS

Digital Literacy was a major focus during 2018/19 as new technologies and processes continued to move online. Council engaged 3 new volunteers to support new training courses and one-on-one tuition on people's own devices. Nearly 80 people were upskilled through the Introduction to Computers, Basic Computers and Computers at Work. One-on-one sessions were held weekly within Community Centres and Libraries During 2019/20 Council will map Digital Literacy programs to capture what are the skills of our current volunteers / tutors and what the gaps are in capacity / resources and skills to support our community more.

DARLINGTON PROJECT

Works continued on the Darlington Upgrade of approximately 3.3 km's of the existing Main South Road, including;

- A non-stop motorway between the Southern Expressway and Tonsley Boulevard;
- A lowered, non-stop motorway passing underneath Flinders Drive, Sturt Road, Sutton Road/Mimosa Terrace and Tonsley Boulevard;
- Grade separation of the Main South Road/Ayliffes Road/Shepherds Hill Road intersection;
- Surface roads to provide connections to Flinders Drive, Sturt Road and local roads;
- Public art works at the Sturt Road intersections.

The Darlington motorway is scheduled for completion by the middle of 2020.

THE FLINDERS LINK PROJECT

The Project received planning approval in February 2019. A contract was awarded to Gateway South. Preliminary works began on the new Flinders Station. Works continued on the excavation of the motorway and construction of bridges at Sturt Road, Ayliff's Road and Tonsley Boulevard. Achievements during 2018/19 included:

- A 650m extension of the Tonsley rail line linking the Flinders Medical Centre and Flinders University to the rail network, including 520 metres of elevated single track over Sturt Road, Laffer's Triangle and Main South Road;
- Removal of the existing Tonsley Station and construction of a new Flinders Station;
- An integrated shared pedestrian/cycle path adjacent the rail line.

The Flinders Link project is scheduled for completion October 2020.

City of Marion

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019



City of Marion

General Purpose Financial Statements for the year ended 30 June 2019

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City of Marion

General Purpose Financial Statements for the year ended 30 June 2019

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 2019 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

Date: 22.10.19

City of Marion

Statement of Comprehensive Income for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Income			
Rates Revenues	2a	77,175	74,864
Statutory Charges	2b	2,277	2,305
User Charges	2c	2,468	2,250
Grants, Subsidies and Contributions	2g	10,917	9,954
Investment Income	2d	1,214	1,112
Reimbursements	2e	641	654
Other Income	2f	732	894
Net Gain - Equity Accounted Council Businesses	19	213	533
Total Income		95,637	92,566
Expenses			
Employee Costs	3a	34,861	33,274
Materials, Contracts & Other Expenses	3b	33,157	30,844
Depreciation, Amortisation & Impairment	3c	15,018	16,991
Finance Costs	3d	467	541
Net loss - Equity Accounted Council Businesses	19	-	12
Total Expenses		83,503	81,662
Operating Surplus / (Deficit)		12,134	10,904
Asset Disposal & Fair Value Adjustments	4	(2,149)	(1,311)
Amounts Received Specifically for New or Upgraded Assets	2g	4,639	1,522
Physical Resources Received Free of Charge	2i	5,320	131
Net Surplus / (Deficit) ¹		19,944	11,246
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	2,055	(4,922)
Total Other Comprehensive Income		2,055	(4,922)
Total Comprehensive Income		21,999	6,324

¹ Transferred to Statement of Changes in Equity

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 Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	11,784	21,509
Trade & Other Receivables	5b	8,312	5,878
Other Financial Assets	5c	34,800	27,450
Inventories	5d	243	227
Total Current Assets		55,139	55,064
Non-Current Assets			
Equity Accounted Investments in Council Businesses	6a	6,028	5,815
Infrastructure, Property, Plant & Equipment	7a	1,151,845	1,132,532
Other Non-Current Assets	6b	4,290	6,826
Total Non-Current Assets		1,162,163	1,145,173
TOTAL ASSETS		1,217,302	1,200,237
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	6,248	10,339
Borrowings	8b	1,170	1,100
Provisions	8c	5,765	5,422
Total Current Liabilities		13,183	16,861
Non-Current Liabilities			
Borrowings	8b	5,635	6,805
Provisions	8c	614	700
Total Non-Current Liabilities		6,249	7,505
TOTAL LIABILITIES		19,432	24,366
Net Assets		1,197,870	1,175,871
EQUITY			
Accumulated Surplus		397,167	380,504
Asset Revaluation Reserves	9a	762,292	760,237
Other Reserves	9b	38,411	35,130
Total Council Equity		1,197,870	1,175,871

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 2019

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2019					
Balance at the end of previous reporting period		380,504	760,237	35,130	1,175,871
a. Net Surplus / (Deficit) for Year		19,944	-	-	19,944
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	2,055	-	2,055
Other Comprehensive Income		-	2,055	-	2,055
Total Comprehensive Income		19,944	2,055	-	21,999
c. Transfers between Reserves		(3,281)	-	3,281	-
Balance at the end of period		397,167	762,292	38,411	1,197,870
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	7a	-	(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

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 2019

\$ '000	Notes	2019	2018
Cash Flows from Operating Activities			
<u>Receipts</u>			
Rates Receipts		76,887	74,602
Statutory Charges		2,305	2,335
User Charges		2,715	2,475
Grants, Subsidies and Contributions (operating purpose)		11,375	10,222
Investment Receipts		1,214	1,112
Reimbursements		701	711
Other Receipts		3,818	5,665
<u>Payments</u>			
Payments to Employees		(34,991)	(33,446)
Payments for Materials, Contracts & Other Expenses		(39,842)	(35,993)
Finance Payments		(467)	(541)
Net Cash provided by (or used in) Operating Activities	11b	23,715	27,142
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		4,639	1,522
Sale of Replaced Assets		2,233	529
Sale of Surplus Assets		132	318
Distributions Received from Equity Accounted Council Businesses		-	765
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(19,412)	(13,223)
Expenditure on New/Upgraded Assets		(12,582)	(8,687)
Net Purchase of Investment Securities		(7,350)	(15,550)
Net Cash provided by (or used in) Investing Activities		(32,340)	(34,326)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Nil			
<u>Payments</u>			
Repayments of Borrowings		(1,100)	(1,197)
Repayment of Bonds & Deposits		-	(23)
Net Cash provided by (or used in) Financing Activities		(1,100)	(1,220)
Net Increase (Decrease) in Cash Held		(9,725)	(8,404)
plus: Cash & Cash Equivalents at beginning of period	11	21,509	29,913
Cash & Cash Equivalents at end of period	11	11,784	21,509
Additional Information:			
plus: Investments on hand - end of year	5a	34,800	27,450
Total Cash, Cash Equivalents & Investments		46,584	48,959

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

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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 including supplementary road grants has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2016/17	\$4,091,214	\$2,700,069	+\$1,391,145
2017/18	\$3,399,489	\$3,269,242	+\$130,247
2018/19	\$4,416,029	\$3,380,264	+\$1,035,765

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

results of these periods have been distorted 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 recognised initially at the transaction price, less the expected lifetime credit losses to be recognised.

All financial instruments are recognised at amortised cost. 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 2019

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
<i>Furniture & Equipment</i>		
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
<i>Buildings</i>		
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
<i>Infrastructure</i>		
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
<i>Other Infrastructure</i>		
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 2019

Note 1. Summary of Significant Accounting Policies (continued)

Other Assets		
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 2019

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 Interpretation 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.

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments. Although the disclosures made in Note 13 Financial Instruments have changed, there are no changes to the amounts disclosed.

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

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

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

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

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

Identifiable impacts at the date of this report are:

Some grants received by the Council will be recognised as a liability, and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations these are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).

Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time these receipts will be recognised as a liability (unearned revenue). There will be no impact upon the recognition of other fees and charges.

Transition method

The Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach. The recognition and measurement principles of the standards will be retrospectively applied for the current year and prior year comparatives as though the standards had always applied, consistent with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The Council intends to apply the practical expedients available for the full retrospective method. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further, Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018/19), these also do not require restatement.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements.

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

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

- AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future only be recognised as these obligations are fulfilled.
- AASB 1058 Income of Not-for-Profit Entities (Appendix D)

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 2019

- AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

Equipment, and that the lease liability be disclosed as a liability.

- AASB 16 Leases (Appendix D)
- AASB 1059 Service Concession Arrangements: Grantors
- AASB 1059 Service Concession Arrangements: Grantors (Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors

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

14 Comparative Figures

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

15 Disclaimer

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

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

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 2. Income

\$ '000	Notes	2019	2018
(a). Rates Revenues			
General Rates			
General Rates		76,747	74,161
Less: Mandatory Rebates		(1,802)	(1,357)
Less: Discretionary Rebates, Remissions & Write Offs		(3)	(3)
Total General Rates		74,942	72,801
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,933	1,801
Total Other Rates		1,933	1,801
Other Charges			
Penalties for Late Payment		300	262
Total Other Charges		300	262
Total Rates Revenues		77,175	74,864
(b). Statutory Charges			
Development Act Fees		821	899
Town Planning Fees		71	74
Animal Registration Fees & Fines		558	531
Parking Fines / Expiation Fees		827	801
Total Statutory Charges		2,277	2,305
(c). User Charges			
Hall & Equipment Hire		252	285
Sales - General		524	373
Sundry		898	887
Admission Fees		502	460
Rental Income		292	245
Total User Charges		2,468	2,250
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		1,201	1,103
- Banks & Other		13	9
Total Investment Income		1,214	1,112

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 2. Income (continued)

\$ '000	Notes	2019	2018
(e). Reimbursements			
Private Works		248	250
Other		393	404
Total Reimbursements		641	654
(f). Other Income			
Insurance & Other Recoupments - Infrastructure, IPP&E		56	175
Sundry		97	145
Donations & Contributions income		579	574
Total Other Income		732	894
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		4,639	1,522
Total Amounts Received Specifically for New or Upgraded Assets		4,639	1,522
Other Grants, Subsidies and Contributions		8,360	8,433
Individually Significant Item - Additional Grants Commission Payment (refer below)		2,557	1,521
Total Other Grants, Subsidies and Contributions		10,917	9,954
Total Grants, Subsidies, Contributions		15,556	11,476
The functions to which these grants relate are shown in Note 12.			
(i) Sources of grants			
Commonwealth Government		5,254	4,256
State Government		9,329	7,133
Other		973	87
Total		15,556	11,476
(ii) Individually Significant Items			
Grant Commission (FAG) Grant Recognised as Income		1,594	1,521
Grants Commission - Supplementary Road Grant recognised as income		963	-

2019: In June 2019, Council received payment of the first two instalments of the 2019/20 Grants Commission Financial Assistance Grants. This was offset by the 2017/18 Grants Commission payment received in June 2018.

In June 2019, Council also received payment of the 2019/20 and 2020/21 Grants Commission Supplementary Road Grant. This had a material affect on council's operating result in the 2018/19 financial year.

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.

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 2. Income (continued)

\$ '000	Notes	2019	2018
(h). Conditions over Grants & Contributions			
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:			
Unexpended at the close of the previous reporting period		4,028	2,839
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Other		(1,632)	(443)
Subtotal		(1,632)	(443)
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Other		5,018	1,632
Subtotal		5,018	1,632
Unexpended at the close of this reporting period		7,414	4,028
Net increase (decrease) in assets subject to conditions in the current reporting period		3,386	1,189
(i). Physical Resources Received Free of Charge			
Roads, Bridges & Footpaths		5,207	112
Stormwater Drainage		-	12
Buildings		20	-
Other		93	7
Total Physical Resources Received Free of Charge		5,320	131

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 3. Expenses

\$ '000	Notes	2019	2018
(a). Employee Costs			
Salaries and Wages		29,425	28,259
Employee Leave Expense		2,858	2,571
Superannuation - Defined Contribution Plan Contributions	18	2,693	2,540
Workers' Compensation Insurance		701	806
Less: Capitalised and Distributed Costs		(816)	(902)
Total Operating Employee Costs		34,861	33,274
Total Number of Employees (full time equivalent at end of reporting period)		365	360
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		37	34
Bad and Doubtful Debts		6	3
Elected Members' Expenses		344	329
Operating Lease Rentals - Cancellable Leases		613	483
Subtotal - Prescribed Expenses		1,000	849
(ii) Other Materials, Contracts and Expenses			
Contractors		14,502	14,022
Energy		1,831	2,022
Maintenance		3,532	3,046
Legal Expenses		281	249
Levies Paid to Government - NRM levy		1,918	1,799
Levies - Other		230	174
Parts, Accessories & Consumables		3,497	3,031
Professional Services		959	1,342
Sundry		3,502	2,485
Insurance		520	521
Fringe Benefits Tax		182	181
Advertising		109	138
Printing & Postage		286	333
Memberships & Subscriptions		259	260
Bank Fees & Charges		166	200
Telecommunication Charges		182	192
Library Materials		201	-
Subtotal - Other Material, Contracts & Expenses		32,157	29,995
Total Materials, Contracts and Other Expenses		33,157	30,844

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 3. Expenses (continued)

\$ '000	Notes	2019	2018
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Buildings & Other Structures		3,507	4,884
Infrastructure		8,642	8,493
- Other		1,051	1,409
Plant & Equipment		1,233	1,210
Furniture & Fittings		79	77
Intangible Assets		59	58
Other Assets		534	965
Subtotal		15,105	17,096
(ii) Impairment			
Nil			
Less: Capitalised and Distributed costs		(87)	(105)
Total Depreciation, Amortisation and Impairment		15,018	16,991
(d). Finance Costs			
Interest on Loans		467	541
Total Finance Costs		467	541

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		2,299	688
Less: Carrying Amount of Assets Sold		(4,452)	(2,053)
Gain (Loss) on Disposal		(2,153)	(1,365)
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		66	159
Less: Carrying Amount of Assets Sold		(62)	(105)
Gain (Loss) on Disposal		4	54
Net Gain (Loss) on Disposal or Revaluation of Assets		(2,149)	(1,311)

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 5. Current Assets

\$ '000	Notes	2019	2018
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		684	309
Short Term Deposits & Bills, etc.		11,100	21,200
Total Cash & Cash Equivalents		11,784	21,509
(b). Trade & Other Receivables			
Rates - General & Other		2,576	2,315
Rates Postponed for State Seniors		186	159
Accrued Revenues		208	328
Debtors - General		4,130	1,501
GST Recoupment		680	988
Prepayments		532	587
Total Trade & Other Receivables		8,312	5,878
(c). Other Financial Assets (Investments)			
Other Financial Assets (Term Deposits with over 90 days to maturity)		34,800	27,450
Total Other Financial Assets (Investments)		34,800	27,450
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		243	227
Total Inventories		243	227

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 6. Non-Current Assets

\$ '000	Notes	2019	2018
(a). Equity Accounted Investments in Council Businesses			
Southern Region Waste Resource Authority	19	5,890	5,739
Council Solutions	19	138	76
Total Equity Accounted Investments in Council Businesses		6,028	5,815
(b). Other Non-Current Assets			
Capital Works-in-Progress		4,146	6,660
Computer Software & Licences		1,215	1,178
Less Accumulated Amortisation		(1,071)	(1,012)
Total Other Non-Current Assets		4,290	6,826

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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

\$ '000	Fair Value Level	as at 30/6/2018				Asset Movements during the Reporting Period							as at 30/6/2019			
		At Fair Value	At Cost	Acc. Dep'n	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	Acc. Dep'n	Carrying Value
						New / Upgrade	Renewals									
Land	2	351,995	-	-	351,995	489	-	(665)	-	-	-	-	351,330	489	-	351,819
Buildings & Other Structures	3	168,688	2,399	65,019	106,068	1,970	8,757	(1,772)	(3,507)	(7)	-	-	166,292	12,253	67,036	111,509
Infrastructure	3	756,151	2,055	139,601	618,605	8,741	7,248	-	(8,642)	-	-	2,055	778,466	2,055	152,514	628,007
- Other	3	42,819	3,164	12,203	33,780	1,094	2,939	(598)	(1,051)	-	-	-	41,637	7,151	12,624	36,164
Plant & Equipment		-	21,872	9,164	12,708	326	3,848	(1,330)	(1,233)	7	-	-	-	22,792	8,466	14,326
Furniture & Fittings		-	1,774	967	807	10	81	-	(79)	-	-	-	-	1,865	1,046	819
Other Assets		11,290	537	3,258	8,569	1,194	120	(148)	(534)	-	-	-	10,964	1,851	3,614	9,201
Total Infrastructure, Property, Plant & Equipment		1,330,943	31,801	230,212	1,132,532	13,824	22,993	(4,513)	(15,046)	-	-	2,055	1,348,689	48,456	245,300	1,151,845
Comparatives		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

Note 7a (ii). Investment Property

Nil

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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

\$ '000

Valuation of Assets

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

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

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

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

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

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

Information on Valuations

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

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

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

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

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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

\$ '000

Valuation of Assets (continued)

Other Information

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

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

Highest and best use

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 2019

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

\$ '000

Valuation of Assets (continued)

Land & Land Improvements

Council being of the opinion that it is not possible to attribute a value sufficiently reliably to qualify for recognition, land under roads has not been recognised in these reports. A comprehensive revaluation was carried out by independent valuation for the previous 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 the previous reporting period, 30 June 2018.

Infrastructure

A desktop 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 2019.

A comprehensive revaluation was carried out by independent valuation for the previous 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, Equipment & Equipment

These assets are recognised on the cost basis.

All other Assets

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

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 8. Liabilities

\$ '000	Notes	2019 Current	2019 Non Current	2018 Current	2018 Non Current
(a). Trade and Other Payables					
Goods & Services		5,332	-	9,537	-
Payments Received in Advance		22	-	21	-
Accrued Expenses - Employee Entitlements		742	-	744	-
Accrued Expenses - Other		14	-	18	-
Other		138	-	19	-
Total Trade and Other Payables		6,248	-	10,339	-

(b). Borrowings

Loans	1,170	5,635	1,100	6,805
Total Borrowings	1,170	5,635	1,100	6,805

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

(c). Provisions

Employee Entitlements (including oncosts)	5,765	614	5,422	700
Total Provisions	5,765	614	5,422	700

Note 9. Reserves

\$ '000	1/7/2018	Increments (Decrements)	Transfers	Impairments	30/6/2019
(a). Asset Revaluation Reserve					
Land	250,696	-	-	-	250,696
Buildings & Other Structures	84,875	-	-	-	84,875
Infrastructure	3,896	2,055	-	-	5,951
- Stormwater Drainage	97,742	-	-	-	97,742
- Other	298	-	-	-	298
- Roads, Bridges, Footpaths	318,547	-	-	-	318,547
Other Assets	5,073	-	-	-	5,073
JV's / Associates - Other Comprehensive Income	(890)	-	-	-	(890)
Total Asset Revaluation Reserve	760,237	2,055	-	-	762,292
Comparatives	765,159	(4,922)	-	-	760,237

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 9. Reserves (continued)

\$ '000	1/7/2018	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2019
(b). Other Reserves					
Open Space Reserve	1,218	987	(19)	-	2,186
Grants/Carry Forward Projects Reserve	12,256	15,948	(10,768)	-	17,436
Asset Sustainability Reserve	21,656	3,099	(6,175)	(322)	18,258
Water Reserve	-	209	-	322	531
Total Other Reserves	35,130	20,243	(16,962)	-	38,411
Comparatives	30,517	19,228	(14,615)	-	35,130

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. Interest revenues earned on contributions provided by developers are transferred to the Fund.

Grants and Carryovers 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.

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 9. Reserves (continued)

\$ '000

(b). Other 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.

Water Reserve

Purpose - this reserve is established to quarantine revenue received and savings identified from the sale and use of treated stormwater from Oaklands Wetland to further develop third party supply opportunities.

Use of Fund - Reserve transfers require approval at Executive level.

Note 10. Assets Subject to Restrictions

\$ '000

Notes

2019

2018

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

7,414

4,028

Total Cash & Financial Assets

7,414

4,028

Total Assets Subject to Externally Imposed Restrictions

7,414

4,028

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2019	2018
(a). Reconciliation of Cash			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	11,784	21,509
Balances per Statement of Cash Flows		11,784	21,509
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		19,944	11,246
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		15,018	16,991
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(213)	(521)
Non-Cash Asset Acquisitions		(5,320)	(131)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(4,639)	(1,522)
Net (Gain) Loss on Disposals		2,149	1,311
Other		-	2
		26,939	27,376
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(2,434)	(38)
Net (Increase)/Decrease in Inventories		(16)	21
Net (Increase)/Decrease in Other Current Assets		22	58
Net Increase/(Decrease) in Trade & Other Payables		(1,053)	(457)
Net Increase/(Decrease) in Unpaid Employee Benefits		257	182
Net Cash provided by (or used in) operations		23,715	27,142
(c). Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
- Physical Resources Received Free of Charge	2i	5,320	131
Amounts recognised in Income Statement		5,320	131
Total Non-Cash Financing & Investing Activities		5,320	131
(d). Financing Arrangements			
Unrestricted access was available at balance date to the following lines of credit:			
Corporate Credit Cards		75	75
LGFA Cash Advance Debenture Facility		11,000	11,000

(d). Financing Arrangements

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

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 2019

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 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018
\$ '000										
Leader in the Delivery of the Community Vision										
Development Assessment	981	1,042	3,646	3,823	(2,665)	(2,781)	9	-	-	-
Crime Prevention	2	1	353	388	(351)	(387)	1	-	-	-
Community Support & Development	6,675	5,269	10,548	10,130	(3,873)	(4,861)	4,833	3,399	121,809	116,030
Public & Environment Health	105	87	897	895	(792)	(808)	58	35	-	-
General Inspection	1,422	1,359	1,680	1,610	(258)	(251)	1	-	-	-
Public Infrastructure	3,522	3,503	19,502	18,988	(15,980)	(15,485)	2,879	2,910	686,220	676,208
Open Space	606	711	14,091	13,288	(13,485)	(12,577)	185	468	291,518	290,111
Public Conveniences	4	3	608	607	(604)	(604)	1	-	3,402	3,172
Strategic Projects	106	182	1,329	1,356	(1,223)	(1,174)	6	-	47	-
Asset Management	-	-	-	-	-	-	-	-	15,765	15,967
Neighbourhood Centres	749	778	2,600	2,481	(1,851)	(1,703)	492	521	7,749	7,820
Cultural Development	401	353	3,400	3,453	(2,999)	(3,100)	9	2	14,638	14,852
Libraries	412	675	7,113	7,483	(6,701)	(6,808)	313	558	14,485	14,612
Waste & Recycling	118	96	8,468	7,956	(8,350)	(7,860)	34	9	5,890	5,739
Trees	-	48	1,722	1,405	(1,722)	(1,357)	3	-	-	-
Economic Development	139	195	912	1,002	(773)	(807)	121	200	-	-
Total Leader in the Delivery of the Community Vision	15,242	14,302	76,869	74,865	(61,627)	(60,563)	8,945	8,102	1,161,523	1,144,511
Organisation of Excellence										
Governance	-	1	3,997	4,191	(3,997)	(4,190)	25	-	-	-
Service Quality	-	-	93	168	(93)	(168)	-	-	507	589
Total Organisation of Excellence	-	1	4,090	4,359	(4,090)	(4,358)	25	-	507	589
Treasury	80,182	77,730	2,544	2,426	77,638	75,304	1,947	1,852	55,272	55,137
Total Functions/Activities	95,424	92,033	83,503	81,650	11,921	10,383	10,917	9,954	1,217,302	1,200,237

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

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 12b. Components of Functions

\$ '000

The activities relating to Council functions are as follows:

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

CRIME PREVENTION

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

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

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

COMMUNITY SAFETY 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 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

OPEN SPACE

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

PUBLIC CONVENIENCES

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

STRATEGIC PROJECTS

Delivery of Major Projects across the city aimed at providing improved services and facilities for the Community

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 12b. Components of Functions (continued)

\$ '000

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

NEIGHBOURHOOD CENTRES

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

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 Kurna Cultural Centre providing cultural and artistic experiences for the community

LIBRARIES

Three libraries and a delivery service providing opportunities for learning and social activities for all ages and interests

WASTE & RECYCLING

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

TREES

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

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

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.

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

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 12b. Components of Functions (continued)

\$ '000

Strategic, corporate and sustainability planning and policy development

To ensure that Council is progressing towards achieving the Community Vision 2040 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

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

Service Quality

Customer Experience

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

TREASURY

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

Note 13. Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Carried at amortised cost; Interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates between 1.75% and 2.38% (2018: 2.15% and 2.35%). Short term deposits have an average maturity of 86 days and an average interest rate of 2.28% (2018: 98 days and 2.34%).

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 2019

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Receivables

Rates & Associated Charges

(including legals & penalties for late payment)

Accounting Policy:

Carried at amortised cost. No expected credit loss is recognised as these are secured over the subject land.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 2% (2018: 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.

Receivables

Fees & Other Charges

Accounting Policy:

Carried at amortised cost less expected credit loss. The expected credit losses on these financial assets are estimated using a provision matrix based on the historical credit loss experience.

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 amortised cost.

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 2019

Note 13. Financial Instruments (continued)

\$ '000

Recognised Financial Instruments

Liabilities

Creditors and Accruals

Accounting Policy:

Liabilities are carried at amortised cost 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

Interest Bearing Borrowings

Accounting Policy:

Carried at amortised cost. 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 5.8% and 6.85% (2018: 5.80% and 6.85%).

Carrying Amount:

Represents fair value.

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2019					
<u>Financial Assets</u>					
Cash & Equivalents	11,784	-	-	11,784	11,784
Receivables	4,338	-	-	4,338	4,338
Other Financial Assets	34,800	-	-	34,800	34,800
Total Financial Assets	50,922	-	-	50,922	50,922

<u>Financial Liabilities</u>					
Payables	6,248	-	-	6,248	6,248
Current Borrowings	1,570	-	-	1,570	1,170
Non-Current Borrowings	-	4,812	2,074	6,886	5,635
Total Financial Liabilities	7,818	4,812	2,074	14,704	13,053

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2018					
<u>Financial Assets</u>					
Cash & Equivalents	21,509	-	-	21,509	21,509
Receivables	1,829	-	-	1,829	1,829
Other Financial Assets	27,450	-	-	27,450	27,450
Total Financial Assets	50,788	-	-	50,788	50,788

<u>Financial Liabilities</u>					
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
Total Financial Liabilities	11,909	5,301	3,155	20,365	18,244

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

	30 June 2019		30 June 2018	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	6.14%	6,805	6.16%	7,905
		6,805		7,905

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 2019

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

2019

2018

Capital Commitments

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

Land	1	69
Buildings	1,212	533
Infrastructure	2,041	1,237
Plant & Equipment	1,411	21
Other	63	274
	4,728	2,134

These expenditures are payable:

Not later than one year	4,728	2,134
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	4,728	2,134

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 15. Financial Indicators

	Amounts	Indicator	Prior Periods	
\$ '000	2019	2019	2018	2017

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	12,134	13%	12%	13%
Total Operating Income	95,637			

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	(35,464)	(37%)	(33%)	(25%)
Total Operating Income	95,637			

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% 10% 12%

Adjusted Net Financial Liabilities Ratio (37%) (33%) (25%)

3. Asset Renewal Funding Ratio

Net Asset Renewals	17,179	114%	75%	75%
Infrastructure & Asset Management Plan required expenditure	15,018			

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 2019

Note 16. Uniform Presentation of Finances

\$ '000	2019	2018
<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	95,637	92,566
less Expenses	(83,503)	(81,662)
Operating Surplus / (Deficit)	12,134	10,904
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(19,412)	(13,223)
add back Depreciation, Amortisation and Impairment	15,018	16,991
add back Proceeds from Sale of Replaced Assets	2,233	529
Subtotal	(2,161)	4,297
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(12,582)	(8,687)
add back Amounts Received Specifically for New and Upgraded Assets	4,639	1,522
add back Proceeds from Sale of Surplus Assets (including Investment Property, Real Estate Developments and Non-Current Assets Held for Resale)	132	318
Subtotal	(7,811)	(6,847)
Net Lending / (Borrowing) for Financial Year	2,162	8,354

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 17. Operating Leases

\$ '000	2019	2018
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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	331	279
Later than one year and not later than 5 years	306	292
Later than 5 years	145	142
	782	713

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 18. Superannuation

\$ '000

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2018/19; 9.50% in 2017/18). 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 2017/18) 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 2019

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	
	2019	2018	2019	2018
Joint Ventures	213	521	6,028	5,815
Total	213	521	6,028	5,815

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2019	2018
Southern Region Waste Resource Authority (SRWRA)	Waste Disposal	5,890	5,739
Council Solutions	Procurement	138	76
Total Carrying Amounts - Joint Ventures & Associates		6,028	5,815

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 2019, the net assets of SRWRA total \$19,633,000. The City of Marion interest, totalling \$5,890,000 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 2019, the net assets of Council Solutions total \$829,000. The City of Marion interest, totalling \$138,000 is disclosed below.

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 19. Interests in Other Entities (continued)

\$ '000

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2019	2018	2019	2018	2019	2018
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	
	2019	2018	2019	2018
Opening Balance	5,739	5,971	76	88
Share in Operating Result	151	533	62	(12)
Distributions Received	-	(765)	-	-
Council's Equity Share in the Joint Venture or Associate	5,890	5,739	138	76

(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:

(i) Operating Expenditures Payable

Not later than one year	19	18
Later than one year and not later than 5 years	-	19
Later than 5 years	-	-
	19	37

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

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

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

1. LAND UNDER ROADS

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

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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

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

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2019, 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 Certification of Financial Statements as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 22/10/19.

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

City of Marion

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 23. Related Party Transactions

\$ '000	2019	2018
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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, 21 persons were paid the following total compensation:

The compensation paid to Key Management Personnel comprises:

Salaries, Allowances & Other Short-Term Employee Benefits	1,232	1,190
Post-Employment Benefits	79	77
Total	1,311	1,267

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 Corporation of the City of Marion

Opinion

We have audited the financial report of Corporation of the City of Marion (the "Council") which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and declaration by Chief Executive Officer.

In our opinion, the accompanying financial report presents fairly, in all material respects, the Council's financial position as at 30 June 2019 and of 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 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our 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 Council's annual report for the year ended 30 June 2019, 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.

Responsibilities of the Chief Executive Officer for the Financial Report

The Chief Executive Officer is responsible for the preparation of the financial report in accordance with the Australian Accounting Standards, Local Government Act 1999, and Local Government (Financial Management) Regulations 2001 and for such internal control as the Chief Executive Officer determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of the Council to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Council or to cease operations, or has 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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
DELOITTE TOUCHE TOHMATSU



Lee Girolamo
Partner
Chartered Accountants
Adelaide, 22 October 2019

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 2018 to 30 June 2019.

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 2018 to 30 June 2019.

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 2018 to 30 June 2019. 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 2018 to 30 June 2019.

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 2018 to 30 June 2019 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
DELOITTE TOUCHE TOHMATSU



Lee Girolamo
Partner
Chartered Accountants
Adelaide, 22 October 2019

City of Marion

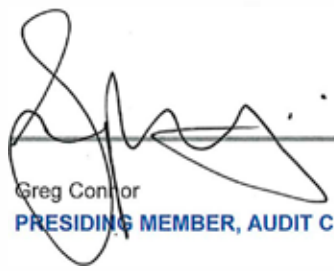
General Purpose Financial Statements for the year ended 30 June 2019

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 2019, 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

Greg Connor
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 8.10.19

22 October 2019

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 2019 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

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU




Lee Girolamo
Partner
Chartered Accountants



ANNUAL REPORT

2018 to 2019



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 SRWRA Landfill, and a Recycling Operation employing innovative resource recovery approaches in managing all products and materials as valuable and finite resources. SRWRA is one of the State's major landfill operations currently receiving over 100,000 tonnes of waste annually.

SRWRA's joint venture operation with Integrated Waste Services (IWS) has developed through 2018 – 2019 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.

SRWRA CONSTITUENT
COUNCILS



**JOINT VENTURE
PARTNER**





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CHAIRPERSON'S MESSAGE

Less waste, more resources, is the title of Australia's National Waste Policy which was released in 2018.

The Policy reports that as a nation we produce 2.7 tonnes of waste per person; encouragingly this has declined by 10% since 2006. Increasingly, we are recognising that we can reduce our environmental impacts if we harness the value of the materials we have previously disposed of by returning them to productive use.

Our National Waste Policy embodies the circular economy where we seek to maintain the economic value of resources for as long as possible. Our State waste strategy, not surprisingly has a similar focus, setting the objective for South Australia to become a resource efficient economy securing best or full value from products and materials. In 2018-19 SRWRA's planning focused on supplementing our landfill activities with the potential for a substantial investment in a modern materials recovery facility that will receive, separate and prepare recyclable materials for marketing to end-use manufacturers ensuring Southern Adelaide is well-placed to contribute to a resource efficient economy.

We are planning to integrate our activities with those of researchers and with industry to provide recovered materials for manufactured reuse, creating employment and generating economic activity in the south of Adelaide. The next 18 months will be exciting times for SRWRA as the traditional landfill site moves towards becoming a truly integrated waste management precinct.

Consistent with national Policy and the State Strategy our landfill activities have continued to focus on the diversion, recovery, and productive use of materials before resorting to landfilling. It is pleasing that over the past year the Southern Recycling Centre has successfully diverted 17,463 tonnes of material from landfill and that material has been put to a productive use. This is a significant improvement over the previous year and with further enhancements to our processes we expect that this will continue to increase again in coming years.

I am pleased to advise that, while maintaining very competitive waste disposal costs, for the year ended 30 June 2019 SRWRA reported an Operating Surplus of \$0.503 million which will be reinvested in our future waste management activities.



From a governance perspective the past year was one of much change. Since 2013 the Authority has been capably led by CEO Mark Hindmarsh, who returned to his native Scotland in early 2019. On behalf of the board I wish to acknowledge the significant contribution he made to the growth and development of SRWRA during his tenure. The board also extends its thanks to Paul Thorne who acted as CEO prior to appointment of Chris Adams and to all our staff whose efforts underpin our success. I wish to thank my fellow board members for their commitment, insight and acumen, these are invaluable in ensuring we are well placed to meet the challenges that lie ahead. In doing so I wish to recognise, in particular the contributions of Vincent Mifsud, Alison Hancock and Lynda Yates who left the Board in the past year.

I commend the annual report to you.

Mark Booth
CHAIRPERSON

BOARD OF MANAGEMENT

AS AT JUNE 30TH 2019



CHAIRPERSON
Mark Booth

MEMBERS



CITY OF ONKAPARINGA
Kirk Richardson



CITY OF ONKAPARINGA
Alison Hancock
Term Completed June 2019



CITY OF MARION
Adrian Skull
Appointed May 2019



CITY OF MARION
Ian Crossland



CITY OF HOLDFAST BAY
Roberto Bria



CITY OF HOLDFAST BAY
John Smedley
Appointed December 2018

DEPUTY MEMBERS



CITY OF ONKAPARINGA
Heidi Greaves



CITY OF MARION
Bruce Hull
Appointed October 2018



CITY OF MARION
Ray Barnwell
Appointed May 2019



CITY OF HOLDFAST BAY
Clare Lindop



CHIEF EXECUTIVE OFFICER'S MESSAGE

The last 12 months has continued to see significant disruption to the waste management industry. SRWRA is responding to this disruption by positioning itself to support the evolving needs of its Constituent Councils and their communities. This is evidenced by the following activities undertaken throughout the year:

- With our Joint Venture Partners we have continued to maximise waste avoidance, re-use, recycling and recovery opportunities prior to landfill disposal.
- Approved the installation of a Gas Utilisation Facility to be completed in December 2019 that will generate, at full design capacity, 25,500MWh of electricity from the methane gas generated by the landfill operations.
- Commenced planning for a Materials Recovery Facility (MRF) to process the kerbside recyclables from our Constituent Councils including researching new and evolving circular economy markets for the re-use and re-purposing of the recycled materials.

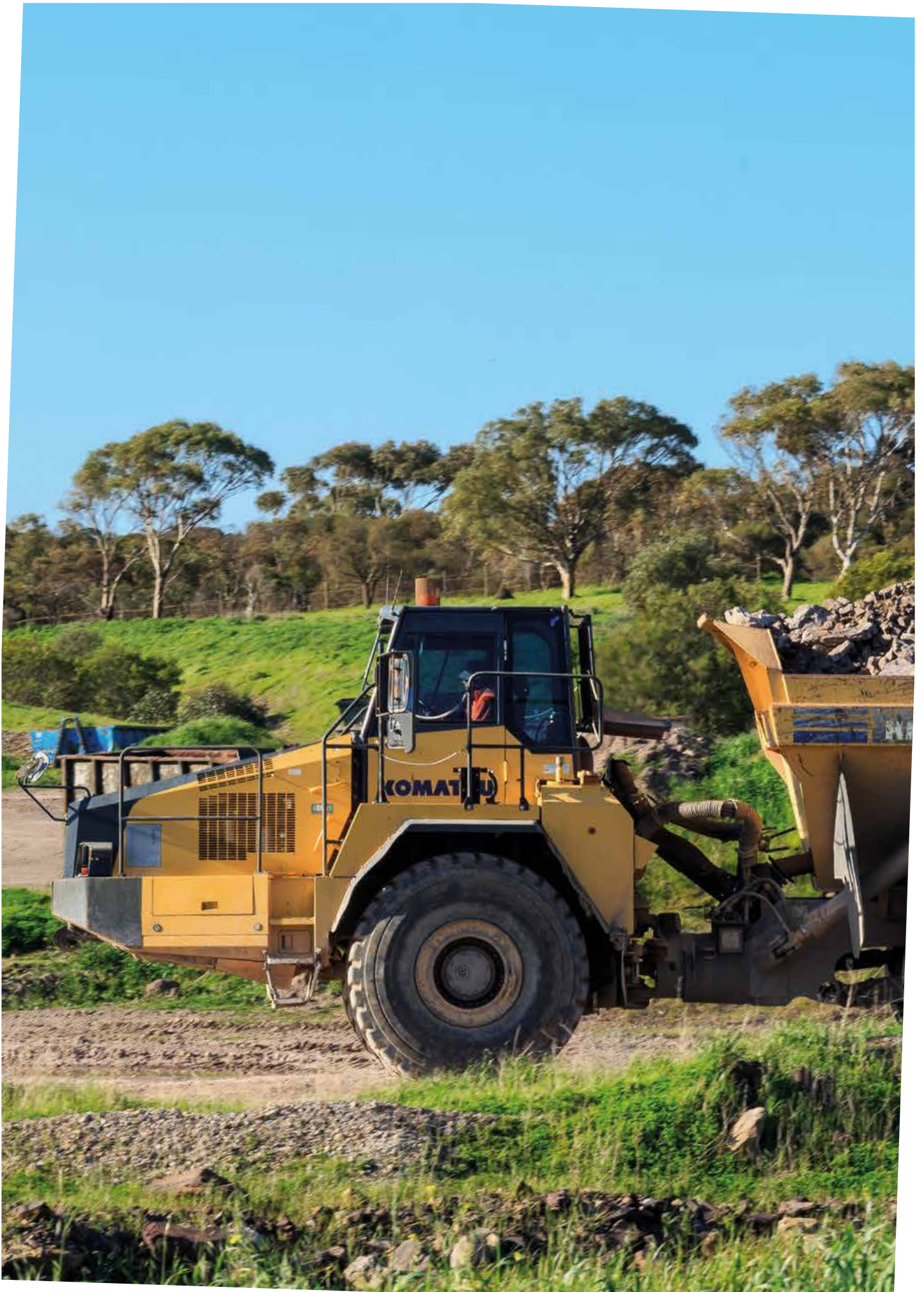
The Authority has continued to provide a cost effective and environmentally responsible waste management solution for its Constituent Councils and their communities. Our focus on our operations resulted in a full-year Operating Surplus of \$0.503 million. The Authority is in a strong financial position with

net assets of \$19.633 million ensuring that we can meet all current and future landfill liabilities without the need for additional funding from our Constituent Councils.

Over the last 12 months the Authority invested in the education of schoolchildren within our communities through the Les Perry Memorial Grants Program. This year, 12 schools from our three Constituent Council areas received a total of \$5,537 in grant funding to support them learning about environmental responsible waste management. Given the outcomes being achieved the Board has approved an increase in the maximum grant amount of \$750 per school, up from \$500.

Although I have only been with the Authority for a short period of time, it has been gratifying to experience the energy, passion and commitment of the Board, Audit Committee, Staff, Joint Venture Partners and contract partners in responding to and capitalising on the significant changes occurring in our industry. I look forward to the next 12 months as we continue to transition our services for the delivery of innovative and sustainable waste management solutions for the benefit of our southern Adelaide communities and the environment.

Chris Adams
CHIEF EXECUTIVE OFFICER





FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED **30 JUNE 2019**

SOUTHERN REGION WASTE RESOURCE AUTHORITY

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SOUTHERN REGION WASTE RESOURCE AUTHORITY

ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2019

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 2019 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



.....
Chris Adams
Chief Executive Officer

Dated the 14th day of Sept 2019

SOUTHERN REGION WASTE RESOURCE AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME for the financial year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
INCOME			
User charges	2	10,578	11,713
Investment income	2	647	620
Other Income	2	464	1,201
Net gain - equity accounted Joint Venture	15	437	176
Total Income		12,126	13,710
EXPENSES			
Employee costs	3	1,301	1,189
Materials, contracts & other expenses	3	9,445	9,777
Depreciation, amortisation & impairment	3	868	908
Other Expenses	3	-	80
Net loss - equity accounted Joint Venture	15	-	-
Total Expenses		11,614	11,954
OPERATING SURPLUS / (DEFICIT)		512	1,756
Net gain (loss) on disposal or revaluation of assets	4	(9)	21
Amounts received specifically for new or upgraded assets		-	-
NET SURPLUS / (DEFICIT)		503	1,777
transfer to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - property, plant & equipment		-	-
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		503	1,777

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 2019

		2019	2018
	Notes	\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	17,497	16,343
Trade & other receivables	5	1,666	1,839
Inventories	5	-	-
		19,163	18,182
Total Current Assets		19,163	18,182
Non-current Assets			
Equity Accounted Joint Venture	15	832	885
Property, Plant & Equipment	6	15,440	15,580
Total Non-current Assets		16,272	16,465
Total Assets		35,435	34,647
LIABILITIES			
Current Liabilities			
Trade & Other Payables	7	2,201	2,436
Provisions	7	126	101
Total Current Liabilities		2,327	2,537
Non-current Liabilities			
Provisions	7	13,475	12,980
Total Non-current Liabilities		13,475	12,980
Total Liabilities		15,802	15,517
NET ASSETS		19,633	19,130
EQUITY			
Accumulated Surplus		19,633	19,130
TOTAL EQUITY		19,633	19,130

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 2019

2019	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
Balance at end of previous reporting period		19,130	-	-	19,130
Adjustments due to compliance with revised Accounting Standards		-	-	-	-
Adjustments to give effect to changed accounting policies		-	-	-	-
Restated Opening Balance		19,130	-	-	19,130
Net Surplus/ (Deficit) for Year		503			503
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	-	-	-
Transfers between reserves		-	-	-	-
Distributions to Member Councils		-	-	-	-
Balance at end of period		19,633	-	-	19,633

2018	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
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
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	-	-	-
Transfers between reserves		-	-	-	-
Distributions to Member Councils		(2,550)	-	-	(2,550)
Balance at end of period		19,130	-	-	19,130

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 2019

	Notes	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		12,337	13,439
Investment receipts		647	623
<u>Payments</u>			
Operating payments to suppliers & employees		(11,965)	(12,322)
Net Cash provided by (or used in) Operating Activities	8 (b)	1,019	1,740
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		-	-
Sale of surplus assets		21	33
Distributions received from equity accounted Joint Venture	15	490	-
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(256)	(341)
Expenditure on new/upgraded assets		(120)	(2,479)
Capital contributed to equity accounted Joint Venture	15	-	-
Net Cash provided by (or used in) Investing Activities		135	(2,787)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Payments</u>			
Distribution to Member Councils		-	(2,550)
Net Cash provided by (or used in) Financing Activities		-	(2,550)
Net Increase (Decrease) in cash held		1,154	(3,597)
Cash & cash equivalents at beginning of period		16,343	19,940
Cash & cash equivalents at end of period	8 (a)	17,497	16,343

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 2019

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 2019

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 2019

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 2018/19 (9.5% in 2017/18). 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, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.

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 2019

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 2019 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 2018/19 financial year, the Authority undertook a review of all the key assumptions and estimates in relation to the measurement of landfill cell capping liabilities 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 by Golder Associates, the estimated capping liability has been increased to \$7.823 million as at 30 June 2019. This represented an increase of \$0.382m to capping liability estimates recognised in 2018/19.

The Authority as at 30 June 2019 has consolidated all capping liability obligations as a single activity given that landfill operations have consolidated into a single cell operation. A new capping liability disclosed as 'Super Cell Capping' has been recognised in Note 7.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 2 - INCOME

	Notes	2019 \$'000	2018 \$'000
USER CHARGES			
Landfill Operations		10,578	11,713
		<u>10,578</u>	<u>11,713</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		421	444
Banks & other		18	24
Investment property rental income		208	152
		<u>647</u>	<u>620</u>
OTHER INCOME			
Movement in Landfill Liabilities		-	886
Other Income		63	48
Southern Recycling Centre		401	267
		<u>464</u>	<u>1,201</u>

Note 3 - EXPENSES

EMPLOYEE COSTS			
Salaries and Wages		1,146	1,092
Employee leave expense		12	(42)
Superannuation		95	87
Workers' Compensation Insurance		48	52
Less: Capitalised and distributed costs		-	-
Total Operating Employee Costs		<u>1,301</u>	<u>1,189</u>
Total Number of Employees		13	11
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		19	18
Board Expenses		41	38
Subtotal - Prescribed Expenses		<u>60</u>	<u>56</u>
<u>Other Materials, Contracts & Expenses</u>			
Contractors		418	143
Fuel		132	113
Equipment Hire		-	68
Maintenance		270	299
Legal Expenses		16	21
Levies paid- EPA Levy		8,010	8,547
Professional services		36	28
Southern Recycling Centre		255	187
Sundry		248	315
Subtotal - Other Materials, Contracts & Expenses		<u>9,385</u>	<u>9,721</u>
		<u>9,445</u>	<u>9,777</u>

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 3 - EXPENSES (cont)

	Notes	2019 \$'000	2018 \$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Landfill Construction		374	394
Buildings & Waste Facility		143	140
Plant & Equipment		351	374
Impairment	6	-	-
		<u>868</u>	<u>908</u>
OTHER EXPENSES			
Transfer to Provision of Cell 3-1 & 3-2 Capping		-	80
		<u>-</u>	<u>80</u>

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

PROPERTY, PLANT & EQUIPMENT			
Proceeds from disposal		21	33
Less: Carrying amount of assets sold		(30)	(12)
Gain (Loss) on disposal		<u>(9)</u>	<u>21</u>
NET GAIN (LOSS) ON DISPOSAL OF ASSETS		<u>(9)</u>	<u>21</u>

Note 5 - CURRENT ASSETS

CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		1,755	2,013
Short Term Deposits & Bills, etc		15,742	14,330
		<u>17,497</u>	<u>16,343</u>
TRADE & OTHER RECEIVABLES			
Accrued Revenues		37	22
Debtors - general		1,626	1,813
Prepayments		3	4
		<u>1,666</u>	<u>1,839</u>
INVENTORIES			
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 2019

Note 6 - PROPERTY, PLANT & EQUIPMENT

	2018				2019			
	\$'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	2,556	-	3,983	1,427	2,556	-	3,983
Buildings	560	4,042	(491)	4,111	560	4,044	(634)	3,970
Plant & Equipment	-	4,393	(2,651)	1,742	-	4,600	(2,980)	1,620
Office Equipment	-	148	(113)	35	-	153	(123)	30
Landfill Construction:								
Super Cell		7,511	(5,042)	2,469		7,565	(5,195)	2,370
Super Cell Capping		4,887	(1,982)	2,905		5,269	(2,183)	3,086
Post Closure Rehabilitation	-	5,974	(5,756)	218	-	6,064	(5,774)	290
Future Restoration Costs	-	4,159	(4,159)	-	-	4,196	(4,161)	35
Work in Progress	-	117	-	117	-	56	-	56
TOTAL PROPERTY, PLANT & EQUIPMENT	1,987	33,787	(20,194)	15,580	1,987	34,503	(21,050)	15,440
<i>Comparatives</i>	1,987	30,784	(17,690)	15,081	1,987	33,787	(20,194)	15,580

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 2019

Note 6 - PROPERTY, PLANT & EQUIPMENT

	2018 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR								2019 \$'000
		\$'000								
		CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Adjustments	Transfer	
			Capital	Renewals						
Land	3,983	-	-	-	-	-	-	-	3,983	
Buildings	4,111	-	2	-	(143)	-	-	-	3,970	
Plant, Equipment & Motor Vehicles	1,742	-	249	(30)	(341)	-	-	-	1,620	
Office Equipment	35	-	5	-	(10)	-	-	-	30	
Landfill Construction:										
Super Cell	2,469	54	-	-	(153)	-	-	-	2,370	
Super Cell Capping	2,905	382	-	-	(201)	-	-	-	3,086	
Post Closure Rehabilitation	218	90	-	-	(18)	-	-	-	290	
Future Restoration Costs	-	37	-	-	(2)	-	-	-	35	
Work in Progress	117	66	-	-	-	-	(127)	-	56	
TOTAL PROPERTY, PLANT & EQUIPMENT	15,580	629	256	(30)	(868)	-	(127)	-	15,440	
Comparatives	15,081	2,742	341	(12)	(908)	-	(1,664)	-	15,580	

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 2019

Note 7 - LIABILITIES

		2019 \$'000		2018 \$'000	
	Notes	Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		2,139	-	2,371	-
Payments received in advance		16	-	-	-
Accrued expenses - other		46	-	65	-
		2,201	-	2,436	-
PROVISIONS					
Annual Leave		66	-	63	-
Long Service Leave		60	25	38	39
Super Cell Capping		-	7,823	-	-
Post Closure Rehabilitation		-	3,985	-	3,895
Cell Capping - 3-1 & 3-2		-	-	-	2,554
Cell Capping - 3-3 & 3-4 (Lower)		-	-	-	2,937
Cell 4 Capping		-	-	-	1,950
Future Restoration Costs		-	1,642	-	1,605
		126	13,475	101	12,980

Movements in Provisions - 2019 year only (current & non-current)	Opening Balance	Additional Amounts Recognised/ (Derecognised)	Transfers	Closing Balance
<i>Super Cell Capping</i>	-	382	7,441	7,823
<i>Post Closure Rehabilitation</i>	3,895	90	0	3,985
<i>Cell Capping - 3-1 & 3-2</i>	2,554	0	(2,554)	-
<i>Cell Capping - 3-3 & 3-4 (Lower)</i>	2,937	0	(2,937)	-
<i>Cell 4 Capping</i>	1,950	0	(1,950)	-
<i>Future Restoration Costs</i>	1,605	37	0	1,642
Total	12,941	509	-	13,450

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

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	2019 \$'000	2018 \$'000
Total cash & equivalent assets	5	17,497	16,343
Less: Short-term borrowings		-	-
Balances per Cash Flow Statement		<u>17,497</u>	<u>16,343</u>

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

Net Surplus (Deficit)	503	1,777
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	868	908
Net (Gain) loss in Equity Movement Joint Venture	(437)	(176)
Movement in Landfill Provisions	-	(886)
Work in Progress Write-Off	127	-
Net (Gain) Loss on Disposals	9	(21)
	<u>1,070</u>	<u>1,602</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	173	186
Net (increase) decrease in inventories	-	-
Net (increase) decrease in other current assets	-	-
Net increase (decrease) in trade & other payables	(235)	(93)
Net increase (decrease) in other provisions	11	45
Net Cash provided by (or used in) operations	<u>1,019</u>	<u>1,740</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	-	-

(d) Financing Arrangements

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

Corporate Credit Cards	18	18
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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 2019

Note 9 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.	
Deposits	<p>Terms & conditions: Deposits are returning fixed interest rates of 1 - 2.25% (2018: 1.25 - 2.5%). Short term deposits have an average maturity of 90 days (2018: 90 days).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Gate Fees & Associated Charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>

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 2019

Note 9 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2019	Floating Interest Rate \$'000	Fixed interest maturing in ≤ 1 year \$'000	> 1 year ≤ 5 years \$'000	> 5 years \$'000	Non- interest bearing \$'000	Total \$'000
Financial Assets						
Fair Value through P&L						
Cash Assets	1,755	15,742	-	-	-	17,497
Loans & Receivables						
Receivables	-	-	-	-	1,666	1,666
Total	1,755	15,742	-	-	1,666	19,163
<i>Weighted Average Interest Rate</i>	1.00%	2.25%				
Financial Liabilities						
Payables	-	-	-	-	2,201	2,201
Total	-	-	-	-	2,201	2,201
EXCESS OF FINANCIAL ASSETS OVER LIABILITIES	1,755	15,742	-	-	(535)	16,962

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

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the financial year ended 30 June 2019

Note 10 - COMMITMENTS FOR EXPENDITURE

	2019 \$'000	2018 \$'000
	<u>Notes</u>	
Capital Commitments		
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 2019, the Authority has entered into no capital commitments that are not already recorded on the Statement of Financial Position.		
Other Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	19	37
	<u>19</u>	<u>37</u>
These expenditures are payable:		
Not later than one year	19	18
Later than one year and not later than 5 years	-	19
Later than 5 years	-	-
	<u>19</u>	<u>37</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 2019 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 2019

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.

	2019 \$'000	2018 \$'000
Income	12,126	13,710
less Expenses	(11,614)	(11,954)
Operating Surplus / (Deficit)	512	1,756
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(256)	(341)
Depreciation, Amortisation, Impairment and Movement in Landfill Provisions	868	988
Proceeds from Sale of Replaced Assets	-	-
	612	647
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	(120)	(2,479)
Amounts received specifically for New and Upgraded Assets	-	-
Proceeds from Sale of Surplus Assets	21	33
	(99)	(2,446)
Net Lending / (Borrowing) for Financial Year	1,025	(43)

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

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:

	2019 \$'000
Salaries, allowances & other short term benefits	373
Post-employment benefits	-
Long term benefits	-
Termination Benefits	-
TOTAL	373

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	4,944	509	Provision of waste disposal services
City of Holdfast Bay	930	67	Provision of waste disposal services
City of Marion	2,083	164	Provision of waste disposal services
Southern Recycling Centre	6,920	528	Provision of waste disposal services

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

The Authority has a total amount outstanding of \$0.613m to the Southern Recycling Centre as at 30 June 2019.

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 2019

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.

	2019 \$'000	2018 \$'000
The Authority's respective interests are:		
- interest in operating result:	50.00%	50.00%
- 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	885	709
New Capital Contributions	-	-
Share in Operating Result	437	176
Equity Adjustment	-	-
Distributions Received	(490)	-
Share in Equity of Joint Operation	832	885

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 2019

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 2019

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 \$
2019					
Recurring fair value measurements					
Infrastructure, Property, Plant & Equipment					
- Land	6	-	1,427	-	1,427
- Buildings	6	-	560	-	560
Total financial assets recognised at fair value		-	1,987	-	1,987

2018					
Recurring fair value measurements					
Infrastructure, Property, Plant & Equipment					
- Land	6	-	1,427	-	1,427
- Buildings	6	-	560	-	560
Total financial assets recognised at fair value		-	1,987	-	1,987

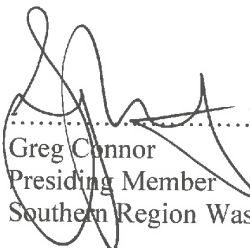
(b) **Disclosed fair value measurements**

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

27/8/19
.....
Dated

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



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ABN: 30 630 511 757

Liability limited by a scheme approved
under Professional Standards Legislation

SOUTHERN REGION WASTE RESOURCE AUTHORITY

GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2019

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 2019, 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

05/09/2019

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



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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

Opinion

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 2018 to 30 June 2019 have been conducted properly and in accordance with law.

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 in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Authority have been conducted properly and in accordance with law for the period 1 July 2018 to 30 June 2019.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagement on Controls*, 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 2018 to 30 June 2019. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The 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.

Our Independence and Quality Control

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

Auditor's responsibility

Our responsibility is to express an opinion on the 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 receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the 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 2018 to 30 June 2019. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

Limitations of Controls

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

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

Limitation of Use

This report has been prepared for the members of the 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.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Simon Smith FCPA, Registered Company Auditor

Partner

05/09/2019



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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 2019, 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 2019, 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 of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but for the purpose of expressing an opinion on the effectiveness of the Authority'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.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



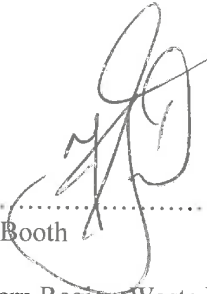
Simon Smith FCPA, Registered Company Auditor

Partner

05/09/2019

Southern Region Waste Resource Authority Board Chair – Auditor Independence

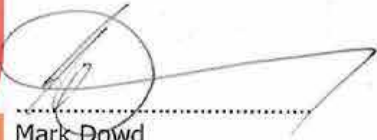
I, Mark Booth, the person occupying the position of Chair of the Southern Region Waste Resource Authority's Board, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the Southern Region Waste Resource Authority, 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

4/9/19
.....
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

12.8.19



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Noarlunga Centre
South Australia 5168
www.onkaparingacity.com

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Noarlunga Centre
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Aberfoyle Park office
The Hub
Aberfoyle Park
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Facsimile (08) 8382 8744

Willunga office
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Willunga
Telephone (08) 8384 0666
Facsimile (08) 8382 8744

Woodcroft office
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Morphett Vale
Telephone (08) 8384 0666
Facsimile (08) 8382 8744

9 August 2019



PO Box 21, Oaklands Park
South Australia 5046

245 Sturt Road, Sturt
South Australia 5047

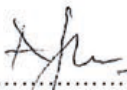
T (08) 8375 6600

F (08) 8375 6699

E council@marion.sa.gov.au

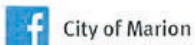
Chief Executive Officer's Certificate of Compliance – Auditor Independence Southern Region Waste Resource Authority

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

9.8.19
.....
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



holdfast.sa.gov.au

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PO Box 19 Brighton SA 5048

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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, Roberto Bria, 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.

Roberto Bria
Chief Executive Officer
City of Holdfast Bay

9 / 8 / 19
Dated

ATTENDANCE AT BOARD MEETINGS

BOARD MEMBERS	MEETINGS HELD WHILST MEMBER	MEETINGS ATTENDED
CHAIRMAN Mark Booth	6	6
CITY OF ONKAPARINGA Kirk Richardson	6	5
CITY OF ONKAPARINGA Alison Hancock <i>Term Completed June 2019</i>	6	5
CITY OF MARION Vincent Mifsud <i>Resigned May 2019</i>	5	4
CITY OF MARION Adrian Skull <i>Appointed May 2019</i>	1	0
CITY OF MARION Ian Crossland	6	4
CITY OF HOLDFAST BAY Roberto Bria	6	6
CITY OF HOLDFAST BAY Lynda Yates <i>Resigned November 2018</i>	3	2
CITY OF HOLDFAST BAY John Smedley <i>Appointed December 2018</i>	3	3
DEPUTY BOARD MEMBERS		
Please Note: Deputy Members are only required to attend a Meeting when the Member is an apology		
CITY OF ONKAPARINGA Heidi Greaves		0
CITY OF MARION Nick Kerry <i>Term Completed October 2018</i>		0
CITY OF MARION Bruce Hull <i>Appointed October 2018</i>		0
CITY OF MARION Ray Barnwell <i>Appointed May 2019</i>		1
CITY OF HOLDFAST BAY John Smedley <i>Resigned December 2018</i>		2
CITY OF HOLDFAST BAY Clare Lindop <i>Appointed December 2018</i>		1

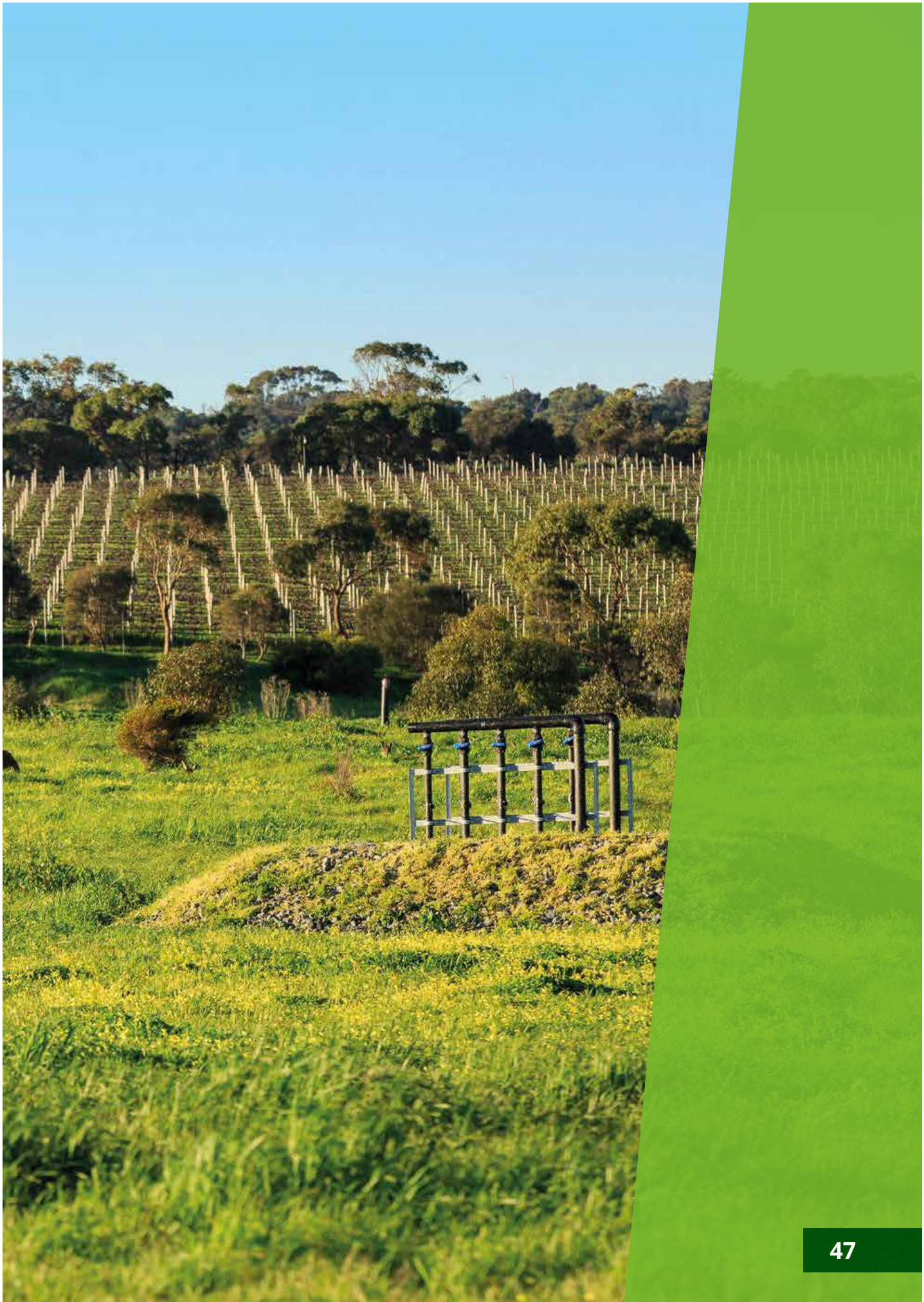
ATTENDANCE AT AUDIT COMMITTEE MEETINGS

	MEETINGS HELD WHILST MEMBER	MEETINGS ATTENDED
Please Note: Deputy Members are only required to attend a Meeting when the Member is an apology		
CHAIRMAN Greg Connor	4	4
David Powell	4	4
Vicki Brown <i>Resigned March 2019</i>	3	3
Sam Spadavecchia <i>Appointed March 2019</i>	1	1
Mark Booth	4	4
Lynda Yates <i>Deputy SRWRA Representative Resigned November 2018</i>	0	0
John Smedley <i>Deputy SRWRA Representative Appointed February 2019</i>	0	0

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	STATUS
Assessments of Long Term Financial Plan Assumptions	Achieved
Further Development of the Southern Recycling Centre recycling operations	Achieved
Cell Construction feasibility & development project	In Progress
Redesign of capping system for super cell area	In Progress
Solar/alternative energy projects	In Progress
Work with Constituent Councils to explore options and feasibility surrounding the operations of a "Waste to Energy" and "Materials Recycling Facility" in the region.	In Progress





SRWRA CONSTITUENT
COUNCILS



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Annual Report

2018/19

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

ABN 92 168 067 160

Date prepared: 30 September 2019

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 benefits of aligning and managing contracts under the regional subsidiary are significant and resulted in estimated savings of \$7.5m for the Constituent Councils and accession Councils.

Council Solutions achieved a 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 commend the Council Solutions team for their ongoing commitment, dedication and professionalism during 2018/19. I would also like to

acknowledge Oliver Barry for his significant contribution as Chief Executive Officer from May 2016 to July 2018, Tim Dawson for his contribution as Senior Procurement Officer from August 2016 to July 2018 and, Kerrie Jackson, Acting Chief Executive Officer from July 2018 to February 2019.

Finally, the Council Solutions Board of Management and I would like to acknowledge and thank Catherine Cooper, Chair of the Board November 2012 to December 2018 for her support in achieving the strategic goals of Council Solutions.

A handwritten signature in dark ink, appearing to be 'Jeff Tate', written over a light blue horizontal line.

Jeff Tate
Chair of the Board
Council Solutions Regional Authority

Report from the Council Solutions Manager

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.

On behalf of our six Constituent and eight Accession Councils, Council Solutions has delivered 32 collaborative contract and panel agreements, across 110 suppliers, with a combined total value of over \$68 million per annum. Council Solutions ensures best practice across its suite of contracts, actively promoting continuous improvement and developing opportunities for innovation.

The Council Solutions Governance Framework and Board-approved Key Performance Indicators ensures the effectiveness and efficiency of Council Solutions' operations when collaborating with Councils and industry partners.

I thank the Board for their support, and the Council Solutions team comprising Audrey Rangel, Bruce Wright, Colin Owen and Tammy Sheridan for their continuing professionalism.



Clare Coupar
Manager
Council Solutions Regional Authority

Board of Management 2018/19



MR JEFF TATE
INDEPENDENT CHAIRPERSON



MS CATHERINE COOPER
INDEPENDENT CHAIR (TO DEC 18)



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 2018/19

Council Solutions is a body corporate, governed by a Board of Management, comprising 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 Chair.

The Board held three formal and two out-of-session meetings during the year to consider the strategic direction and financial integrity of the organisation. Meeting attendances were as follows:

Board Position	Board Member	Formal Meetings Attended
Independent Chairperson	Mr Jeff Tate	2
Independent Chairperson – till Dec 2018	Ms Catherine Cooper	1
City of Adelaide	Mr Mark Goldstone, CEO	3
City of Charles Sturt	Mr Paul Sutton, CEO	3
City of Marion	Mr Adrian Skull, CEO	3
City of Onkaparinga	Mr Mark Dowd, CEO	3
City of Salisbury	Mr John Harry, CEO	2
City of Tea Tree Gully	Mr John Moyle, CEO	3

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 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 either the meeting for the Council Solutions Board Meeting.

Please refer to Appendix B for a report on the activities undertaken by the Audit Committee throughout the 2018/19 financial year.

Governance and Operating Framework

Council Solutions works in partnership with its Constituent Councils to deliver value outcomes. In accordance with the Council Solutions Governance Framework and Key Performance Indicators, the critical success factors that underpin the optimal effectiveness and value provided by the collaborative partnership with Council Solutions and its Constituent Councils 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 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.

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

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

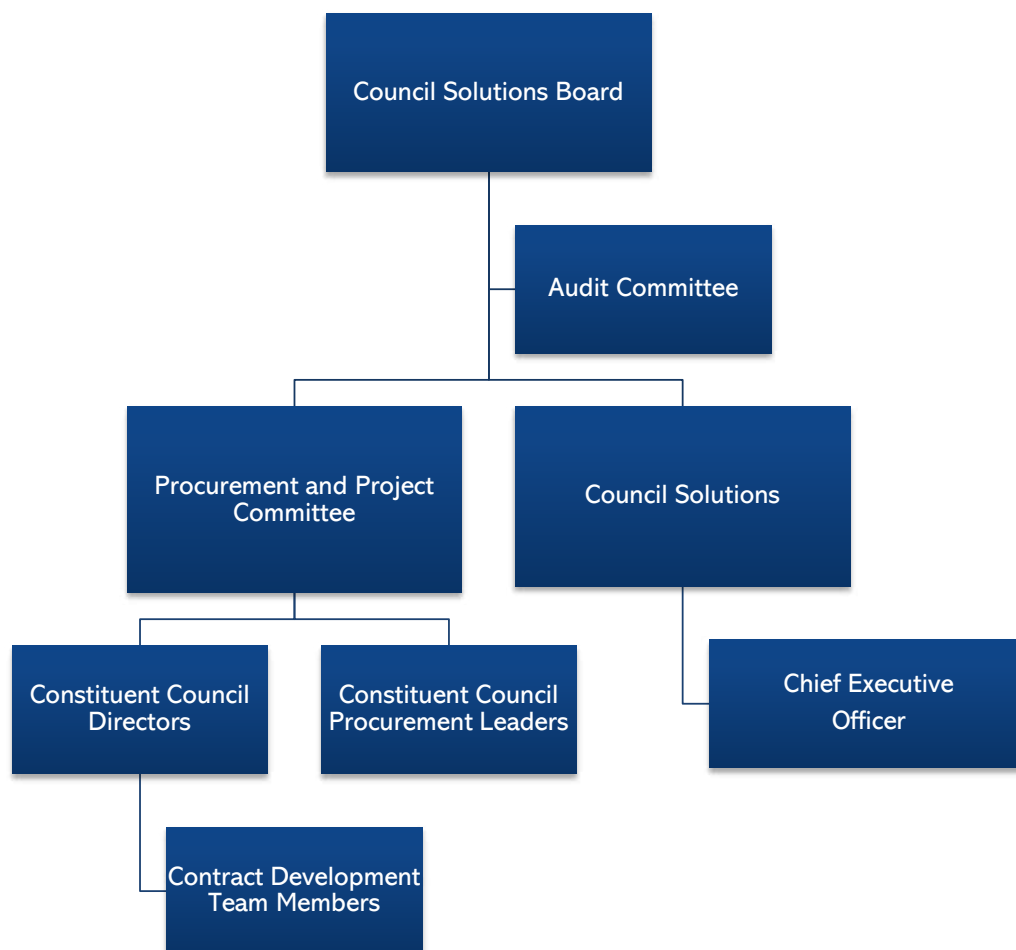
Structure and Staffing

As at 30 June 2019, Council Solutions comprised five staff (4.8 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:

- Manager - Clare Coupar
- Senior Procurement Officers - Bruce Wright, Colin Owen, Tammy Sheridan,
- Executive Support Officer - Audrey Rangel

Governance and Organisation Structure



Procurement and Contract Management Achievements 2018 /19

Council Solutions manages a growing suite of collaborative contracts for its Constituent Councils that continue to deliver significant contract management efficiencies. The Regional Forward Procurement Plan, approved by the Council Solutions by the Board of Management in 2016, provides a roadmap to target collaborative procurement opportunities to deliver improved outcomes for Councils and ratepayers.

During 2018/19 over \$68 million of Council expenditure was undertaken utilising Council Solutions collaborative contract arrangements. This represents an increase of 15% on the previous year.

The Council Solutions suite of 32 collaborative contracts and panel agreements, across 110 suppliers, covers a diverse and comprehensive range of categories to include Finance and Professional Services, Human Resources, Roads and Infrastructure, Facilities Management and Parks and Gardens. Our strong focus on contract management is key to extracting value from the contracts for both Councils and suppliers.

The Regional Forward Procurement Plan remained on track in the scheduling of procurement activities across target expenditure categories, with Council Solutions established new contracts for use by Constituent Councils for Cleaning Services, Supply and Delivery of Concrete, Managed Services (Unified Communications) and Segmental Pavers.

The most significant procurement projects undertaken by Council Solutions' during 2018/19 were the Waste Management Services Project and the re-tendering of the Legal Service Panel.

- **Waste Management Services Project**

Tenders for the Waste Management Services project were called in December 2018. The collaborative procurement of four Participating Councils will see alignment of waste management services across three service streams. The scale and value of the contracts will encourage industry competition to secure reliable tonnage of waste and strong cashflow to support investment in Material Recovery Facility infrastructure, improve data capture, reporting, encourage and support alternative waste technology and waste to energy as longer-term options for residual waste disposal. The new contract term will be for up to 10 years and will enable the support infrastructure investment as the total value of the three service streams is in the order of \$25million per annum. Following evaluation and negotiation, contracts will be awarded in August 2019.

- **Legal Service Panel**

The continuing collaboration in this category will provide the Constituent and accession Councils with a "Best of Breed" panel of legal firms to service the needs of the Councils. The benefit of maintaining the agreement is to provide a pre-approved panel of service providers, offering an agreed schedule of rates, with a mix of capability, experience and approach to ensure access to the best resources and information for councils.

Innovation and Continuous Improvement Initiatives

2018/19 saw the delivery of some exciting innovations and continuous improvement outcomes in collaboration with our infrastructure industry partners.

- **Bituminous Works Program (Downer EDI Works)**

Approximately 100kms of the Participating Councils (the Cities of Charles Sturt, Marion, Onkaparinga, Salisbury, Tea Tree Gully and Mount Barker District Council) Councils' road network was resurfaced.

The Councils lowered their carbon footprint by adopting sustainably manufactured asphalt products and reducing impacts on the environment.

With the use of Recycled Asphalt Pavement (RAP), the Councils have re-used product that would have potentially ended up as landfill. Collectively this is a total savings of 992 tonnes of CO₂ emissions, which is the equivalent of removing 393 cars from our road network per year.

In November 2018, Downer EDI Works introduced a new mix design 'Reconophalt', in response to increased demand from Councils to reduce landfill by using more recycled products. Reconophalt is an asphalt mix that included soft plastics and recycled glass and is capable of being developed to include other water materials. A total of 7467 tonnes of Reconophalt was used by the Cities of Marion (3689t), Charles Sturt (3507t) and Onkaparinga (371t).

The Councils and Downer EDI Works continue to collaborate on the compaction review. Downer introduced new roller technology in January 2019 and several alternative mix designs were trialled throughout the year.

Several significant WHS initiatives were introduced to the contract during 2018/19 including engineered controlled reversing plant, forward sweeping brooms on skid steers, and traffic and pedestrian fencing segregation trials at Charles Sturt.

- **Crack Sealing Program (SuperSealing)**

The Cities of Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully's crack sealing program resulted in approximately 1.4 million m² of Councils' combined road network being crack-sealed. In addition to extending the pavement life, this preventative maintenance saw the use of 550 recycled tyres that equates to the reduction of 115 household rubbish bins which are not going to landfill.

- **CoolSeal Product Trials (SuperSealing)**

The Cities of Charles Sturt and Salisbury participated in trials of CoolSeal, a new and innovative road sealing product as part of studies to reduce the urban heat island effect in Council areas. This alternative product is a heat-reflective preservation treatment keeping roads cooler during warmer months and has the potential to significantly reduce surface temperatures of the road network.

The City of Charles Sturt sealed approx. 20,000m² in the Hendon Business precinct and Albert Park. The City of Salisbury sealed approx. 22,000m² and together with SuperSealing, receiving the IPWEA 2018/19 Excellence in Sustainable Solutions in Public Works award for the 'The Bridges' CoolSeal project at Mawson Lakes.

Contract Extensions

In addition, over the past 12 months Councils Solutions has facilitated the extensions of 6 existing collaborative contract arrangements with a combined total value of approximately \$33.2 million per annum.

COUNCIL SOLUTIONS CONTRACT MANAGEMENT LIST AS AT 30 JUNE 2019

Contract / Panel Arrangement	2018/19 Expenditure \$000
Temporary Labour Hire	28,533
Bituminous Works	20,665
Cleaning Services	3,859
Legal Services	3,451
Segmental Pavers	2,321
Arboriculture Services Panel Agreements	2,189
<ul style="list-style-type: none"> Tree Works Panel Consultancy 	
Irrigation Services Agreements	1,319
<ul style="list-style-type: none"> Parts Design Minor Works 	
Leasing Finance of IT Equipment	1,303
Concrete	1,109
Quarry Materials	903
Architectural Services Panel Agreements	823
<ul style="list-style-type: none"> Architectural Landscape Architecture Urban Design 	
Crack Sealing	759
Postal Services	616
<ul style="list-style-type: none"> Across Government Postal Services 	
Postal Services – Post Bill Pay	
Debt Collection Panel Agreement	494
Fencing Panel Agreement	338
Engineering Services Panel Agreements	200
<ul style="list-style-type: none"> Building Services Civil & Structural Engineering Geotechnical Engineering Process Traffic & Transport Planning Water & Environmental Engineering 	
Pest Control Services	6
Managed Services (Unified Communications)	Not Applicable
Rate & Dog Registration	Not Applicable
Transactional Banking Services	Not Applicable

Finance

Operating Surplus Ratio

Council Solutions achieved a 21% favourable variance in its operating surplus ratio. This is reflective of the funding structure of this entity whereby revenue levels are maintained by contracts set up in prior years.

The better than budget operating result occurred primarily due to a few employee positions remaining vacant as a few employees moved on throughout the year. This accounts for most of the \$440k better than budget result.

As fewer projects were undertaken than originally forecast, there were also savings in consultancy and legal fees. The lower levels of activity also delivered further savings in other non-salary expenditure lines.

Reimbursements are underbudget by \$111k. This is primarily due to the overhead recoupment initially calculated to be reimbursed by Councils participating in the waste management services project that was recalculated at a lower level that reflected the reduction in operating costs referred to above. This is shown in 'Other Income' within the Statement of Comprehensive Income that follows.

Management fees were \$44k less than budgeted for. This revenue varies from year to year in accordance with the level of Council usage of the various contracts in place.

Net Financial Liabilities Ratio

Net financial liabilities ratio saw a favourable variance of 18%. The data used to make this calculation is sourced from the Statement of Financial Position.

A negative result for this indicator means the Authority is in a Net Financial Assets situation.

Net Financial Assets have increased by \$150k due to the better than budget operating result. The level of current assets is close to what was budgeted for, however current liabilities are less than originally budgeted for due to amounts payable to suppliers being settled late in June as well as the payment of the City of Adelaide loan account ('Other Current Liabilities').

The Authority continues to maintain high level of cash reserves.

COUNCIL SOLUTIONS REGIONAL AUTHORITY
General Purpose Financial Reports
for the year ending 30 June 2019

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COUNCIL SOLUTIONS REGIONAL AUTHORITY
Certification Of Financial Statements
for the year ending 30 June 2019

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 2019 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.



.....
Jeff Tate
Chair Of The Board

Date: 29 August 2019

Appendix A

**COUNCIL SOLUTIONS REGIONAL AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2019**

		2019	2018
	Notes	\$'000	\$'000
INCOME			
Investment Income	2	7	4
Management Fees	2	1,056	1,054
Other Income	2	270	641
Total Income		<u>1,333</u>	<u>1,699</u>
EXPENSES			
Materials, contracts & other expenses	3	<u>960</u>	<u>1,770</u>
Total Expenses		<u>960</u>	<u>1,770</u>
OPERATING SURPLUS / (DEFICIT)		<u>373</u>	<u>(71)</u>
NET SURPLUS / (DEFICIT)		<u>373</u>	<u>(71)</u>
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		<u>373</u>	<u>(71)</u>

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

COUNCIL SOLUTIONS REGIONAL AUTHORITY
BALANCE SHEET
as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		539	174
Receivables		342	564
Total Current Assets	4,7	881	738
Total Assets		881	738
LIABILITIES			
Current Liabilities			
Trade & Other Payables		37	124
Other Current Liabilities		15	158
Total Current Liabilities	5,7	52	282
Total Liabilities	5,7	52	282
NET ASSETS		829	456
EQUITY			
Accumulated Surplus		686	313
Share Capital		143	143
TOTAL EQUITY		829	456

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 2019

	Initial Contribution by Owners \$'000	Accumulated Surplus \$'000	Total \$'000
2019			
Opening Balance	143	313	456
Net Surplus for Year	-	373	373
Balance at end of period	143	686	829

	Initial Contribution by Owners \$'000	Accumulated Surplus \$'000	Total \$'000
2018			
Opening Balance	143	385	527
Net Surplus for Year	-	(71)	(72)
Balance at end of period	143	313	456

CASH FLOW STATEMENT
for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		1,548	1,600
Investment Income		7	4
<u>Payments</u>			
Operating payments to suppliers & employees		(1,190)	(1,764)
Net Cash provided by (or used in) Operating Activities		365	(160)
Net Increase (Decrease) in cash held		365	(160)
Cash & cash equivalents at beginning of period		174	334
Cash & cash equivalents at end of period	6	539	174

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 2019

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 2019

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 2019 reporting period and have not been used in preparing these reports.

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

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

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

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

At 30 June 2019, Council has no leases to which this treatment will need to be applied.

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 2 - INCOME

	2019 \$'000	2018 \$'000
INVESTMENTS		
Interest Income	7	4
	<u>7</u>	<u>4</u>
REBATES		
Management Fees	1,056	1,054
	<u>1,056</u>	<u>1,054</u>
OTHER INCOME		
Reimbursements	270	641
	<u>270</u>	<u>641</u>

Note 3 - EXPENSES

	2019 \$'000	2018 \$'000
MATERIALS, CONTRACTS & OTHER EXPENSES		
Advertising	0	1
Audit Fees	4	4
Catering	1	1
Contractors	40	45
Consultant Fees	92	532
Insurance	28	27
IT Expenses	23	34
Legal Fees	35	63
Membership Fees & Subscriptions	5	4
Motor Vehicle	2	2
Reimbursements - Salary & Wages	665	982
Rent	27	26
Sitting Fees	19	32
Sundry	13	13
Telephone	2	2
Training and Development	4	2
	<u>960</u>	<u>1,770</u>

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 4 - CURRENT ASSETS

	2019	2018
	\$'000	\$'000
CASH & CASH EQUIVALENTS		
Cash at Bank	539	174
	<u>539</u>	<u>174</u>
RECEIVABLES		
Accounts Receivables	226	419
Accrued Income	116	143
Prepaid Expenses	-	2
	<u>342</u>	<u>564</u>
TOTAL CURRENT ASSETS	<u>881</u>	<u>738</u>

Note 5 - LIABILITIES

	2019	2018
	\$'000	\$'000
TRADE & OTHER PAYABLES		
Creditors	28	120
Expenses Accrued	9	4
	<u>37</u>	<u>124</u>
OTHER CURRENT LIABILITIES		
Payable to Adelaide City Council	15	158
	<u>15</u>	<u>158</u>
TOTAL LIABILITIES	<u>52</u>	<u>282</u>

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

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.

	2019	2018
	\$'000	\$'000
Cash at Bank	539	174
Balances per Cash Flow Statement	539	174

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

Net Surplus	373	(71)
Net (increase)/decrease in Receivables	222	(95)
Net increase/(decrease) in Current Liabilities	(230)	6
Net Cash provided by (or used in) operations	365	(160)

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

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;

2018-19	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
Financial Assets:						
Cash	1.9%	539	-	-	-	539
Receivables	0.0%	-	-	-	-	342
Total Financial Assets		539	-	-	-	881
Financial Liabilities:						
Creditors and Provisions	0.0%	-	-	-	-	52
Total Financial Liabilities		-	-	-	-	52

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
Financial Assets:						
Cash	1.8%	174	-	-	-	174
Receivables	0.0%	-	-	-	-	564
Total Financial Assets		174	-	-	-	738
Financial Liabilities:						
Creditors and Provisions	0.0%	-	-	-	-	282
Total Financial Liabilities		-	-	-	-	282

(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 2019**

Note 8 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Council include the Chair of the Board, the Board, Independent Members of the Audit Committee and the CEO, Acting CEO and General Manager.

Salaries, allowances & other short term benefits paid by Council Solutions to KMP were \$232k (2018-19) and \$259k (2017-18)

The following qualifying related party disclosures have been identified in relation to the 2018-19 financial year

Related Party Entity	Amounts received from related parties during 2018-19 FY	Amounts outstanding from related parties as at 30 June 2019	Amounts outstanding to related parties as at 30 June 2019
	\$ '000	\$ '000	\$ '000
City of Adelaide	112	26	-
City of Charles Sturt	116	26	-
City of Marion	100	-	-
City of Salisbury	3	-	-
City of Tea Tree Gully	3	-	-
City of Onkaparinga	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 2019

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 2019, 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.



.....
Jeff Tate
CHAIR – Council Solutions

Date: 15 August 2019



.....
Mark Dowd
CHIEF EXECUTIVE OFFICER
City of Onkaparinga

Date: 12 August 2019




.....
Paul Sutton
CHIEF EXECUTIVE OFFICER
City of Charles Sturt

Date: 7/8/2019



.....
John Harry
CHIEF EXECUTIVE OFFICER
City of Salisbury

Date: 13/8/2019



.....
Tanya Johnston
Presiding Member of Audit Committee

Date: 15 August 2019



.....
Mark Goldstone
CHIEF EXECUTIVE OFFICER
Adelaide City Council

Date: 13/8/2019



.....
Adrian Skull
CHIEF EXECUTIVE OFFICER
City of Marion

Date: 12.8.19



.....
John Moyle
CHIEF EXECUTIVE OFFICER
City of Tea Tree Gully

Date: 9/8/2019

Ian G McDonald FCA



Council Solutions Regional Authority

ANNUAL FINANCIAL STATEMENTS For the year ended 30 June 2019

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 2019, 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 that reads 'Ian G McDonald'.

Ian G McDonald FCA

Dated this 2nd day of August 2019

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Ian 0419 620 906
ianmcdonald@creativeauditing.org

PO Box 75, Henley Beach SA 5022
ABN 13 550 494 869

Nancy 0408 832 848
nancytran@creativeauditing.org

Ian G McDonald FCA



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 2019.

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 2019 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.

A handwritten signature in blue ink that reads 'Ian McDonald'.

Ian G McDonald FCA
Registered Company Auditor

Dated at Grange this 2nd day of September 2019

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Appendix B

Audit Committee Annual Report to the Board for the Year Ending 30 June 2019

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 Authority's state of affairs 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 2019.

Committee Membership and Meetings Attended

The Audit Committee met on 4 occasions during the financial year.

Member	Meetings Attended
Ms Tanya Johnston, Chair and 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 2019.

Completed Work Program 2018/19

ACTIVITY	MEETING DATE
1. Financial Reporting	
<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"> the consistency in application of, and/or any changes to, accounting policies; the method used to account for significant or unusual transactions where different approaches are possible; whether the Authority has followed appropriate accounting standards and made appropriate estimates and judgements, considering the views of the external auditor; the clarity of disclosure in the Authority's financial reports and the context in which statements are made; 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. 	
1.1 Annual Financial Statements – 2017/18	Sep 2018
1.2 Financial Performance Report – 2017/18	Sep 2018
1.3 Budget Review #1 – 2018/19	Dec 2018
1.4 Annual Budget – 2019/20	Apr 2019 Jun 2019
1.5 Budget Review #2 – 2018/19	Apr 2019
1.6 Budget Review #3 – 2018/19	Jun 2019
2. Internal Controls and Risk Management Systems	
2.1 Review and comment on internal control policy and operational framework.	Dec 2018
2.2 Review and comment on updated risk register including the risk assessment framework used when completed.	Dec 2018
2.3 Review and comment on the disaster recovery plan as well as a business continuity plan when completed.	Dec 2018
3. Internal Audit	
3.1 Consider and make recommendations on the scope and function of an internal audit program suitable for an operational structure and size of Council Solutions.	Dec 2018

ACTIVITY	MEETING DATE
4. External Audit	
4.1 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
4.2 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
4.3 All correspondence between the Auditor and 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
4.4 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
4.5 Review and recommend the engagement of the Authority's external auditor, including the appointment, reappointment, and removal of the Authority's external auditor. The review should look to satisfy the Board that the external audit services can demonstrate adequate independence from the operations of the Authority.	Jun 2019
4.6 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
4.7 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
5. Reporting Requirements of the Audit Committee	
5.1 Ensure that significant, urgent matters identified through the work program are formally and promptly reported to the Board.	Ongoing
5.2 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
5.3 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
5.4 Review its own performance and Terms of Reference on an annual basis.	Dec 2018

ACTIVITY	MEETING DATE
6. Other	
6.1 Set Audit Committee work program and Confirm meeting dates for 2019.	Dec 2018
6.2 Audit Committee Chairperson Appointment	Jun 2019
6.3 Management Fee Audit. Update Report.	Dec 2018
6.4 Review and comment on the following policies: <ul style="list-style-type: none"> • Petty cash/credit cards • Accounting/financial management • Procurement – contract and tendering • Financial delegations 	Dec 2018



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