

Southern Mallee District Council

Annual Report

2018-2019

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Ngarkat acknowledgement

Southern Mallee District Council acknowledges the Ngarkat people as the traditional custodians of the land on which we meet and work. We respect their culture and we extend that respect to other Aboriginal and Torres Strait Islander people.



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Achievements

Southern Mallee District Council had a long list of achievements in the 2018/19 year. This included:

Construction of the Lovers Lane Heavy Vehicle Bypass in Pinnaroo

Council was successful in attracting \$218,000 of funding under the 2018-2019 Special Local Roads Program for a significant upgrade to the Lovers Lane Heavy Vehicle Bypass. The total cost of works to widen and reconstruct the kilometre long unsealed section with a new bitumen spray seal pavement to a width of 8 metres with 1 metre unsealed shoulders was \$328,000. Works commenced in January 2019 and were completed by the end of March 2019. This road upgrade was welcomed by the district's agricultural producers and will be a significant benefit to many producers, freight businesses and the broader community saving time and improving safety for road users.



Completion of Council's annual footpath program

Council completed construction of its footpath projects on time and on budget. The program has resulted in the renewal of the following footpaths:

- Bews Terrace, Lameroo
(west side from Butler Terrace to Railway Terrace South);
- Mann Street, Pinnaroo
(west side from Railway Terrace South to the southern end of the former Croquet Club)
- Mann Street, Pinnaroo
(east side from Jenkins Terrace to the rear of the bowling club).

The footpath program was delivered by a local contracting firm and supported by Council's Infrastructure services team.



Recognition of Southern Mallee Volunteers

In the lead up to National Volunteer Week Southern Mallee District Council held an afternoon tea for volunteers on 15 May 2019 in the Council Chambers, Pinnaroo. The afternoon tea was held to acknowledge and recognise the important contribution our local volunteers make to our community.

Volunteer organisations also acknowledged their volunteers as part of National Volunteer Week. On 19 May 2019 our region's SA Ambulance Service volunteers held a reward and recognition event.

During the celebrations the SA Ambulance Service acknowledged Marion Berlin for 40 years of service, Robert Berlin, 42 years of service, Lynnette Summerton, 29 years of service and Lyn Schultz, 14 years of service. A total of 125 years of volunteer service to the community as Ambulance officers.

Council congratulates these four members of our community, and all of our volunteers, for the fantastic work they do in our community.



Left to right Marion Berlin, Robert Berlin, Lynnette Summerton, and Lyn Schultz.

Local events

Southern Mallee District Council supported a range of significant local community events during the year. This included a mix of financial and/or logistical support to the national Trakmasters Caravan event in Pinnaroo, the Festival of Halls in Lameroo, the Country Music Festival in Lameroo, the annual Pinnaroo Show and Christmas Pageants in Pinnaroo and Lameroo.

Support and acknowledgement of community groups

During the year Council approved memoranda of understandings (MoUs) with our two Lions Clubs (Pinnaroo and Lameroo), the Pinnaroo Agricultural Society and the Geranium Hub. The MoUs are aimed at strengthening Council's relationship with each organisation and providing improved recognition, communications and support. These four groups provide a range of community services and/or events.

Mayor's message

I am pleased to present Southern Mallee District Council's Annual Report for the 2018/19 financial year.

This report demonstrates solid progress against the strategies in Council's Strategic Management Plan 2017-2021.

The Council elected in November 2018 continues to build on the good and responsible hard work of the previous council.

Our current council is the first to operate without wards in Southern Mallee District Council and operates in an inclusive manner to all areas of the council district, which is to be commended. This has included evening meetings spread evenly between the eastern and western areas of our district and included a Geranium community workshop and ordinary meeting of Council. We have done this to try to make Council meetings more accessible to community members.

We continue to support community groups and have established four new memoranda of understanding enabling Council to formally acknowledge and support the fantastic work within Southern Mallee District Council. We also reformed our community grants process and now have a merits based application assessment and decision making process. We also introduced free hall hire across the district for community groups holding community events and for school usage.

At the end of the 2018/19 pool season we consulted the community and subsequently committed substantial capital funding to our two pools with reduced entry fees. This supported the refurbishment of our swimming pool change rooms, with support from the Federal Government's drought funding grant.

After years of planning, 2019 will see the arrival and setting up of our childcare buildings at Lameroo and Pinnaroo, also provided largely with drought funding monetary assistance from the Federal Government. These new buildings will enable Council's childcare staff the capacity to provide childcare services five days a week to support families in our communities.

Council proudly supported a range of events in our community including the Trakmaster Caravan Club's national visit to Pinnaroo, the Lameroo Country Music Festival, Festival of Small Halls Tour to Lameroo, the 102nd Annual Pinnaroo Agricultural Show and local Christmas street parties.

All of these significant achievements have been delivered whilst also ensuring continued strong financial management and long term financial sustainability.

We are striving to provide a range of projects and services that are responsive to our community's needs. I acknowledge Council staff and Councillors who work tirelessly with dedication for the community and make Southern Mallee the great place it is.

Mayor Andrew Grieger

CEO's message

The 2018/19 financial year was a busy and productive year for Southern Mallee District Council. Council has focused its efforts on achieving the strategies in its Strategic Management Plan whilst also delivering sound financial management and organisational efficiencies.

Council has continued to work towards its vision of a place where people aspire to recreate, do business and live well.

This document represents the Annual Report of Southern Mallee District Council for the period 1 July 2018 to 30 June 2019. The report details the achievements of Council against its strategic objectives and incorporates the audited financial statements of the organisation.

The document also includes the annual report from our subsidiary organisation the Murraylands and Riverland Local Government Association.

Southern Mallee District Council staff have continued to work hard for the community. Our staff are passionate and skilled and provide a diverse range of services that are highly valued by the community from childcare services, customer service, community buildings and pools to road works, parks and gardens, and waste management.

Council also delivered a range of capital projects including the full construction of Lovers Lane as a heavy vehicle bypass to the east of Pinnaroo, installation of bin covers in the Pinnaroo and Lameroo commercial centres, major renewal of six of our rural unsealed roads, strategic footpath projects in Pinnaroo and Lameroo and upgrades to a number of community buildings.

Council continued to support community groups during 2018/19 with its generous \$50,000 community grants program. This led to a range of great community projects across the district.

Chief Executive Officer Jason Taylor

Elected members



Elected members left to right:
Paul Ireland, Rebecca Boseley, Trevor Hancock, Andrew Grieger (Mayor), Neville Pfeiffer (Deputy Mayor),
Mick Sparnon and Jeff Nickolls.



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Council's representation quota

Council's representation structure is seven councillors elected as representative of the area as a whole.

As of 28 February 2019, there were 1,321 electors on the Council voters roll in Southern Mallee District Council with an average representation quota of 188.

The following table provides a comparison of representation quota with other similar sized Council's as at 28 February 2019.

Council	Number of electors	Representation quota
Barunga West	1979	219
Ceduna	2052	228
Goyder	3024	432
Kangaroo Island	3471	347
Kingston	1821	227
Lower Eyre Peninsula	3694	527
Mount Remarkable	2125	303
Peterborough	1210	134
Southern Mallee	1321	188
Tumby Bay	1985	283
Yankalilla	4203	467

An elector representation review (required by chapter 3, part 1, division 2 of the Local Government Act 1999) was completed in 2017. The Electoral Commissioner certified that the review undertaken by Council satisfied the requirements of the Act.

The outcome of the review saw Council reduce councillor representation from 9 to 7 and abolish wards to become a district from the November 2018 elections.

Council elections

Elections for Council are held every four years in accordance with the Local Government (Elections) Act 1999. Council elections were held in November 2018 with the next general election scheduled for November 2022.

Council decision making structure

Decisions of Council are made through various council meetings, committee meetings or by staff through delegated authority. Informed decision making is critical to ensure that decisions are made in the best interest of the wider community. All council and committee meetings are conducted in accordance with the Local Government Act (Procedures at Meetings) Regulations 2013. Meetings of the Development Assessment Panel and Building Fire Safety Committee are convened under the Development Act 1999.

Elected member attendance at council meetings (Ordinary and Special)

Total Number of Meetings

New Council elected November 2018 = 7
Previous Council until November 2018 = 5

Current Council	November 2018 – June 2019
Cr Andrew Grieger (Mayor)	7
Cr Neville Pfeiffer (Deputy Mayor)	6
Cr Rebecca Boseley	6
Cr Trevor Hancock	7
Cr Paul Ireland	7
Cr Jeffrey Nickolls	7
Cr Mick Sparnon	5
Previous Council	July 2018 – October 2018
Cr Andrew Grieger (Mayor)	5
Cr Neville Pfeiffer (Deputy Mayor)	5
Cr Brian Toogood	4
Cr Allan Dunsford	4
Cr Dennis Hyde	4
Cr Stacey Milde	2
Cr Kevin O'Driscoll	3
Cr Bruce Summerton	2
Cr Mark White	4

Elected member allowances 2018 / 2019

Elected member allowances are set by the Remuneration Tribunal and take effect from the first ordinary meeting of the Council held after the conclusion of the periodic elections. (Section 76 and Regulation 4, Local Government (Allowances and Benefits) Regulations 2010).

The following allowances are paid to elected members as at 30 June 2019:

Mayor	\$ 26,000.04
Deputy Mayor	\$ 8,124.96
Councillors	\$ 6,500.04

Members receive approved travel allowances to attend council meetings and for conducting council business.

Conflict of interest declarations

In accordance with Section 74 of the Local Government Act 1999, elected members and staff are given the opportunity to declare an interest in a matter before the Council which is recorded in the Council minutes. Training on the new updated conflict of interest requirements has also been provided to all elected members.

Code of conduct or practice

The 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:

- Elected members code of conduct
- Elected member complaint handling
- Employee code of conduct
- Volunteer code of conduct
- S41 Committee members code of conduct
- Code of practice - Access to council and committee meetings

During 2018-2019 there were no formal code of conduct complaints lodged relating to the conduct of individual elected members.

Elected member training and development

Council's Council members' training & development policy outlines Council's commitment to provide training and development activities for its elected members. It also recognises its responsibility to develop and adopt a policy for this purpose under Section 80A of the Local Government Act.

Elected members have undertaken an extensive induction program and all members have completed the mandatory training component.

Elected members continue to receive regular informal updates on changes to legislation as it applies through regular briefings. They are also encouraged to attend various local government training sessions, seminars, conferences and on-line training programs.

The following activities were attended by elected members in 2018-19:

- Introduction to local government training
- Legal responsibilities training
- Council and committee meetings training
- Financial management training
- Media training
- Chiring and chamber etiquette training
- The Local Government Association annual general meeting and conference held in Adelaide
- Murraylands and Riverland Local Government Association meetings and workshops

Delegations

In keeping with legislative requirements, Council determines:

- the policies to be applied by the Council in exercising its discretionary powers;
- the type, range and scope of projects to be undertaken by Council; and,
- the resources which are to be made available to undertake such works and services.

In accordance with Section 44 of the Local Government Act, certain powers, functions and duties have been delegated to the Chief Executive Officer from the Council by resolution.

The CEO has in turn sub-delegated some of these powers, functions and duties to appropriate Council officers. Such delegations enable the effective and efficient operation of the Council administration. No delegations have been given to Section 41 Committees by the Council. The Council reviews these delegations regularly.

Regional subsidiaries

The Murraylands and Riverland Local Government Association

The Murraylands and Riverland Local Government Association represents Berri Barmera Council, Coorong District Council, District Council of Karoonda East Murray, District Council of Loxton Waikerie, Mid Murray Council, Renmark Paringa Council, Southern Mallee District Council and the Rural City of Murray Bridge.

It facilitates, co-ordinates, advocates and undertakes projects for the councils it represents in the areas of the environment, economic and social development with the objective of achieving continuing improvement for the benefit of the communities of its constituent councils.

Review of Council's decisions

As required by the Local Government Act 1999, Council has developed a complaint framework which incorporates the review of decisions made by the Council or by administration under delegation.

The complaint framework demonstrates Council's commitment to transparent decision making processes, providing a fair and objective procedure for the hearing of review of decisions and identifying areas for the improvement of services.

There were no formal requests received to review a decision made by the Council or under delegation during 2018-2019

Confidential Items

Southern Mallee District Council is committed to the principles of open and accountable governance. Council also recognises that on occasions it may be necessary in the broader community interest to restrict public access to discussion and/or documents. During 2018-2019 the Council considered 8 items in confidence in accordance with Section 90(2) and 91(7) of the Local Government Act 1999.

The table below identifies the number of times a given provision under Section 90 (3) of the Local Government Act 1999 was utilised to exclude the public:

		2018-2019
S90(3)(a)	Information relating to the unreasonable disclosure of personal affairs	3
S90(3)(g),(h) and (i)	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 Legal advice 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.	1
S90(3)(k)	Information relating to tenders for the supply of goods & services	4
TOTAL		8

Confidential register

The Council keeps a register of all Council decisions made in confidence and this is reviewed every January to decide which items must stay confidential and which can be released from confidence.

As at 1 July 2018 there were 63 confidential decisions in existence. During the 2018 2019 financial year eight more items were added to the register and 39 others were released from confidence.

At the conclusion of 2018 / 2019 there were 32 confidential Items remaining on the register.

Registers, codes, policies and procedures

(Required to be kept under the Local Government Act and/or Local Government Elections Act 1999)

Registers:

Section 68	Members register of interests
Section 79	Members register of allowances and benefits
Section 105	Officers register of salaries
Section 116	Officer register of interests
Section 188	Fees and charges
Section 196	Community land management plans
Section 207	Community land
Section 231	Public roads
Part 14	Campaign donation returns prepared by candidates

Codes:

Section 63	Members code of conduct
Section 92	Code of practice for access to meetings and documents
Section 110	Employees code of conduct
Reg 7	Code of practice meeting procedures

Freedom of information

The Council maintains the principles of the Freedom of Information Act 1991 for the 2018/2019 period;

Number of requests received under the Freedom of Information Act	One
Number of external reviews under the Freedom of Information Act	Nil

Complaints to the Ombudsman

The SA Ombudsman is an independent authority that investigates complaints made against South Australian Government and local government agencies.

Formal Ombudsman investigations requiring referral to Council for 2018/2019 – Nil

Use of local goods and services

Council is committed to identifying opportunities for improved outcomes when acquiring goods and services. Council has developed policy, procedures and practices directed towards obtaining value in the expenditure of public money, ethical and fair treatment for all participants and ensuring probity, accountability and transparency in all of its operations.

Copies of Council's Procurement policy are available for public inspection and/or purchase. A copy is also available on the Council's website at www.southernmallee.sa.gov.au

National competition policy

Principles of competitive neutrality are designed to neutralise any net competitive advantage that a government or local government agency engaged in significant business activities would otherwise have, by virtue of its control by the government or local government, over private business operating in the same market. Councils are required to identify their business activities and disclose those in Category One (annual gross operating income greater than \$2 million per year) and Category 2 (annual gross operating income less than \$2 million per year).

In 2018-19 Southern Mallee District Council did not engage in any category one or category two business activities. There has been no commencement or cessation of significant business activities controlled by Council. No complaints were received during the year with regard to competitive neutrality.

Competitive tendering

Council is committed to purchasing goods and services in an honest manner that ensures a fair, transparent and accountable process is available to all parties involved. Council aims to ensure that its methods of purchasing goods and services are cost effective and meet the needs of the community.

General information

Overview

Principal Member	Mayor Cr Andrew Grieger
Chief Executive Officer	Jason Taylor
Staff	66

Key measurements

Total area	6,000 square kilometers
Rateable properties	1,701
Road length	1,335 kilometres
Sealed road length	132 kilometres

Key locations

Commercial centres	Pinnaroo and Lameroo
Libraries	Geranium, Lameroo and Pinnaroo
Schools	Geranium, Lameroo, and Pinnaroo
Sport and recreation facilities	Geranium, Lameroo, Parilla and Pinnaroo
Cemeteries	Lameroo, Pinnaroo and Parrakie

Communication

Telephone	(08) 8577 8002
Website	www.southernmallee.sa.gov.au
Email	council@southernmallee.sa.gov.au
Facebook	www.facebook.com/SouthernMalleeDC

Equal employment

Southern Mallee District Council is committed to equal opportunity in employment and the provision of a work environment that celebrates difference and diversity and is free from discrimination.

Council embraces its responsibility to create an environment free from discrimination and to ensure that the principle of merit operates unhindered by regard to irrelevant criteria. To this end the Council actively works to ensure that its structures are free from direct or indirect discrimination on the grounds of sex, marital status or pregnancy, race, age, sexual orientation, gender history, religious or political beliefs, impairment, family responsibility or family status.

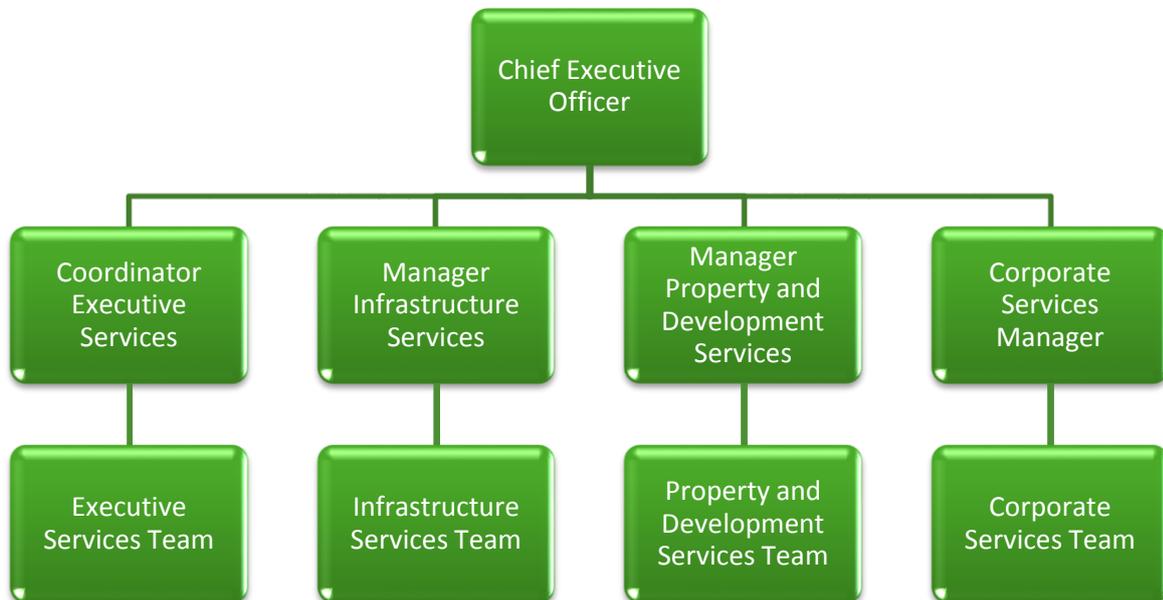


Corporate structure

Management and staff of Southern Mallee District Council work for and on behalf of the community in response to the policies and directions set by Council's elected members. The Chief Executive Officer is responsible for the overall administration of Council and for ensuring policies; programs and services are delivered and implemented by staff.

At the end of June 2019 the CEO had an executive leadership team comprising three managers and a coordinator. These senior staff are responsible for the organisational portfolios of Corporate services; Infrastructure services; Property and development services; and Executive services.

Corporate structure



Functional structure

**Chief Executive Officer
Responsible for:**

- Council administration
- Executive leadership
- Corporate planning and strategy
- Organisational development
- Public relations and media
- Economic development, grants and investment
- Community development

Functional structure

Coordinator Executive Services

Responsible for:

- CEO support
- Governance
- Records management
- Elected member support
- Executive support

Manager Corporate Services

Responsible for:

- Finance and audit committee
- Rates and debtors
- Contract management and procurement
- Asset management
- Information technology
- Customer service
- Childcare services (COGS)
- Payroll and human resources
- Work health and safety
- Risk management and permits
- Insurance
- Library services

Functional Structure

Manager Infrastructure Services Responsible for:

- Roads, footpaths and drainage
- Contract management and procurement
- Capital works program - infrastructure
- Works and services
- Parks and gardens, cemeteries, and caravan park
- Swimming pools
- Waste management
- Cleaning services
- Airport management

Manager Property & Development Services Responsible for:

- Environmental health services
- Building services
- Statutory and strategic land use planning
- Emergency management
- Community buildings and land leases and licences
- Animal management
- Parilla accommodation facility
- Contract management and procurement
- Retirement village
- Capital works program – property

Senior executive officers – register of salaries

Title of position	Classification	Other benefits/ packages
Chief Executive Officer	Contract	Private use of vehicle; Internet provision; Professional development \$4,000; Superannuation 11.5%; Annual Leave 6 weeks per annum; Housing Subsidy \$7,800
Manager Corporate Services	Wage Municipal Officer Award, South Australia	Private use of vehicle
Manager Infrastructure Services	Wage Municipal Officer Award, South Australia	Private use of vehicle
Manager Property and Development Services	Wage Municipal Officer Award, South Australia	Private use of vehicle

Staff training

Staff training during the 2018/19 year included:

Autism awareness
Business continuity plan training and desktop scenario
Chainsaw awareness
Child related employment screening
COR and load restraint
CPR updates and senior first aid
Creating childwise safety champions
Diploma of government
Fire prevention officer
Fire safety awareness
Incident management
IT Vision end of financial year training –
Licence to operate a forklift truck
Manual handling
Meaningful observations training and media training
Programming expo
Provide first aid in education and care
Rates/payroll and finance
Risk management awareness
Section 7 searches
Team development training
White card training



Corporate services

Work health and safety and Return to work

Continuous improvement underpins Council's approach to all activities. The Work Health Safety and Return to Work Plan ensures Council can identify key deficiency areas and measure the success of systematic targets designed to improve performance. Council's 2019-2021 Work Health Safety & Return to Work Plan was prepared during 2018/19 for adoption by the Work Health Safety Committee in early 2019/20.

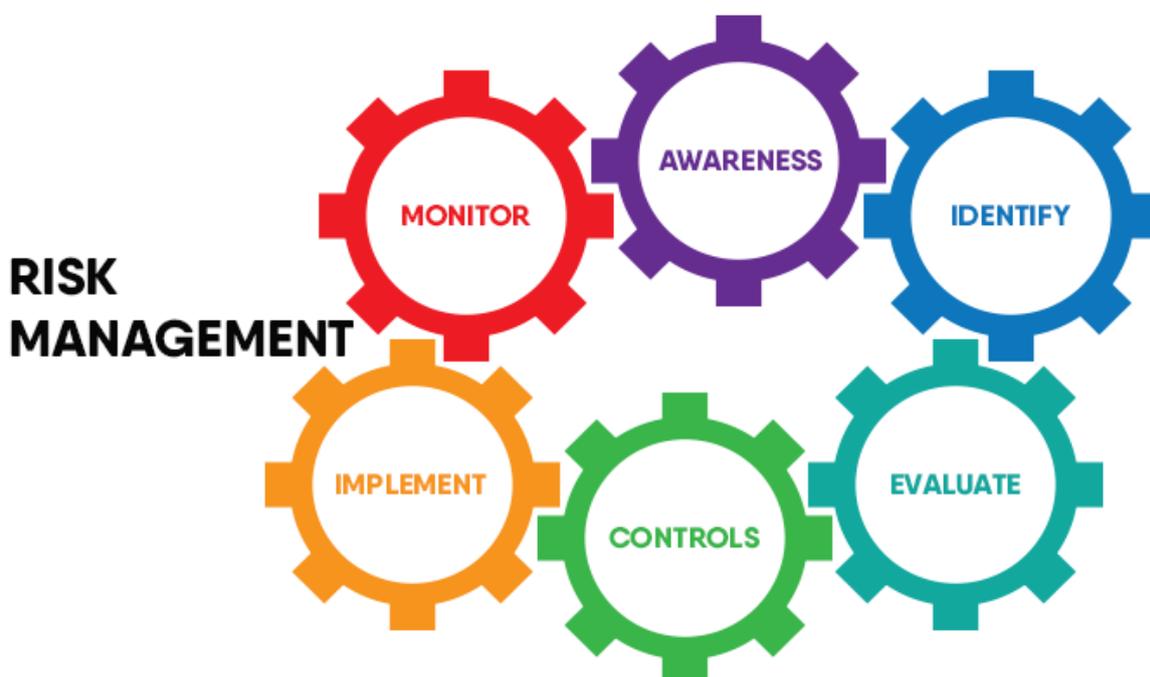
Risk management

As an outcome of the risk evaluations undertaken in late 2017, Southern Mallee District Council recognised the need to review its risk management systems, including the review and update of the risk management policy and framework.

Council partnered with the Mutual Liability Scheme and its Strategic Risk Consulting Team in a collaborative project with the District Council of Karoonda East Murray to evolve the Council's risk management system to ensure the expectations of the respective Audit Committee's and Senior Management Team can be met.

In 2018-2019 Council successfully reviewed and updated its Risk management framework and Risk management policy including a presentation to the Audit Committee thus completing phase one of the greater scope of works and meeting several key performance indicators.

Phase two including the review of Councils strategic risk register and operational risk registers are scheduled to occur in 2019/2020 along with further training.



Corporate services

Treasury report

The overall financial results of Council show sound and responsible financial management.



Borrowings

Council has paid its loans as scheduled payments require and this has resulted in the closing balance of loans (both current and non-current) decreasing from \$1,682,893 in 2018 to \$1,402,914 in 2019.

Borrowings	30 June 2018	30 June 2019
Council loans	1,682,893	1,402,914

Revenue

The rates revenue has increased by \$315,829 when compared with 2018. Council rates is the major revenue stream for Council accounting for 53% of total revenue.

	30 June 2018	30 June 2019
Rates	3,900,595	4,216,424
Total revenue	7,660,906	8,004,736

The increase in overall revenue was due to an increase in Rates and User Charges of \$566,254.

	30 June 2018	30 June 2019
Grants subsidies and contributions	2,894,002	2,647,983

This was largely impacted by the \$261,000 Childcare income in 18/19 being received in parent fees instead of grants.

Corporate services

Treasury report



Expenses

Employee costs have increased since 2018 mainly as a result in vacant positions in 2018 being filled for the full year and more maintenance road works being delivered.

	30 June 2018	30 June 2019
Employee costs	2,319,948	2,632,395

Depreciation incurred a slight increase of \$106,411 following the revaluation of stormwater drainage. Also as a result of the increase in capital expenditure on roads in 2018.

	30 June 2018	30 June 2019
Depreciation, amortisation & impairment	2,538,427	2,644,838

Materials, contracts & other expenses increased by \$116,241. This was largely due to an increase in maintenance works.

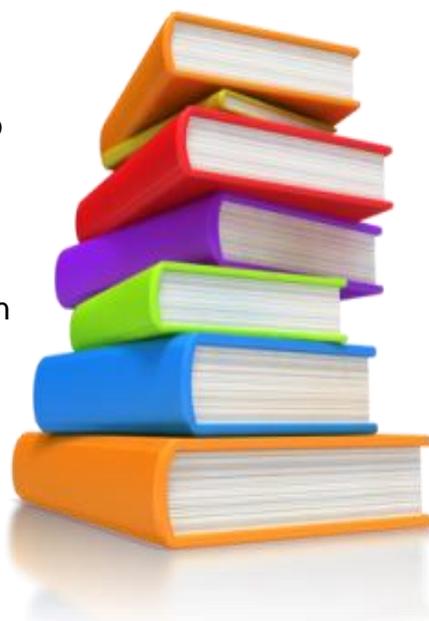
	30 June 2018	30 June 2019
Materials, contracts & other expenses	2,033,747	2,149,988

Corporate services

Library services

Council supports three community libraries. There are community libraries in Pinnaroo and Lameroo and a depot at Geranium which is part of the Lameroo community library.

The total number of loans throughout the libraries was in excess of 27,000.



Library structure

Council continues to support the operation of libraries through the allocation of grant funding. The allocation is more than the required amount specified by the Libraries Board of SA. The Libraries Board sets the required contribution from councils to libraries in accordance with the existing 10 year agreement between the Minister for the Arts and the President of the Local Government Association. Council allocated \$13,000 to each of the three library facilities in 2018/19.

In March 2019 the Libraries Board of SA conducted a regional tour. The Libraries at Lameroo and Pinnaroo were both privileged to receive a visit and host the board for a short time providing a brief that included information on the services, strategic focus, special features and ongoing challenges.

Libraries strategic plan

Following the a services delivery review in 2015/2016 the Library Strategy Group including representatives from the Lameroo Regional Community School, Pinnaroo Primary School, Geranium Primary School, Libraries of SA and Council established the Libraries Forward Plan. The key strategies from the plan include – sustainable structures and systems, equitable and cost effective services, engaging the community, better access to new technologies and economic development.

In 2018/2019 the Libraries Management Board comprising of the three school principals, library staff and a council representative continued to meet and work together to implement actions from the agreed plan and review services.

Corporate services

STARClub – Excellence in cross council collaboration

In 2018/19 Council continued its commitment to the funding of the Murraylands STARclub Field Officer Program. This was formalised with a memorandum of understanding between the five Murraylands councils and the State Government's Office for Recreation, Sport and Racing (ORSR) in 2017/18.

The Integrated Murraylands Physical Activity Committee (IMPAC) provides direction for the STARclub Program, and membership includes key leaders from each of the five funding councils (Rural City of Murray Bridge, Coorong District Council, Mid Murray Council, District Council of Karoonda East Murray and the Southern Mallee District Council).

STARclub focuses on growing and sustaining strong sport and recreation clubs, where quality coaches and officials work alongside valued volunteers in a safe and welcoming environment.

Southern Mallee District Council has two clubs that have achieved STARclub status. This is the highest level possible and several other clubs are working towards this. The Mallee Football League is one of the successful clubs and also the first Football League in South Australia to achieve this feat which is a fantastic outcome.

The STARclub program in the Murraylands is one of the largest and most successful, exceeding all targets set every year by ORSR and the management committee. The STARclub field officer has made a huge difference across the region in helping clubs run better and attract funding to the amount of \$524,000 since 2015 and deliver on community aspirations.



Corporate services

Event approvals

During the 2018/2019 financial year there were 130 approvals given to organisations and individuals for a range of community activities. This is a decrease from the previous year where the total permits approved was 153, however Council has reviewed it's procedures and forms to now allows free hall hire for some activities and has made the application and approval process more efficient.



Key events for the year included;

- Legacy Badge Day
- RFDS Annual Badge Day
- Red Cross Door Knock Appeal
- Salvation Army Red Shield Appeal
- Mallee Swim Club – Training and classes
- Federal Election 2019 Polling booths
- Drought Outreach Event – Lameroo Hall
- Country Arts Performances – Lameroo Hall
- Lameroo Supper Club – Festival of Small Halls
- Lameroo Supper Club – Animal Farm Performance
- Pinkerton Palm Hamlyn & Steel P/L – Livestock Sale
- Mallee Health Service – Pink Ribbon Breakfast Lameroo
- Pinnaroo Football & Netball Clubs – Cocktail/Auction Fundraiser
- SA MDB NRM B – Fox baiting seminar
- Trakmaster Off-Road Caravan Club - Pinnaroo
- Pinnaroo Show & Field Day
- Lameroo Lions – Lunch Stop BBQ
- Annual VacSwim at Lameroo and Pinnaroo Swimming Pools
- Christmas Parades Lameroo and Pinnaroo
- Australia Day Celebrations
- DanceSA Classes and Performance – Pinnaroo Institute
- Lameroo Country Music Festival – Lameroo Memorial Hall
- ANZAC Day services in Pinnaroo and Lameroo
- Dressed 4 Success – Parilla Memorial Hall
- Parilla Market Days – Parilla Parklands
- Mallee Scouts – Parilla Memorial Hall
- Paddock Pizza
- Aqua Aerobics Lameroo & Pinnaroo
- Aussie Muscle Car Run - Lameroo
- Various stalls, swimming activities, funerals, fundraisers, accountants visits, school performances and school presentations held across the district

Corporate services

Audit Committee activity report

The purpose of the Audit Committee is to assist the Council in the conduct of its responsibilities for the management of risk, corporate and financial governance and legal compliance, related to financial reporting and audit initiatives, the internal control system and the audit functions. The committee acts as a source of advice to Council and the Chief Executive Officer in relation to these matters.

The Committee:

- enhances the communication between the external auditor and the Council;
- assists the management of business risks to ensure the protection of Council assets;
- monitors the effectiveness of audit and corporate and financial governance functions;
- enhances the integrity of the financial reporting of the Council; and
- reviews the effectiveness of the Council's internal controls and risk management systems.

The information below is a summary of the Southern Mallee District Council Audit Committee's activities undertaken and recommendations made during the 2018/2019 financial year.

Membership

Council has appointed members to its Audit Committee as follows:

Name	Position
Mr Peter Brass	Independent Chairperson
Mr Robert Reiman	Independent Member
Cr Neville Pfeiffer	Council member – continuing member
Cr Jeffrey Nickolls	Council Member – incoming November 2018
Cr Trevor Hancock	Council Member – incoming November 2018
Cr Andrew Grieger	Council Member – outgoing November 2018
Cr Dennis Hyde	Council Member – outgoing November 2018

The following staff members have attended meetings as observers:

- Chief Executive Officer
- Manager Corporate Services
- Executive Services Officer

Corporate Services

Audit Committee activity report

The following people have attended meetings as guests:

- Colleen Green, LGRS Strategic Risk Team
- Adi Roy Chowdhury, LGRS Strategic Risk Team
- Corinne Garrett, UHY Haines Norton
- Jim Keogh, Dean Newbery and Partners

Meetings

The general election and the caretaker period prior to the election impacted on the normal cycle of audit committee meetings and caused delays. Due to these events the committee only met on three occasions during the 2018/2019 financial year but still achieved and reviewed a significant amount of work. Attendance at meetings was as follows:

Meeting Date	Attendance
29 October 2018	Cr Dennis Hyde was an apology
11 February 2019	All in attendance
01 May 2019	All in attendance

Mr Jim Keogh of Dean Newbery and Partners, External Auditors met with the Audit Committee in camera at the ordinary meeting on 29 October 2018

Training activities

All elected members were provided with Mandatory training which included a section on finance. There were no other scheduled training activities during 2018/2019.



Corporate services

Audit Committee activity report

Committee activities

The following table sets out the key issues addressed by the Audit Committee during 2018/2019 in line with the Audit Committees Terms of Reference:

Activity	Outcome
Financial reporting	Budget Reviews 1, 2 and 3. Financial Policy Reviews. 2017-2018 Annual Report. 2019-2020 Annual Business Plan and Budget. Draft Annual Business Plan and Budget 2018-2019.
Internal controls and risk management systems	Review Financial Internal Controls report and guest speaker presentation from Corinne Garrett, UHY Haines Norton. Review LGRS Draft Scope of works for Risk Management. Review Risk Management Framework, Review Risk Management Policy and guest speaker presentation from LGRS Strategic Risk Team. Review Business Continuity Plan.
External audit	2017/2018 Interim audit and management response. 2017/2018 Audited Annual Financial Statements / Annual Report. Meeting with External Auditor (in camera).
Audit Committee performance	Activity Report 2017-2018. Audit committee Work Plan. Audit committee self-assessment & performance review. Audit committee terms of reference.



Corporate services

Customer service reports - Summary report by subject for the 2018/19 Year

<u>Subject</u>	<u>Complete</u>	<u>Pending</u>	<u>Outstanding</u>	<u>Total</u>
Community development enquiries	0	0	1	1
Community relations/appreciations	2	0	0	2
Dog attacks	2	0	0	2
Dog complaints	2	0	0	2
Enquiries and requests for animal information	10	0	2	12
Financial enquiries	1	0	0	1
Fire prevention advice	1	0	0	1
Footpath maintenance reconstruction & reinstatements	5	0	0	5
Health / immunisation information	1	0	0	1
Infrastructure enquiries	37	0	0	37
Installation & maintenance of street & directional signs	1	0	0	1
Property management enquiries	47	1	16	64
Public reaction complaints & responses	1	0	1	2
Recreation & sport enquiries	1	0	0	1
Request for development information	2	0	0	2
Road complaints	1	0	0	1
Road kerb & channel maintenance	12	0	0	12
Roadside vegetation management	3	0	0	3
Street furniture maintenance	3	0	0	3
Streetscaping maintenance	2	0	0	2
Traffic control enquiries	5	0	0	5
Waste management information – landfill desludge etc.	2	0	2	4
Grand total	141	1	22	164

Corporate services

Rating policy framework

Council has a Rating policy and framework which includes the following attributes:

- Information on Valuer-General valuations
- The rating model used
- Community wastewater management system service charges
- Method used to value land
- Provisions for an objection to valuation
- Explanation of differential general rates
- Details of the minimum rate
- Details of the Natural resources management levy
- Explains service charges
- State government concession information
- Details about postponement of rates for seniors
- Rebate of rates information
- Sale of land for non-payment of rates
- Payment of rates
- Discount for early payment of rates
- Late payment of rates information.



Corporate services

Childcare services

Council provides an innovative childcare service know as Mallee Childcare on the Go Service (COGS) from the early days when this was a mobile childcare service. The service aims to provide individual quality care by nurturing and educating young children through a play based program in an environment which is safe and secure, complimenting and valuing the family and community, and supporting their diverse backgrounds. The childcare service is centrally administered in Lameroo and provides long day care to children across the region. On 2 July 2018, Mallee COGS made the successful transition from a budget based funding service to the new childcare subsidy.

COGS operates four days per week across Pinnaroo, Lameroo and Karoonda with the capacity for 102 children each week across all three sites. The childcare service is a vital service for families in the region who are in the workforce as well as those self-employed families.

COGS has seen a number of milestones, changes and improvements over the past 12 months, some of which include;

- Smooth transition to the new childcare subsidy.
- Continued partnership with Gowrie SA surrounding inclusion support for children with additional needs.
- Secured the minimum enrolment numbers to ensure the continued service in Karoonda for 2019
- Providing workplace learning placements for Lameroo Regional Community College students.

The most exciting news for the childcare service in 2018/2019 was that Council committed funds to develop new childcare facilities in Pinnaroo and Lameroo. This was made possible with Federal Government Drought Communities Programme Extension funding. Southern Mallee District Council was the beneficiary of \$1 million dollars to support local infrastructure and other projects for communities. Councils allocated the bulk of this funding and some of its own funding to the provision of two new purpose built childcare facilities in Lameroo and Pinnaroo. These centres will be completed in November 2019 and will provide an increase in days of operation from 2 days to 5 days per week and also an increase in the number of places available to eliminate current waiting lists.

Council and the childcare team are excited to know that the service will commence from the new buildings in January 2020.



Infrastructure services

The Infrastructure services team had a very productive 2018/2019. With the responsibility of managing a large portion of the Council's annual budget, it was truly a team effort to complete all the works planned for the year. 100% of all planned Infrastructure projects were delivered.

A number of significant capital and renewal projects were delivered in 2018 / 2019 as well as maintenance of current assets.

Council is responsible for 1,342 kilometers of roads across the district of which 130 kilometers are sealed. Other areas of responsibility include community swimming pools, cemeteries, the Pinnaroo Aerodrome, waste water, parks and gardens, waste and recycling, plant and equipment, storm water and quarries.

Council's overall expenditure on infrastructure works including road renewal and road maintenance works was \$3.387 million. This was funded by rates but also by specific government grants including Roads to Recovery (R2R) funding \$29,000, Special Local Roads funding (Lover's Lane) \$218,000, and Supplementary Roads Funding \$200,000.



Infrastructure services

Road construction and maintenance works

Works carried out included:

Resheeting of unsealed roads

Council has 1,212 kilometers of unsealed roads to maintain across the district. Depending on volume and type of traffic and quality of rubble, they need resheeting every 20 to 25 years. In 2018/2019 Council spent \$741,428 on carrying out various resheets plus a full reconstruction of sealing of the one kilometre Lovers Lane at a cost of \$359,455.

Road name	Amount (\$)
Lovers Lane - 1km	359,455
Schiller Road - 3km	99,278
Claypan West Road - 5km	205,614
Oaks Road - 2.5km	116,641
Orwell Road – 4km	150,995
Karte Road - 4km	150,161
Mallee Hills (Poly Tar) - 2.5km	18,739
Total	1,100,883



Infrastructure services

Road construction and maintenance works

Works carried out included:

Maintenance works

Maintenance works carried out across the district included:

Road name	Amount (\$)
Patrol grading/patching	604,000
Sealed road repairs	34,000
Footpath maintenance	18,000
Traffic control	9,000
Other road services	12,000
Total	677,000

(Includes, weed spraying, roadside mowing and inspections)

Road reseals

Council has 130 kilometres of sealed roads and streets which need to be resealed approximately every 20 years. In 2018 / 2019 Council spent \$160,000 on sealed roads.

Town streets upgrades

Footpath works

Footpath construction works were carried out with a total footpath expenditure of \$54,000.

Infrastructure services

Parks, gardens and recreational reserves

Council has a significant area of parks, gardens and reserves to maintain in Pinnaroo and Lameroo and a smaller area to maintain in Geranium, Parilla and Parrakie. Council has over the years embraced a system for all parks, reserves and roadsides so that the highly utilised parks receive more maintenance and attention compared to the less used parks and reserves.

The expenditure on all parks, gardens and recreational reserve maintenance in 2108/2019 was \$270,000.

Plant & machinery

Council has continued to upgrade and replace plant (vehicles and machinery) in accordance with its 10 year plant replacement program. This ensures Council turns over plant at the optimum time.

During 2018/2019 the Council procured \$444,000 worth of plant and machinery including a new prime mover, 5 tonne tipper, small truck tipper, two cars and a dual cab ute.

During the financial year Council expended \$272,000 on purchasing fuel and oil, and \$253,000 on maintaining its plant and machinery.

Waste management

Southern Mallee District Council operates three transfer stations throughout the district located at Pinnaroo, Lameroo and Geranium. The landfill site is located at Lameroo.

Waste management expenditure in 2018/2019 was \$358,000.

The main expenditure items were:

- Transfer stations \$88,000
- Landfill maintenance \$43,000
- Collection of 240 litre waste bins from town properties weekly \$123,000
- Collection of 240 litre recycling bins from town properties monthly \$26,000

Infrastructure services

Community wastewater management systems (CWMS)

Council has a CWMS in Lameroo and Pinnaroo. The cost of running these two schemes in 2018/2019 was \$224,000, which is totally funded by the service charges applied against users of the schemes.

Aerodrome

Council maintains a single authorised landing field at Pinnaroo that has one strip which is unsealed. It is used by the Royal Flying Doctor Service and local pilots.

Safety audits are undertaken each year as well as regular inspections followed by any necessary maintenance to ensure that the aerodrome remains suitable for continuing use.



Other works

The Infrastructure services team is also responsible for the following:

Street lighting

Council is responsible for the cost of street lighting in the towns. Cost in 2018/2019 was \$48,000.

Street cleaning

Council undertakes regular cleaning of the kerbs and gutters in towns as well as keeping the appearance of the towns tidy. Expenditure in 2018/2019 was \$29,000.

Infrastructure services

Other works

Cemeteries

Council has three cemeteries that it maintains.

The cost of maintaining our cemeteries in 2018/2019 was \$18,000, offset by income of burials which was \$17,000. With three cemeteries and so few burials it has not been possible to reach a user pays break-even point.

Asset management plans

Council has asset management plans for all areas of the Council's operations which will help ensure sustainable management of the Council's infrastructure.

Infrastructure asset management plans define the service levels to be provided by the assets, which combined with condition assessment information and the various hierarchies across the asset classes allow the most urgent works to be prioritised and completed. The plans also define maintenance funding requirements to ensure assets continue to meet the required level of service and prevent premature degradation. The funding requirements for all asset classes will be reflected in the Council's Long Term Financial Plan to ensure the overall financial sustainability of Council.



Property and development services

Animal management

The provisions of the Dog & Cat Management Act 1995 were administered throughout the year.

There was an increase in the number of impounded dogs during the 2018-2019 financial year along with a reduction in dog attack and harassment reports made to Council. There was an increase in the number of dogs wandering at large.

There was an increase in the number of expiations issued to owners and no dogs were euthanised during the 2018-2019 financial year. Southern Mallee District Council issued several public notifications relating to owners responsibilities under the Dog and Cat Management Act 1995.

Complaints regarding barking dogs were also followed up with correspondence reminding the owners of their obligations as responsible dog owners.

There were no complaints or incidents involving cats and the council continues to provide live cat traps to rate payers to allow them to deal with feral cat issues on their properties.



Property and development services

Development application fees

These fees, which are adjusted by the State Government each year, vary in accordance with the nature and type of project being undertaken.

A list of types of applications and fees are provided to fully appreciate the cost of development as set by the State Government.

Development control

A number of development applications were processed under the provisions of the Development Act 1993 and the Council's Development Plan during the year.

The types of applications processed were as follows:

Verandas/Patio	5
Carports	2
Domestic Sheds / Garages	14
Farm Sheds	1
New Dwellings	1
Advertising Signage	1
Land Division	1
Refurbishment of Business	1
Change of Land Use	5
Solar Panels	1
Industrial Sheds	1
House Extension	3
Goods on Footpath	2
Shipping Containers	2
Swimming Pools	4
Camp Kitchens	2
Unstaffed Refilling Station	1
Installation of Basketball Rings	1
Total	52



Property and development services

Assessment and approval of waste control systems

Council received applications for the installation of / or alterations to a waste control systems and these were assessed against the requirements of SA *Public Health Act (Waste Control) Regulations 1995* via the agreement with Rural City of Murray Bridge.

Number of waste control system applications approved: 5

Property Management

A capital works budget of \$20,000 was allocated to the Pinnaroo Retirement Village for the upgrade of a kitchen and bathroom with Unit 5 receiving a Kitchen upgrade and unit 6 received upgrades to the laundry and bathroom areas. This allowed tenants to be placed into Unit 5 shortly after the unit was completed. Due to unforeseen issues with a leaking pipe total upgrades eventually cost approximately \$25,000.



Property and development services

Parilla accommodation

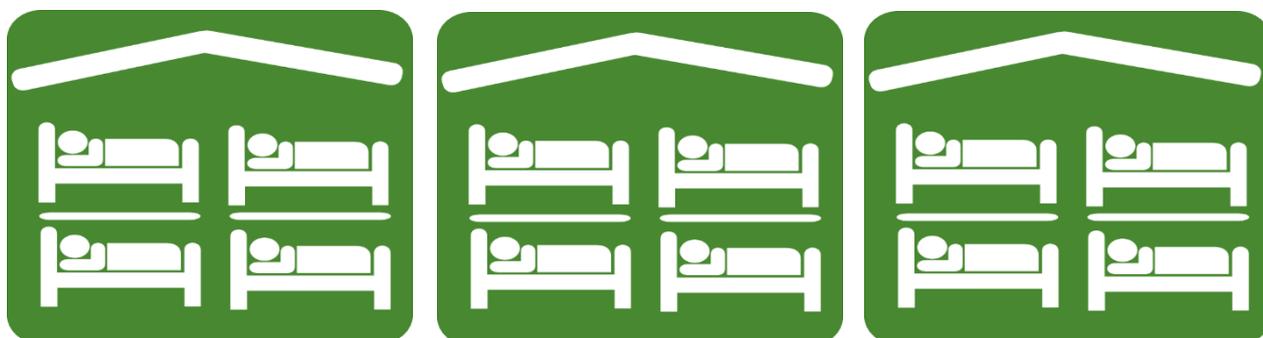
Council operates the Parilla Accommodation Facility to primarily assist horticulture producers in the district by providing accommodation for seasonal workers. Council has invested time and financial resources into the facility this year in both infrastructure upgrades and renewals however the identified refurbishment of the toilet and laundry block was rescheduled to the 2019/20 financial year after council only formally decided to keep the facility in May 2019.

The statement of comprehensive Income for the facility is outlined below:

Parilla Accommodation Statement of Comprehensive Income as at 30 June 2019

	2018/19 ACTUAL	BUDGET
INCOME	100,998.70	90,500
User Chargers	0	0
Other Revenue	100,998.70	90,500
Total Income		
EXPENDITURE		
Contractual Services	11,398.42	23,300.00
Depreciation	11,909.26	11,000.00
Other Expenses	6,739.38	5,165.90
Materials	29,230.45	38,000.00
Wages & Salaries	49,913.14	50,693.92
Total Expenditure	109,190.65	128,159.82
Surplus / (Deficit)	(8,195.95)	(37,659.82)

It appears that alternative worker accommodation that is available on farms is continuing to reduce demand for the Parilla facility. On farm accommodation provides a wider variety of accommodation to workers at a lower cost. In 2017/18 the income for this facility was \$128,777.48 and in 2016/17 it was \$170,579.39.



Property and development services

Bushfire prevention

Bushfire prevention activities undertaken included:-

- Public information and education
- Township surveys
- Issuing of risk reduction notices where required, and
- The carrying out of block clearance work in default when notices were not complied with



Notices

A total of thirty one 105F notices were issued in the 2018-2019 financial year. This was another sizeable increase with an additional seven notices being issued in comparison to the 2017-2018 financial year.

Burning permits

The issuing of burning permits during the fire danger season continued to be undertaken by the Council's permit officers.

Murray Mallee Bushfire Management Committee

Southern Mallee District Council continues to be represented on the Murray Mallee Bushfire Management Committee. This committee has the primary function of preparing and implementing new plans for bushfire prevention and management across the Murray Mallee region.

Grain Harvesting Code of Practice

The Grain Harvesting Code of Practice, developed by the South Australian Farmers Federation, in consultation with the SA Country Fire Service, was again voluntarily implemented during the fire danger season by the local farming community with great success.



Property and development services

Development plan amendment

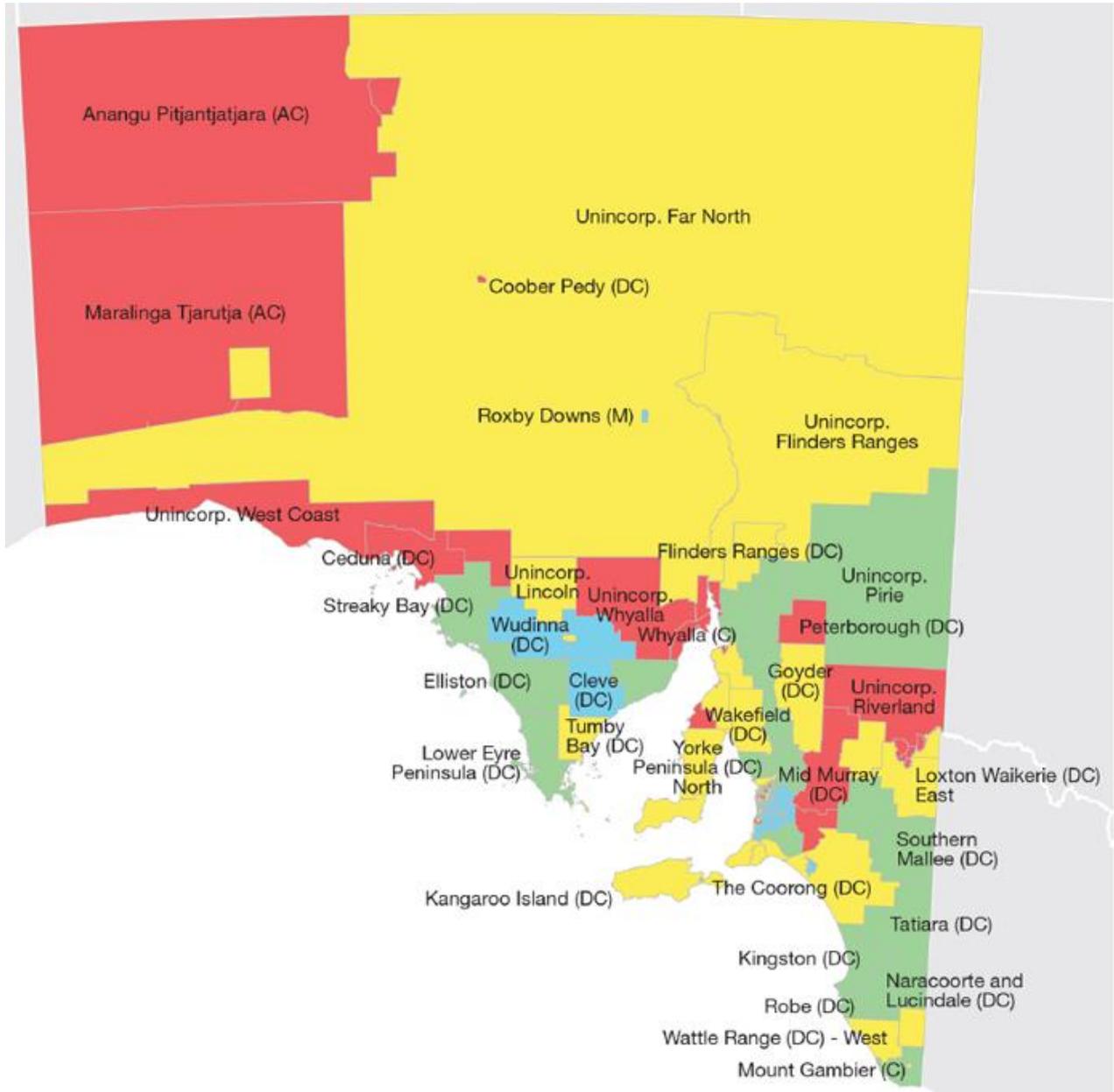
The State Government is looking to implement a new planning system, with a new Act, regulations and statewide planning policies which it hopes to have in place by July 2020 for regional councils. This should further assist in simplifying the planning process by ensuring that development is judged consistently across the state. This will be facilitated via an online planning portal.

Swimming pools

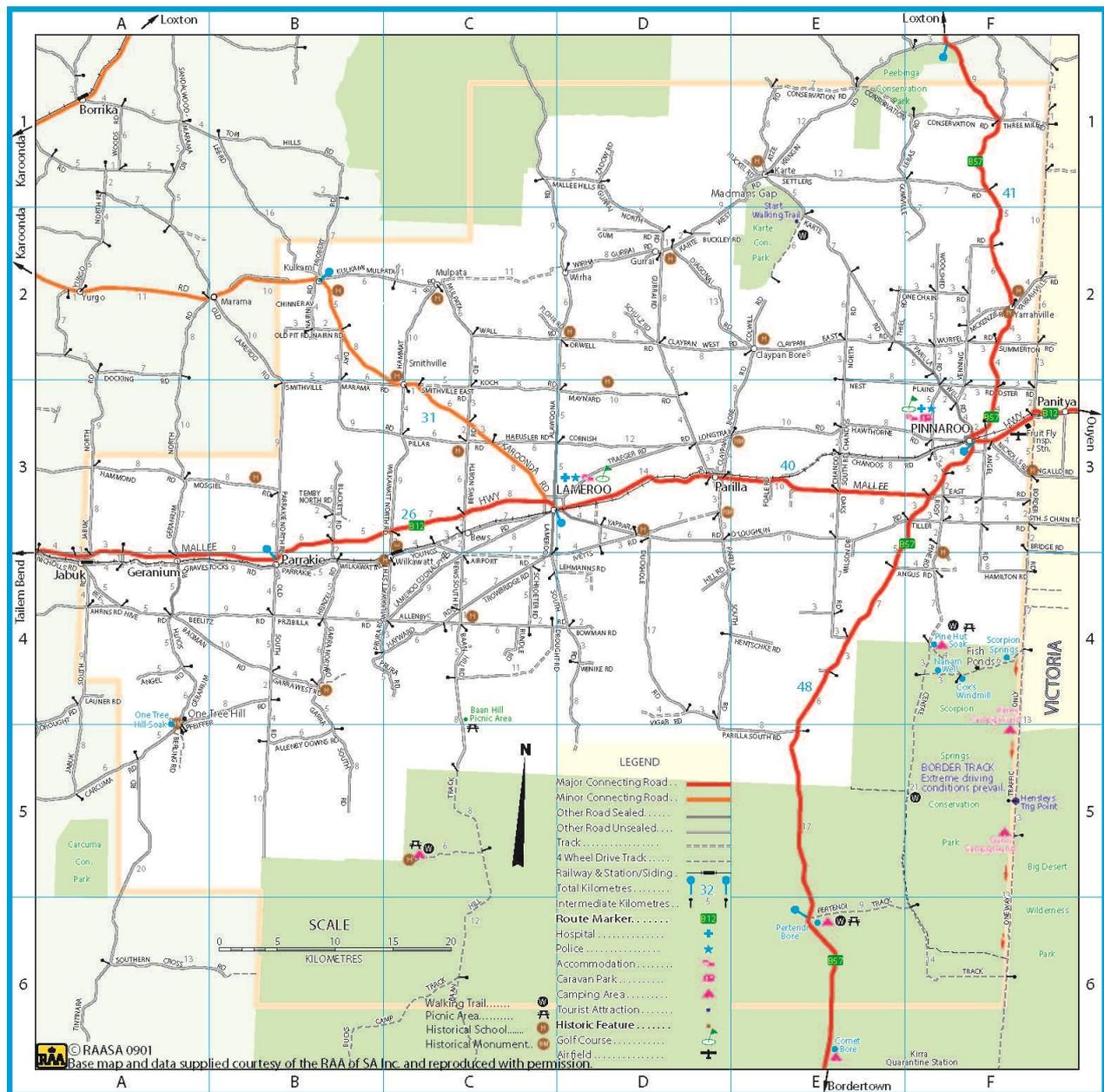
The Southern Mallee District Council operate two Community Swimming Pools located in Lameroo and Pinnaroo.



Regional map



Council boundaries



Appendix A

Southern Mallee District Council 2018 2019 Financial Statements

SOUTHERN MALLEE DISTRICT COUNCIL
General Purpose Financial Reports
for the year ended 30 June 2019

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SOUTHERN MALLEE DISTRICT COUNCIL
Annual Financial Statements
for the year ended 30 June 2019

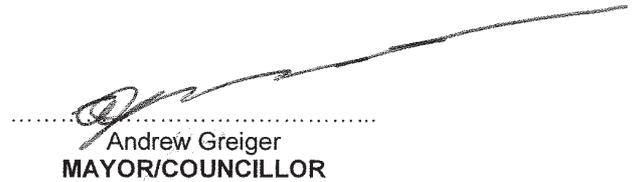
CERTIFICATION OF FINANCIAL STATEMENTS

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.



.....
Jason Taylor
CHIEF EXECUTIVE OFFICER



.....
Andrew Greiger
MAYOR/COUNCILLOR

Date: 16/10/2019

SOUTHERN MALLEE DISTRICT COUNCIL

Statement of Comprehensive Income

for the year ended 30 June 2019

		2019	2018
	Notes	\$	\$
INCOME			
Rates	2	4,216,424	3,900,595
Statutory charges	2	46,649	57,193
User charges	2	674,426	424,001
Grants, subsidies and contributions	2	2,647,983	2,894,002
Investment income	2	74,313	52,746
Reimbursements	2	140,158	167,130
Other income	2	204,783	165,239
Total Income		<u>8,004,736</u>	<u>7,660,906</u>
EXPENSES			
Employee costs	3	2,632,395	2,319,948
Materials, contracts & other expenses	3	2,149,988	2,033,747
Depreciation, amortisation & impairment	3	2,644,838	2,538,427
Finance costs	3	115,814	135,358
Total Expenses		<u>7,543,035</u>	<u>7,027,480</u>
OPERATING SURPLUS / (DEFICIT)		<u>461,701</u>	<u>633,426</u>
Asset disposal & fair value adjustments	4	86,909	52,122
Amounts received specifically for new or upgraded assets	2	925,000	734,000
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		<u>1,473,610</u>	<u>1,419,548</u>
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	24,231	87,082
Total Other Comprehensive Income		<u>24,231</u>	<u>87,082</u>
TOTAL COMPREHENSIVE INCOME		<u>1,497,841</u>	<u>1,506,630</u>

SOUTHERN MALLEE DISTRICT COUNCIL

Statement of Financial Position

as at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	4,286,874	3,335,330
Trade & other receivables	5	660,471	553,187
Inventories	5	68,880	88,971
Total Current Assets		<u>5,016,225</u>	<u>3,977,488</u>
Non-current Assets			
Financial assets	6	59,000	59,000
Infrastructure, property, plant & equipment	7	62,568,387	62,459,327
Total Non-current Assets		<u>62,627,387</u>	<u>62,518,327</u>
Total Assets		<u>67,643,612</u>	<u>66,495,815</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	8	255,465	398,484
Borrowings	8	270,838	279,978
Provisions	8	686,611	608,716
Total Current Liabilities		<u>1,212,914</u>	<u>1,287,178</u>
Non-current Liabilities			
Borrowings	8	1,132,076	1,402,915
Provisions	8	12,212	17,153
Total Non-current Liabilities		<u>1,144,288</u>	<u>1,420,068</u>
Total Liabilities		<u>2,357,202</u>	<u>2,707,246</u>
NET ASSETS		<u>65,286,410</u>	<u>63,788,569</u>
EQUITY			
Accumulated Surplus		14,040,633	12,999,907
Asset Revaluation Reserves	9	50,246,015	50,221,784
Other Reserves	9	999,762	566,878
TOTAL EQUITY		<u>65,286,410</u>	<u>63,788,569</u>

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

SOUTHERN MALLEE DISTRICT COUNCIL

Statement of Changes in Equity for the year ended 30 June 2019

2019	Notes	Acc'd Surplus \$	Asset Rev'n Reserve \$	Other Reserves \$	TOTAL EQUITY \$
Balance at end of previous reporting period		12,999,907	50,221,784	566,878	63,788,569
Restated opening balance		12,999,907	50,221,784	566,878	63,788,569
Net Surplus / (Deficit) for Year		1,473,610	-	-	1,473,610
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	24,231	-	24,231
Transfers between reserves		(432,884)	-	432,884	-
Balance at end of period		14,040,633	50,246,015	999,762	65,286,410

2018	Notes	Acc'd Surplus \$	Asset Rev'n Reserve \$	Other Reserves \$	TOTAL EQUITY \$
Balance at end of previous reporting period		11,762,026	50,134,702	385,211	62,281,939
Restated opening balance		11,762,026	50,134,702	385,211	62,281,939
Net Surplus / (Deficit) for Year		1,419,548	-	-	1,419,548
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	87,082	-	87,082
Transfers between reserves		(181,667)	-	181,667	-
Balance at end of period		12,999,907	50,221,784	566,878	63,788,569

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

SOUTHERN MALLEE DISTRICT COUNCIL

Statement of Cash Flows for the year ended 30 June 2019

		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	\$	\$
Receipts:			
Rates - general & other		4,126,752	3,823,716
Fees & other charges		46,649	62,912
User charges		638,093	489,680
Investment receipts		83,897	45,515
Grants utilised for operating purposes		2,647,983	3,183,402
Reimbursements		140,158	183,843
Other revenues		213,920	183,972
Payments:			
Employee costs		(2,555,759)	(2,267,744)
Materials, contracts & other expenses		(2,273,325)	(2,533,355)
Finance payments		(119,087)	(138,701)
Net Cash provided by (or used in) Operating Activities		2,949,281	3,033,240
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts:			
Amounts specifically for new or upgraded assets		925,000	734,000
Sale of replaced assets		202,890	342,250
Repayments of loans by community groups		-	6,156
Payments:			
Expenditure on renewal/replacement of assets		(1,688,827)	(1,216,311)
Expenditure on new/upgraded assets		(1,156,821)	(1,530,726)
Net Cash provided by (or used in) Investing Activities		(1,717,758)	(1,664,631)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments:			
Repayments of borrowings		(279,979)	(298,408)
Net Cash provided by (or used in) Financing Activities		(279,979)	(298,408)
Net Increase (Decrease) in cash held		951,544	1,070,201
Cash & cash equivalents at beginning of period	11	3,335,330	2,265,129
Cash & cash equivalents at end of period	11	4,286,874	3,335,330

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

SOUTHERN MALLEE DISTRICT COUNCIL

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 Accounting Standards

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

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

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 this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar (\$).

2 The Local Government Reporting Entity

Southern Mallee District Council is incorporated under the SA Local Government Act 1999 and has its principal place of business at Day Street Pinnaroo SA 5304. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

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

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

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

	Cash Payment Received	Annual Allocation	Difference	
2016/17	\$2,288,039	\$1,510,276	+ / -	\$777,763
2017/18	\$1,565,852	\$1,524,277	+ / -	\$41,575
2018/19	\$1,804,656	\$1,526,233	+ / -	\$278,423

SOUTHERN MALLEE DISTRICT COUNCIL

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

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

The actual amounts of untied grants received during the reporting periods (including the advance allocations) are disclosed in Note 2.

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments also form 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 Land under roads

Council has elected not to recognise land under roads acquired prior to 1 July 2008 as an asset in accordance with AASB 1051 Land under Roads. Land under roads acquired after 30 June 2008 has not been recognised as in the opinion of Council it is not possible to reliably attribute a fair value, and further that such value if determined would be immaterial.

6.2 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.

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.

SOUTHERN MALLEE DISTRICT COUNCIL

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

6.3 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 in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

6.4 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 7.

6.5 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 shown in Note 7. 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.

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery, 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

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

SOUTHERN MALLEE DISTRICT COUNCIL

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (con't)

Weighted average discount rate	1.081% (2018, 2.31%)
Weighted average settlement period	1 year (2018, 1 year)

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 17.

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 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.

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 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.

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. In these Statements, the sum of \$0 has been recognised as revenue, in accordance with the current Standards, but would in future be recorded as a liability "Amounts in Advance" until the performance obligations have been fulfilled.

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.

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2 - INCOME

	Notes	2019 \$	2018 \$
RATES REVENUES			
<u>General Rates</u>		3,575,700	3,264,138
Less: Mandatory rebates		(70,826)	(2,944)
Less: Discretionary rebates, remissions & write offs		(40,913)	(72,394)
		<hr/> 3,463,961	<hr/> 3,188,800
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		111,469	110,416
Waste collection		192,070	158,607
Community wastewater management systems		414,278	412,001
		<hr/> 717,817	<hr/> 681,024
<u>Other Charges</u>			
Penalties for late payment		34,646	30,771
		<hr/> 34,646	<hr/> 30,771
		<hr/> 4,216,424	<hr/> 3,900,595
STATUTORY CHARGES			
Development Act fees		15,414	19,858
Town planning fees		9,085	11,516
Health & Septic Tank Inspection fees		2,252	2,202
Animal registration fees & fines		16,528	18,557
Property Search Fees		3,370	5,060
		<hr/> 46,649	<hr/> 57,193
USER CHARGES			
Cemetery/crematoria fees		17,354	17,786
Health Care Centres		771	7,598
Malle Mobile Childcare Service		402,125	137,603
Waste Transfer Fees		32,001	13,915
Council Housing Rents		15,900	14,840
Aged Care Rentals		15,789	18,846
Museum Entry Charges		6,333	5,246
Sport & Recreation Charges		29,487	17,419
Swimming Pools		24,722	31,310
Parilla Accomodation		100,999	128,777
Hall & Equipment Hire		26,354	25,080
Sundry		2,591	5,581
		<hr/> 674,426	<hr/> 424,001

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2 - INCOME (con't)

INVESTMENT INCOME	Notes	2019	2018
		\$	\$
Interest on investments:			
Local Government Finance Authority		74,170	52,285
Banks & other		143	461
		<u>74,313</u>	<u>52,746</u>
REIMBURSEMENTS			
Private Works		22,522	32,538
Immunisations		695	714
Drummuster & Karronda Rubbish Collection		108,712	101,279
Sport & Recreation Other		-	953
Other		8,229	31,646
		<u>140,158</u>	<u>167,130</u>
OTHER INCOME			
Fire Prevention		1,219	1,477
Mallee COGS		30,000	27,000
Garbage		18,493	9,705
Halls		2,935	3,140
Museums		782	759
Swimming Pools		10,748	7,104
Plant and Fuel Rebate		37,455	38,372
Donations		1,968	1,469
Sundry		101,183	76,213
		<u>204,783</u>	<u>165,239</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		925,000	734,000
Other grants, subsidies and contributions			
Untied - Financial Assistance Grant		2,327,101	1,766,898
Roads to Recovery		29,401	575,044
Childcare		288,799	549,494
Library & Communications		792	796
Sundry		1,890	1,770
		<u>2,647,983</u>	<u>2,894,002</u>
		<u>3,572,983</u>	<u>3,628,002</u>
<i>The functions to which these grants relate are shown in Note 12.</i>			
Sources of grants			
Commonwealth government		1,218,200	1,124,538
State government		2,352,893	2,502,757
Other		1,890	707
		<u>3,572,983</u>	<u>3,628,002</u>

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3 - EXPENSE

	Notes	2019 \$	2018 \$
EMPLOYEE COSTS			
Salaries and Wages		2,256,276	2,029,770
Employee leave expense		159,024	157,913
Superannuation - defined contribution plan contributions	17	157,740	143,644
Superannuation - defined benefit plan contributions	17	54,511	51,924
Workers' Compensation Insurance		107,016	110,883
Less: Capitalised and distributed costs		(102,172)	(174,186)
Total Operating Employee Costs		<u>2,632,395</u>	<u>2,319,948</u>
Total Number of Employees		31	31
<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		16,480	16,870
Elected members' expenses		107,404	101,076
Subtotal - Prescribed Expenses		<u>123,884</u>	<u>117,946</u>
<u>Other Materials, Contracts & Expenses</u>			
Contractors		523,999	568,461
Maintenance		804,590	817,048
Levies paid to government - NRM levy		109,140	109,807
Community Grants		42,105	46,601
Fuel and Oil		197,001	177,018
Repayment of Unspent 17/18 COGS Grant		111,580	-
Sundry		237,689	196,866
Subtotal - Other Materials, Contracts & Expenses		<u>2,026,104</u>	<u>1,915,801</u>
		<u>2,149,988</u>	<u>2,033,747</u>

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3 - EXPENSE con't

	Notes	2019 \$	2018 \$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		346,553	344,819
Infrastructure Transport		1,693,725	1,594,267
Infrastructure Stormwater		97,830	50,291
Infrastructure Common Effluent		128,306	128,102
Infrastructure Other		34,125	32,751
Plant, Machinery & Equipment		332,439	370,675
Furniture & Fittings		11,472	11,684
Other Assets		388	5,838
		<u>2,644,838</u>	<u>2,538,427</u>
FINANCE COSTS			
Interest on Loans		<u>115,814</u>	<u>135,358</u>
		<u>115,814</u>	<u>135,358</u>

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	Notes	2019 \$	2018 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		202,890	342,250
Less: Carrying amount of assets sold		115,981	290,128
Gain (Loss) on disposal		<u>86,909</u>	<u>52,122</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		<u>86,909</u>	<u>52,122</u>

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 5 - CURRENT ASSETS

	Notes	2019 \$	2018 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		35,785	7,542
Deposits at Call		2,251,089	3,327,788
Short Term Deposits & Bills, etc		2,000,000	-
		<u>4,286,874</u>	<u>3,335,330</u>
TRADE & OTHER RECEIVABLES			
Rates - General & Other		548,419	458,747
Accrued Revenues		5,070	14,654
Debtors - general		77,215	40,882
GST Recoupment		29,767	38,904
		<u>660,471</u>	<u>553,187</u>
INVENTORIES			
Stores & Materials		34,485	54,576
Trading Stock		34,395	34,395
		<u>68,880</u>	<u>88,971</u>

Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.

Note 6 - NON-CURRENT ASSETS

	Notes	2019 \$	2018 \$
FINANCIAL ASSETS			
Receivables			
Loans to community organisations		59,000	59,000
TOTAL FINANCIAL ASSETS		<u>59,000</u>	<u>59,000</u>

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (IPP&E)

	Fair Value Level	2018 \$'000			2019 \$'000				
		Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Land - Other	2	445,000	-	-	445,000	445,000	-	-	445,000
Land - Community	3	1,877,200	-	-	1,877,200	1,877,200	-	-	1,877,200
Land Improvements	3	1,187,000	-	-	1,187,000	1,187,000	-	-	1,187,000
Buildings & Other Structures	2	2,598,900	-	(91,032)	2,507,868	2,598,900	54,907	(155,828)	2,497,979
Buildings & Other Structures	3	17,733,500	211,903	(11,571,453)	6,373,950	17,733,500	1,022,784	(11,853,211)	6,903,073
Infrastructure Transport	3	56,155,848	5,945,019	(21,419,939)	40,680,928	56,155,848	7,295,788	(23,113,665)	40,337,971
Infrastructure Stormwater	3	4,440,280	-	(2,111,606)	2,328,674	4,490,980	543	(2,235,905)	2,255,618
Infrastructure Common Effluent	3	7,670,757	-	(4,554,558)	3,116,199	7,670,757	75,922	(4,682,863)	3,063,816
Infrastructure Other		-	885,467	(296,155)	589,312	-	925,112	(330,280)	594,832
Plant, Machinery & Equipment		-	5,363,641	(2,125,380)	3,238,261	-	5,348,886	(2,046,063)	3,302,823
Furniture & Fittings		-	305,093	(202,280)	102,813	-	305,093	(213,752)	91,341
Other Assets		-	250,866	(238,744)	12,122	-	250,866	(239,132)	11,734
Total IPP&E		92,108,485	12,961,989	(42,611,147)	62,459,327	92,159,185	15,279,901	(44,870,699)	62,568,387
		89,346,233	12,779,458	(39,671,928)	62,453,763	92,108,485	12,961,989	(42,611,147)	62,459,327

Comparatives

This Note continues on the following pages.

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2018	CARRYING AMOUNT MOVEMENTS DURING YEAR						2019	
	\$	\$						\$	
	Carrying Amount	Additions		Disposals	Depreciation	Transfers		Net Revaluation	Carrying Amount
	New / Upgrade	Renewals	In			Out			
Land - Other	445,000	-	-	-	-	-	-	-	445,000
Land - Community	1,877,200	-	-	-	-	-	-	-	1,877,200
Land Improvements	1,187,000	-	-	-	-	-	-	-	1,187,000
Buildings & Other Structures	2,507,868	32,202	22,705	-	(64,796)	-	-	-	2,497,979
Buildings & Other Structures	6,373,950	706,268	104,612	-	(281,757)	-	-	-	6,903,073
Infrastructure Transport	40,680,928	418,351	932,417	-	(1,693,725)	-	-	-	40,337,971
Infrastructure Stormwater	2,328,674	-	543	-	(97,830)	-	24,231	-	2,255,618
Infrastructure Common Effluent	3,116,199	-	75,923	-	(128,306)	-	-	-	3,063,816
Infrastructure Other	589,312	-	39,645	-	(34,125)	-	-	-	594,832
Plant, Machinery & Equipment	3,238,261	-	512,982	(115,981)	(332,439)	-	-	-	3,302,823
Furniture & Fittings	102,813	-	-	-	(11,472)	-	-	-	91,341
Other Assets	12,122	-	-	-	(388)	-	-	-	11,734
Total IPP&E	62,459,327	1,156,821	1,688,827	(115,981)	(2,644,838)	-	24,231	-	62,568,387
Comparatives	62,453,763	1,530,726	1,216,311	(290,128)	(2,538,427)	1,187,000	(1,187,000)	87,082	62,459,327

This note continues on the following pages.

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

General Valuation Principles

Accounting procedure: 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, fair value is taken to be the current replacement cost.

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

Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1999. Other types of restrictions also exist.

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

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

Fair value hierarchy level 2 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.

Fair value hierarchy level 3 valuations of land: 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.

Fair value hierarchy level 3 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.

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

Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

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

Office Furniture & Equipment	\$5,000
Other Plant & Equipment	\$5,000
Buildings - new construction/extensions	\$5,000
Park & Playground Furniture & Equipment	\$5,000
Road construction & reconstruction	\$5,000
Paving & footpaths, Kerb & Gutter	\$5,000
Drains & Culverts	\$5,000

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

Plant, Furniture & Equipment	
Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years
Water Supply Equipment	5 to 25 years
Building & Other Structures	
Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years
Infrastructure	
Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 50 years
Unsealed Roads	35 years
Bridges – Concrete	10 years
Paving & Footpaths, Kerb & Gutter	80 to 100 years
Stormwater Drainage	65 to 70 years
Drains	80 to 100 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years.
Community Waste Water Scheme	35 to 40 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	15 to 25 years

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

Note 7 (con't) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Land & Land Improvements

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

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

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 1 July 2016 by Christopher Chaney or Asset Valuation and Consulting. 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)

Category 2 Land was revalued as at 1 July 2016 by Christopher Chaney of Asset Valuation and Consulting.

Category 3 Land was revalued as at 30 June 2018 by the Valuer Generals Department

Buildings & Other Structures

Buildings and other structures were revalued as at 1 July 2016 by Christopher Chaney of Asset Valuation and Consulting.

Infrastructure

Transportation assets were valued by Peter Maloney from Maloney Asset Management Systems at depreciated current replacement cost at 1 July 2015, based on actual costs incurred during the reporting periods ended 30 June 2014 and 2015. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Wallbridge Gilbert Aztec (WGA) as at 30 June 2018 at depreciated current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2018. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management system infrastructure was valued at depreciated current replacement cost on 1 July 2016 by Wallbridge Gilbert Aztec (WGA). All acquisitions made after the respective dates of valuation are recorded at cost.

Infrastructure Other includes recreational assets such as street furniture, parks and garden equipment etc. All acquisitions made have been recorded at cost and have not been valued.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

All other assets

These assets are recognised on the cost basis.

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 8 - LIABILITIES

	Notes	2019		2018	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		68,841	-	262,236	-
Accrued expenses - employee entitlements		114,226	-	110,544	-
Accrued expenses - other		72,398	-	25,129	-
Other		-	-	575	-
		255,465	-	398,484	-
BORROWINGS					
Loans		270,838	1,132,076	279,978	1,402,915
		270,838	1,132,076	279,978	1,402,915
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Annual Leave (including oncosts)		347,994	-	286,647	-
Long Service Leave (including oncosts)		338,617	12,212	322,069	17,153
		686,611	12,212	608,716	17,153

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2018	Net Increments/ (Decrements)	Transfers, Impairments	30/6/2019
Notes	\$	\$	\$	\$
Land	2,123,795	-	-	2,123,795
Buildings & Other Structures	8,150,938	-	-	8,150,938
Infrastructure Transport	39,177,402	-	-	39,177,402
Infrastructure CWMS	769,649	-	-	769,649
Infrastrucutre Stormwater	-	24,231	-	24,231
TOTAL	50,221,784	24,231	-	50,246,015
Comparatives	50,134,702	87,082	-	50,221,784

OTHER RESERVES	1/7/2018	Transfers to Reserve	Transfers from Reserve	30/6/2019
Long Service Leave	275,000	-	-	275,000
Reserve - CWMS	-	541,111	-	541,111
Reserve - Childcare Services	291,878	-	(108,227)	183,651
TOTAL OTHER RESERVES	566,878	541,111	(108,227)	999,762
Comparatives	385,211	181,667	-	566,878

PURPOSES OF RESERVES

Asset Revaluation Reserve

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).

Other Reserves

Long Service Leave

Is for future cash requirements of staff leaving Council

CWMS (Communtiy Waste Water Management Scheme)

Is for the future cash requirements of asset replacement of the Community Waste Water Management Scheme

Childcare Service

Is for the future cash requirements of asset replacement for the Childcare Service

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

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	Notes	2019	2018
		\$	\$
Unexpended amounts received from Federal Government			
Mallee Childcare Service		183,651	221,791
		<u>183,651</u>	<u>221,791</u>

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2019 \$	2018 \$
Total cash & equivalent assets	5	<u>4,286,874</u>	<u>3,335,330</u>
Balances per Cash Flow Statement		<u>4,286,874</u>	<u>3,335,330</u>

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

Net Surplus (Deficit)		1,473,610	1,419,548
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		2,644,838	2,538,427
Net increase (decrease) in unpaid employee benefits		76,636	52,204
Grants for capital acquisitions treated as Investing Activity		(925,000)	(734,000)
Net (Gain) Loss on Disposals		<u>(86,909)</u>	<u>(52,122)</u>
		3,183,175	3,224,057
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(107,284)	(85,512)
Net (increase) decrease in inventories		20,091	(42)
Net increase (decrease) in trade & other payables		<u>(146,701)</u>	<u>(105,263)</u>
Net Cash provided by (or used in) operations		<u>2,949,281</u>	<u>3,033,240</u>

(c) Financing Arrangements

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

Corporate Credit Cards	16,000	16,000
LGFA Cash Advance Debenture facility	1,500,000	1,500,000

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

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 12 - FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES

	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Dog and Fire Prevention	17,660	23,492	46,435	67,243	(28,775)	(43,751)	-	-	-	-
Health Services	4,749	11,577	36,893	42,074	(32,144)	(30,497)	1,727	1,063	-	-
Welfare & Childrens Services	721,908	714,097	742,940	599,075	(21,032)	115,022	288,799	549,494	-	-
Housing & Community Amenities	826,583	760,739	895,656	935,328	(69,073)	(174,589)	-	-	5,653,837	5,551,894
Sport & Recreation	105,827	94,406	939,440	849,884	(833,613)	(755,478)	956	1,503	2,134,195	2,940,502
Development Services & Gravel Pits	15,414	20,128	205,933	168,560	(190,519)	(148,432)	-	-	-	-
Road & Aerodrome	1,240,168	1,523,597	2,524,258	2,253,794	(1,284,090)	(730,197)	1,240,010	1,523,506	40,787,808	39,481,118
Economic Affairs	102,315	130,225	185,128	190,943	(82,813)	(60,718)	-	-	1,373	83,286
Finance, Plant, Depot & Other Purposes	144,123	151,998	361,436	351,240	(217,313)	(199,242)	-	-	7,448,354	6,632,602
Governance	-	266	576,128	522,239	(576,128)	(521,973)	-	-	-	-
Administration & Support Services	51,346	1,224	919,648	885,826	(868,302)	(884,602)	-	-	-	-
Rate & Grant Revenue	4,774,643	4,229,157	109,140	161,274	4,665,503	4,067,883	1,116,491	818,436	11,618,045	11,806,413
TOTALS	8,004,736	7,660,906	7,543,035	7,027,480	461,701	633,426	2,647,983	2,894,002	67,643,612	66,495,815

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 12 (con't) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

The activities relating to Council functions are as follows:

Dog and Fire Prevention

Dog and Cat Control, Fire Prevention and Other Public Order and Safety.

Health Services

Health Services, Pest Control - Health, Immunisation, Prevention Health Services, Dental Clinics and Other Health Services.

Welfare and Childcare Services

Community Support, elderly Citizens Facilities, Other Services for the Aged and Disabled, Mobile Child Care Service, Children and Youth Services, Community Assistance, Community Transport and Other Community Support.

Housing and Community Amenities

Community Amenities, Cemeteries, Public Conveniences, Waste Management Facility and Recycling, Kerbside Waste and Recycling Collection, Community Waste Water Management Schemes, Street Lighting, Street Cleaning, Stormwater, Street Furniture, Aged Accommodation and Other Community Amenities.

Sport and Recreation

Halls, Swimming Pools, Library Services and Static Libraries, Parks and Gardens, Sports Venues, Cultural Services, Cultural Venues, Heritage and Museums.

Agricultural Services

Agricultural Services, Agricultural Water and Other Agricultural Services.

Development Services and Gravel Pits

Building and Planning Development Regulatory Services, Reinstatement of Gravel Pits.

Roads and Aerodrome

Aerodrome, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded), and Other Transport.

Economic Affairs

Regional Development, Support to Local Businesses, Caravan Parks, Seasonal Worker Accommodation Facility, Community Telecentres, Tourism and Other Economic Development.

Finance, Plant and Other Purposes

Council Investments Income, Council Debt Repayments, Operational Expenses associated with Council Depot and Construction Plant and Machinery, reinstatement of vandalism damage and Other Property Expenses.

Governance

Governance, Elected Members Expenses.

Administration Support Services

Support Services, Accounting/Finance, Payroll, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services.

Unclassified Activities

Items not elsewhere included.

Rate and Grant Revenue

Rates, Natural Resource Management Levy and Revenues, LGGC - General Purpose.

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 13 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 1.25% and 1.8% (2018: 1.5%). Short term deposits have an average maturity of 90 days and an average interest rates of 1.8%.</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legal & penalties for late payment)	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 0.55% (2018: 0.56%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>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.</p> <p>Carrying amount: approximates fair value.</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 Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 5.63% and 7.92% (2018: 5.63% and 7.92%)</p> <p>Carrying amount: approximates fair value.</p>

SOUTHERN MALLEE DISTRICT COUNCIL

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

Note 13 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2019	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<u>Financial Assets</u>					
Cash & Equivalents	4,286,874	-	-	4,286,874	4,286,874
Receivables	660,471	-	59,000	719,471	719,471
Total	4,947,345	-	59,000	5,006,345	5,006,345
<u>Financial Liabilities</u>					
Payables	68,841	-	-	68,841	68,841
Current Borrowings	360,657	-	-	360,657	270,838
Non-Current Borrowings	-	1,176,414	145,615	1,322,029	1,132,076
Total	429,498	1,176,414	145,615	1,751,527	1,471,755
2018	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<u>Financial Assets</u>					
Cash & Equivalents	3,335,330	-	-	3,335,330	3,335,330
Receivables	94,440	-	59,000	153,440	153,440
Total	3,429,770	-	59,000	3,488,770	3,488,770
<u>Financial Liabilities</u>					
Payables	262,811	-	-	262,811	262,811
Current Borrowings	388,477	-	-	388,477	279,978
Non-Current Borrowings	-	1,296,743	385,943	1,682,686	1,402,915
Total	651,288	1,296,743	385,943	2,333,974	1,945,704

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

	30 June 2019		30 June 2018	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Fixed Interest Rates	6.79%	1,402,915	6.802%	1,682,893
		1,402,915		1,682,893

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 13 - FINANCIAL INSTRUMENTS (con't)

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.

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.

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 14 - COMMITMENTS FOR EXPENDITURE

	2019	2018
Notes	\$	\$
Other Expenditure Commitments		
Other non-capital expenditure commitments at the reporting date but not recognised in the financial statements as liabilities:		
Audit Contract	30,050	44,170
Cleaning Contract	73,586	38,862
Employee Contracts	350,120	-
	<u>453,756</u>	<u>83,032</u>
These expenditures are payable:		
Not later than one year	233,508	58,862
Later than one year and not later than 5 years	220,248	24,170
	<u>453,756</u>	<u>83,032</u>

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 15 - FINANCIAL INDICATORS

	2019	2018	2017
Operating Surplus Ratio			
<u>Operating Surplus</u>	5.8%	8.3%	19.6%
Total Operating Income			

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

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	-33.1%	-16.0%	3.0%
Total Operating Income			

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

Adjustments to Ratios

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

<i>Adjusted Operating Surplus Ratio</i>	6.0%	7.8%	10.4%
<i>Adjusted Net Financial Liabilities Ratio</i>	-23.1%	-27.0%	-7.0%

Asset Renewal Funding Ratio

<u>Net Outlays on Existing Assets</u>	76.0%	32.0%	116.0%
Net Asset Renewals - IAMP			

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.

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 16 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2019	2018
	\$	\$
Income	8,004,736	7,660,906
Expenses	(7,543,035)	(7,027,480)
Operating Surplus / (Deficit)	461,701	633,426
 Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(1,688,827)	(1,216,311)
Add back Depreciation, Amortisation and Impairment	2,644,838	2,538,427
Proceeds from Sale of Replaced Assets	202,890	342,250
	1,158,901	1,664,366
 Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(1,156,821)	(1,530,726)
Amounts received specifically for New and Upgraded Assets	925,000	734,000
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	-	-
	(231,821)	(796,726)
Net Lending / (Borrowing) for Financial Year	1,388,781	1,501,066

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 17 – SUPERANNUATION

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 2019-20). 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% 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.

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 18 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

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

1. LAND UNDER ROADS

As reported elsewhere in these 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 these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

At reporting date, Council controlled 1,386 km of road reserves of average width 22 metres.

2. POTENTIAL INSURANCE LOSSES

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

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", 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. LEGAL EXPENSES

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 Nil 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.

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 19 - RELATED PARTY DISCLOSURES

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, xx persons were paid the following total compensation:

	2019	2018
	\$	\$
Salaries, allowances & other short term benefits	476,093	306,199
TOTAL	476,093	306,199

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

	2019	2018
	\$	\$
Planning and building applications fees	1,210	3,782
TOTAL	1,210	3,782

PARTIES RELATED TO KEY MANAGEMENT PERSONNEL

KMP and relatives of KMPs own retail businesses from which various supplies were purchased as required either for cash or on 30 day account. Purchases from none of these individual businesses exceeded \$35,000 during the year.

Key management personnel or close family members (including related parties) lodged a total of three planning and building application during the year. In accordance with the Local Government Act 1999, these persons declared conflicts of interest and took no part in the assessment or approval processes for these applications.

Three planning and building approvals, with and without conditions, were granted during the year Total fees for these applications (all of which are payable on lodgement) amounted to \$1,210.

Key Management Personnel have close members of family employed by Council during the return period. In Accordance with the Local Government Act 1999, these people declares an interest in matters relating to employment.

One Key Management Personnel is a member of the Parrakie Hall Committee. In Accordance with the Local Government Act 1999, this person declares an interest in matters relating to Parrakie Hall Committee. During the year the Parrakie Memorial Hall Committee Received \$4,131

One Key Management Personnel is a director of the Lammeroo Community Hotel Board. In Accordance with the Local Government Act 1999, this person declares an interest in matters relating to Lameroo Community Hotel Board.

SOUTHERN MALLEE DISTRICT COUNCIL
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 19 - RELATED PARTY DISCLOSURES

One Key Management Personnel is a member of the Lammeroo Football Club. In Accordance with the Local Government Act 1999, this person declares an interest in matters relating to Lameroo Football Club.

One Key Management Personnel is a member of the Pinnaroo Lions Club. In Accordance with the Local Government Act 1999, this person declares an interest in matters relating to Pinnaroo Lions Club. During the year the Pinnaroo Lions Club received \$3,500

One Key Management Personnel is a member of the Pinnaroo Bowls Club . In Accordance with the Local Government Act 1999, this person declares an interest in matters involving the Pinnaroo Bowls Club. During in the year the Pinnaroo Bowling Club received a grant of \$2,123

One Key Management Personnel is a member of the Parilla Bowling Club. In Accordance with the Local Government Act 1999, this person declares an interest in matters involving the Parilla Bowling Club.

Two Key Management Personnel are members of the Parilla Community Group . In Accordance with the Local Government Act 1999, this people declare an interest in matters involving the Parilla Community Group.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT

To the members of the Southern Mallee District Council

Opinion

We have audited the accompanying financial report of the Southern Mallee District Council (the Council), which comprises the Statement of Financial Position as at 30 June 2019, Statement of Comprehensive Income, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 2011* and the Australian Accounting Standards.

Basis for Opinion

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

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

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*. This responsibility includes determining that the basis of preparation described in Note 1 is appropriate to meet the need of the members. The Council's responsibility also includes designing, implementing and maintaining internal controls relevant to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Council is responsible for assessing the Council'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 Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS**



**JIM KEOGH
PARTNER**

Signed on the 7th day of November 2019,
at 214 Melbourne Street, North Adelaide

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE SOUTHERN MALLEE DISTRICT COUNCIL

Opinion

In our opinion, the Council has complied, in all material respects, with Section 129(1)(b) of the *Local Government Act 1999* in relation to the Internal Controls established by the Council relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2018 to 30 June 2019.

Basis for opinion

We have audited the Internal Controls of the Southern Mallee District Council (the Council) under the requirements of *Section 129(1)(b) of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2018 to 30 June 2019 have been conducted properly and in accordance with law.

We conducted our engagement in accordance with Standard on Assurance Engagements *ASAE 3150 Assurance Engagements on Controls* 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 Responsibility for the Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with *Section 125 of the Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, the 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 applying Auditing Standard *ASQC 1 Quality Control for Firms that Perform Audits and Review of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking the assurance engagement.

Assurance Practitioner's Responsibilities

Our responsibility is to express an opinion on the Council's compliance with *Section 129(1)(b) of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures have been conducted properly and in accordance with law.

ASAE 3150 requires that we plan and performed our procedure to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operating effectively through the period.

An assurance engagement to report on the designed and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of the controls to achieve the control objectives and the operating effectiveness of the controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness to the controls that we consider necessary to achieve the control objectives identified. An Assurance engagement of this type also includes evaluating the suitability of the control objectives.

Limitation on Use

This report has been prepared for the members of the Council in accordance with *Section 129(1)(b) of the Local Government Act 1999* in relation to the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

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 operating effectiveness of 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.

DEAN NEWBERY & PARTNERS CHARTERED ACCOUNTANTS

A handwritten signature in black ink, appearing to read 'JKL', is positioned above the name and title of the signatory.

**JIM KEOGH
PARTNER**

Signed on the 7th day of November 2019
at 214 Melbourne Street, North Adelaide, South Australia, 5006

SOUTHERN MALLEE DISTRICT COUNCIL
Annual 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 Southern Mallee District Council for the year ended 30 June 2019, the Council's Auditor, Dean Newbery and Partners, 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*.



.....
Jason Taylor
CHIEF EXECUTIVE OFFICER



.....
Peter Brass
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 2/10/2019

Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the Southern Mallee District Council 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) Regulations 2011*.



JIM KEOGH

Partner

DEAN NEWBERY & PARTNERS

CHARTERED ACCOUNTANTS

Dated this 7th day of November 2019

Appendix B

Murraylands and Riverland Local Government Association

Annual Report 2018 2019



Constituent Councils



Murraylands and Riverland Local Government Association

2018-19 Annual Report



The Murraylands and Riverland
Local Government Association

A regional subsidiary established under the
Local Government Act 1999

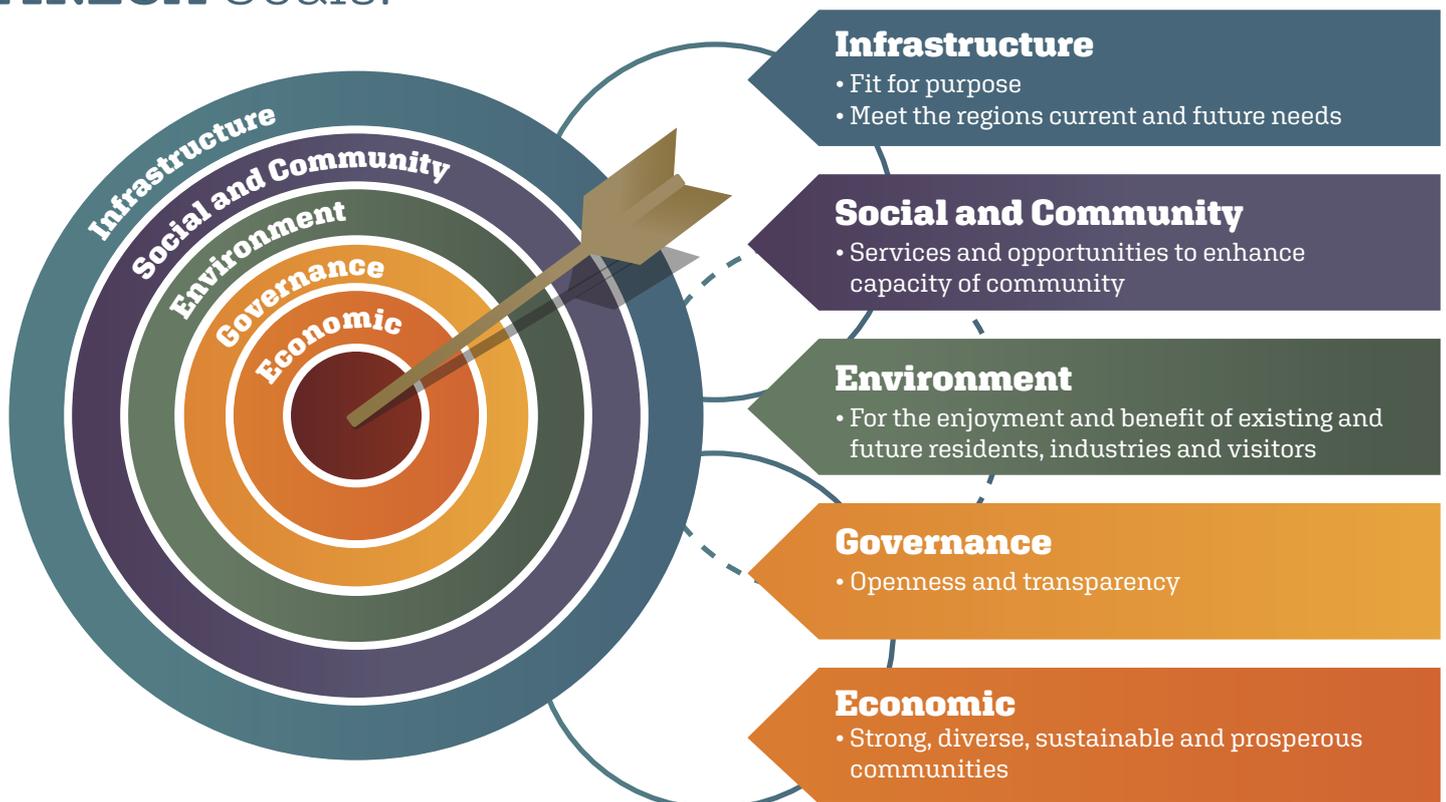
Murraylands Riverland Region

Important Statistics

NIEIR – National Institute of Industry
and Economic Research
*Largest industry by employment



MRLGA Goals:





PRESIDENT'S REPORT

I am pleased to present and commend to you the 2018/2019 Murraylands and Riverland Local Government Association (MRLGA) Annual Report.

The report reflects a period of change within the Association.

From a personal perspective, I thank my fellow board members, the principal members of the constituent councils, for entrusting me with the role of President of the MRLGA at the Special General Meeting of the Association held on 5 December 2018.

I consider it a privilege to serve in the capacity of President of the MRLGA and acknowledge the leadership of the immediate past President, Mayor Dave Burgess whose commitment to the Association, regional South Australia and indeed the State has exemplified and promoted the very best of local government. I thank Mayor Burgess for his continued support as the Deputy President.

Of course, the significance of the Special General Meeting on 5 December 2018 was reflective of the fact that Local Government elections were held across the state in November 2018. It would be remiss of me not to thank former Mayors Kevin Burdett and Neville Jaensch for their contributions to MRLGA over numerous years; I note their continued commitment to the District Council of Karoonda East Murray and Coorong District Council respectively.

Importantly, change also presents an opportunity to welcome new people, embrace new perspectives and consider new approaches. On that note, MRLGA welcomed Mayor Caroline Phillips, District Council Karoonda East Murray and Mayor Paul Simmons, Coorong District Council.

The Board of the MRLGA provides oversight and the strategic impetus to a program of works delivered by a number of committees. The committees provide a platform for the combine capabilities that exists across our constituent councils to work collaboratively in the interests of the region. It is important to recognise the MRLGA CEO Network Group and the work they undertook throughout the year in providing advice on the review of the MRLGA Charter and the Subscription Model. Likewise, the outputs of the MRLGA Regional Transport and Asset Committee and the MRLGA Regional Public Health and Wellbeing Committee have allowed the Board to review, prioritise and access resources and implement projects on behalf of region.

MRLGA remains committed to the Murray River Alliance (MRA) which informally aligns the interests of the Association with those of Regional Development Australia Murraylands and Riverland and the South Australian Murray Darling Basin Natural Resource Management Board. Through involvement with the MRA, aspects of development planning and land use zones along the length of the Murray River in South Australia were identified as areas where a cohesive and coordinated regional response could unlock economic potential. Work in this area has placed the councils along the Murray River in a strong position to be able to respond to the South Australian Government's draft Planning and Design codes.

In reflecting on the change and the work MRLGA has undertaken in the last 12 months, it is clear that the local government sector must continue to articulate the key role we play in serving our communities, elevate our priorities and campaign for the necessary support required from other tiers of government. Collectively we need to focus the effective management of our resources and assets and provide the necessary services to create an environment for healthy and prosperous communities and associated industry.

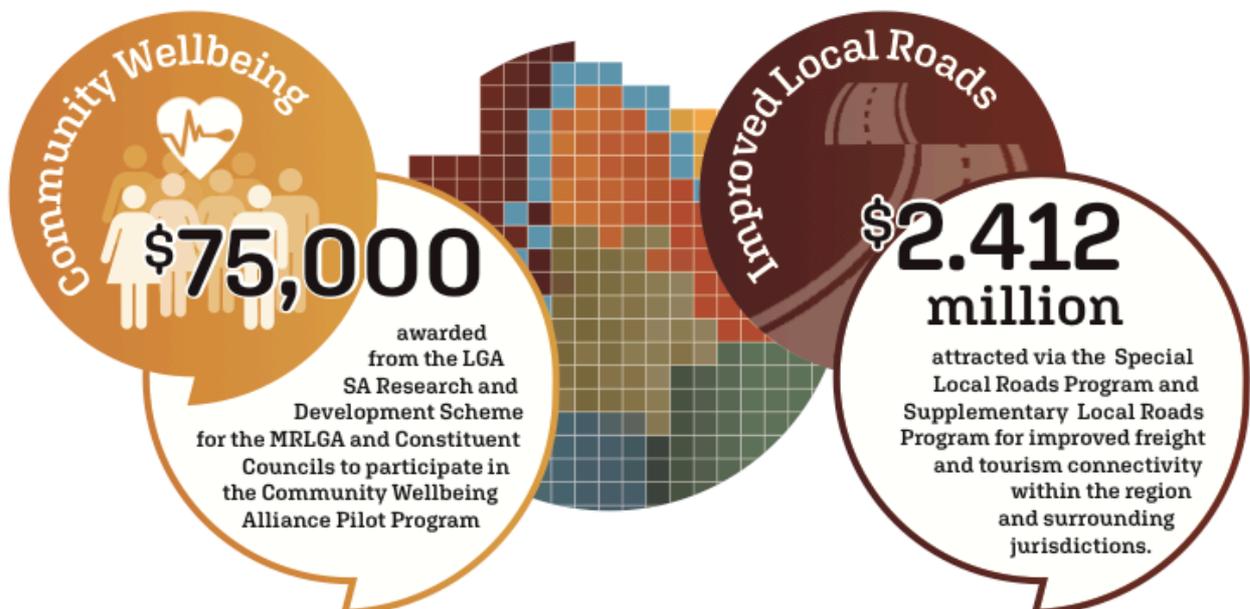
As much as we plan and as hard as we work, often there are circumstances that are beyond our control that can have a significant influence on our economies and communities. While we endeavour to build our capability and capacity in order to develop greater resilience as a region, the impacts of drought can leave us searching for answers nonetheless. In difficult times, strong partnerships often come to the fore and in this instance, it is important that we acknowledge the support received from the Australian Government via the Drought Communities Programme. The benefits of the two governments working together to assist local communities are immense and MRLGA are grateful for the opportunities it afforded.

In wrapping up, I finish where I started by noting that it has been a year of change. I wish to thank Peter Bond who, under contract to the Association, provided executive services and undertook the role of Chief Executive Officer (CEO). Peter's final day with the Association was 28 June 2019. The strategic leadership he offered has been a real asset to MRLGA and he leaves the organisation well positioned for continuing success. I wish Peter all the best in his future endeavours and thank him in particular for the structural change he initiated during his tenure.

Furthermore, it gives me a great deal of pleasure, on behalf of the Board, to welcome Tim Smythe to the MRLGA and wish him all the best in the role of CEO.

Mayor Peter R. Hunt, Berri Barmera Council
President MRGLA

Key Outcomes



MRLGA BOARD AND DEPUTY MEMBERS

MRLGA Principal Members			
From December 2018		From July 2018 to November 2018	
*Mayor Peter Hunt (President)	Berri Barmera Council	Mayor Peter Hunt (Deputy President)	Berri Barmera Council
Mayor Paul Simmons	Coorong District Council	Mayor Neville Jaensch	Coorong District Council
Mayor Caroline Phillips	District Council Karoonda East Murray	Mayor Kevin Burdett	District Council Karoonda East Murray
Mayor Leon Stasinowsky	District Council Loxton Waikerie	Mayor Leon Stasinowsky	District Council Loxton Waikerie
*Mayor Dave Burgess (Deputy President)	Mid Murray Council	Mayor Dave Burgess (President)	Mid Murray Council
Mayor Neil Martinson	Renmark Paringa Council	Mayor Neil Martinson	Renmark Paringa Council
Mayor Brenton Lewis	Rural City of Murray Bridge	Mayor Brenton Lewis	Rural City of Murray Bridge
Mayor Andrew Grieger	Southern Mallee District Council	Mayor Andrew Grieger	Southern Mallee District Council

**Member of the South Australian Regional Organisation of Councils; a committee of LGASA*

MRLGA Deputy Members			
From December 2018		From July 2018 to November 2018	
Cr Rhonda Centofanti	Berri Barmera Council	Cr Andrew Kassebaum	Berri Barmera Council
Cr Ella Winnall	Berri Barmera Council		
Cr Jeff Arthor	Coorong District Council		
Cr Sharon Bland	Coorong District Council	Cr Sharon Bland	Coorong District Council
Cr Yvonne Smith	District Council Karoonda East Murray	Cr Caroline Phillips	District Council Karoonda East Murray
Cr Trevor Norton	District Council Loxton Waikerie	Cr Michael Vowles	District Council Loxton Waikerie
Cr Kevin Myers	Mid Murray Council	Cr Kelly Kuhn	Mid Murray Council
Cr Peter Hunter	Renmark Paringa Council	Cr Peter Hunter	Renmark Paringa Council
Cr Fred Toogood	Rural City of Murray Bridge	Cr Theo Weinmann	Rural City of Murray Bridge
Cr Neville Pfeiffer	Southern Mallee District Council	Cr Neville Pfeiffer	Southern Mallee District Council

MRLGA ACTIVITY

MRLGA Board:

The MRLGA Board exists as a means to coordinate activities of local government at a regional level related to environment, economic and social development with the objective of achieving continual improvement for the benefit of the communities of its constituent councils. The Board held meetings in:

- 11 July 2018
- 12 October 2018
- 5 December 2018
- 30 January 2019
- 5 April 2019
- 24 May 2019

Meetings of the Board provide opportunity to hear from guest speakers on strategically aligned matters. Presentations on the following were delivered to the Board:

- Purpose, activities and initiatives of Small Business Commissioner
- LGA Constitutional review and ancillary documents
- SA Power Networks – vegetation management near powerlines
- Progress of the National Carp Control Program
- Brand SA initiatives
- SA MDB NRMB – Murray Darling Water Infrastructure Program

MRLGA COMMITTEES

CEO Network

The CEO Network is an advisory group that participates in priority identification for MRLGA Board and provides tactical advice on the pursuit of strategic outputs.

Meetings were held in:

- August 2018
- January 2019
- March 2019
- May 2019

The CEO Network provided a forum for the following presentations:

- LG Emergency Management Operations
- Office of Industry Advocate – Industry Participation Frameworks

The CEO Network have also played a significant role in developing recommendations to the MRLGA Board on:

- The MRLGA Subscription Model
- Charter review
- Policy development and review

MRLGA CEO Network Group	
Current 30 June 2019	
Karyn Burton	Berri Barmera Council
David Mosel (Acting)	Coorong District Council
Matthew Morgan	District Council Karoonda East Murray
David Beaton	District Council Loxton Waikerie
Ben Scales	Mid Murray Council
Tony Siviour	Renmark Paringa Council
Michael Sedgman	Rural City of Murray Bridge
Jason Taylor	Southern Mallee District Council

Regional Transport and Assets (RTA)

The RTA brings together council infrastructure managers and provides tactical and strategic response to infrastructure development and maintenance across the regions. Meetings of RTA were held in:

- October 2018
- February 2019
- April 2019

Outcomes derived from the activity of the RTA include:

- Identification and prioritisation of council managed regionally significant roads for investment via the Special Local Roads Program
- Development of project scope for the Regional Road Hierarchy Project
- Refinement of the freight intersection risk spreadsheet as part of the ongoing High-Risk Intersection Upgrade Project
- Updating Regional Road Action Plan
- Partial review of the 2030 Regional Transport Plan

MRLGA Regional Transport & Assets Committee	
Current 30 June 2019	
Mayor Neil Martinson Chair	
Mayor Peter Hunt (ex officio)	
Mayor Paul Simmons	
Harry Du	Berri Barmera Council
Dave Degraney	Berri Barmera Council
David Mosel	Coorong District Council
Jarrold Manuel	District Council Karoonda East Murray
Greg Perry	District Council Loxton Waikerie
Dom Perre (proxy)	District Council Loxton Waikerie
David Hassett	Mid Murray Council
Russell Pilbeam (proxy)	Mid Murray Council
Tim Tol	Renmark Paringa Council
Geoff Meaney (proxy)	Renmark Paringa Council
Heather Barclay	Rural City of Murray Bridge
Matt James (proxy)	Rural City of Murray Bridge
Mathew Sherman	Southern Mallee District Council

Regional Public Health and Wellbeing Committee

The MRLGA Regional Public Health and Wellbeing Plan Committee comprises of Staff and Senior Management representatives from each Council including but not limited to Environmental Health, Community Development, Infrastructure and Governance. The Committee held meetings in:

- 7 September 2018
- 30 January 2019
- 18 March 2019

Outputs from the Regional Public Health and Wellbeing Committee include:

- Murraylands and Riverland Regional Public Health Plan Report for the period 1 July 2016 to 30 June 2018 submitted pursuant to Section 52 of the *SA Public Health Act 2011*

MRLGA Regional Public Health & Wellbeing Committee	
Current 30 June 2019	
Mayor Peter Hunt (ex officio)	
Rebecca Burton	
Andrew Haigh	Berri Barmera Council
Myles Sommers	Berri Barmera Council
Cr Sharon Bland	Coorong District Council
Caroline Thomas	Coorong District Council
Dara Frankel	District Council Loxton Waikerie
Cheryl Pedler	District Council Loxton Waikerie
Thomas McKellar	Mid Murray Council
Kristy Morgan	Mid Murray Council
Julie Savill	Mid Murray Council
Stephanie Coughlin	Renmark Paringa Council
Katina Nikas	Renmark Paringa Council
Jeremy Byrnes	Rural City of Murray Bridge
Reg Budarick	Rural City of Murray Bridge
Geoff Parsons	Rural City of Murray Bridge
Shilo Wyatt	Southern Mallee District Council

- Expression of Interest successfully submitted to the LGA SA Research and Development Scheme and \$75,000 awarded for the region to participate in the Community Wellbeing Alliance Pilot project
- Advocacy, via correspondence to Hon Stephen Wade MLC, Minister for Health and Wellbeing, for the continuation of the Local Government Public Health Program

Social Issues Report

Emily Morgan, Pull Bang Enterprises, was engaged to conduct a survey of member Councils and prepared a "Social Issues Report" for the region. The final report uses quantitative and qualitative data to describe the headline social issues for each Council as well as describing current Local Government programs, projects and services employed to address these issues.

ALLIED ORGANISATIONS

Murray River Alliance (MRA)

MRA is an informal alliance between Regional Development Australia Murraylands and Riverland, South Australian Murray Darling Basin Natural Resource Management Board and MRLGA. Meetings were held on:

- 21 September 2018
- 16 November 2018
- 8 March 2019
- 5 April 2019

Outcomes from the Murray River Alliance

- URPS (Urban and Regional Planning Solutions) were commissioned (RDA) and delivered the Murray River Corridor Policies -Transitioning to the Planning and Design Code project.
 - The project also looked a case study from Victoria were an Economic Growth Zone was established in the La Trobe Valley
- URPS have been commissioned (MRLGA) to deliver stage 2 the Murray River Corridor Policies project.
 - Myles Somers (BBC) and Geoff Parsons (RCMB) are the project leads
 - The project will position the region to respond to the South Australian Government's draft Planning and Design codes

Murray Darling Association (MDA)

The MRLGA provides a forum by which Constituent Councils can consider the activities of the MDA and coordinate responses to issues as they arise. MRLGA also provides a conduit by which oversight of appropriate local government representation can occur on the region 5 and 6 regional committees to the MDA. Key to the MRLGA involvement is a desire to see continued commitment to delivering the Murray Darling Basin Plan in full and on time.

The MRLGA CEO in fulfilling his duties to the Advisory Committee attended a Strategic Planning Workshop in Echuca/Moama from 1 to 4 February 2019 and the Annual Conference in Leeton on 29 and 30 August 2018.

Regional Organisation Executive Officers

The Regional Organisations Executive Officers from the six regional local government associations have formed a Working Group. Meetings were held on:

- 22 August 2018
- 4 December 2018
- 20 March 2019
- 15 May 2019

Outputs have included:

- Contribution to the SAROC Business Plan and the Agenda
- A stronger working relationship with the LGA Management team
- Provision of regional intelligence to sector wide issues
- Advocating on behalf of the regions
- Identification of priority issues



Email: ceomrlga@outlook.com • PO Box 1133, Loxton SA 5333 • www.mmlga.sa.gov.au



The Murraylands and Riverland
Local Government Association

Murray and Mallee Local Government Association

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 June 2019**

Murray and Mallee Local Government Association

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Statement of Changes in Members' Funds	4
Statement of Cash Flows	5
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Murray and Mallee Local Government Association

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Income			
M&M LGA Contributions	2	143,436	158,665
Other Grants & Contributions	2	367,234	257,518
Interest Revenue	2	9,961	4,689
Total Revenue		<u>520,631</u>	<u>420,872</u>
Operating Expenses	3	(190,302)	(277,094)
Surplus (deficit) for the year		<u>330,329</u>	<u>143,778</u>
Total Comprehensive Profit (Loss)		<u><u>330,329</u></u>	<u><u>143,778</u></u>

The accompanying Notes form part of these financial statements

Murray and Mallee Local Government Association

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Note	2019 \$	2018 \$
Assets			
Current Assets			
Cash and Cash Equivalents	4	902,359	435,692
Trade and other receivables	5	750	148,706
Total Current Assets		<u>903,109</u>	<u>584,398</u>
Total Assets		<u>903,109</u>	<u>584,398</u>
Liabilities			
Current Liabilities			
Trade and other payables	6	2,766	14,384
Total Current Liabilities		<u>2,766</u>	<u>14,384</u>
Total Liabilities		<u>2,766</u>	<u>14,384</u>
Net Assets		<u>900,343</u>	<u>570,014</u>
Member's Funds			
Unspent funds reserve	7	-	-
Accumulated surplus	7	900,343	570,014
Total Members Funds		<u>900,343</u>	<u>570,014</u>

The accompanying Notes form part of these financial statements

Murray and Mallee Local Government Association

**STATEMENT OF CHANGES IN MEMBER'S FUNDS
AS AT 30 JUNE 2019**

	Note	Accumulated Surplus \$	Unspent funds reserve \$	Total \$
2019				
Balance at the beginning of the year	7	570,014	-	570,014
Surplus for the year		330,329	-	330,329
Balance at the end of year		<u>900,343</u>	<u>-</u>	<u>900,343</u>
2018				
Balance at the beginning of the year	7	502,456	(76,220)	426,236
Surplus for the year		143,778	-	143,778
Transfers		(76,220)	76,220	-
Balance at the end of year		<u>570,014</u>	<u>-</u>	<u>570,014</u>

The accompanying Notes form part of these financial statements

Murray and Mallee Local Government Association

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
Cash from operating activities			
Receipts from grants		367,234	257,518
Receipts from members		143,436	158,665
Interest received		9,961	4,689
less: increase/(decrease) in debtors		147,956	(136,977)
Payments to suppliers		(190,302)	(277,094)
add: increase/(decrease) in payables		(11,618)	2,066
Net cash provided from operating activities	8	466,667	8,867
Net increase in cash held		466,667	8,867
Cash at beginning of financial year		435,692	426,825
Cash at end of financial year	4	902,359	435,692

The accompanying Notes form part of these financial statements

Murray and Mallee Local Government Association

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1: Statement of Significant Accounting Policies

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Local Government Act (1999). The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected noncurrent assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue by the members of the committee.

(a) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the association has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed (subject to materiality).

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(c) Income taxes

The activities of the Association are exempt from taxation under the Income Tax Assessment Act 1997.

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Murray and Mallee Local Government Association

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(e) Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instruments are classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of income or expense in profit or loss.

The association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Murray and Mallee Local Government Association

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Impairment

At the end of each reporting period, the association assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") that has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that they will enter bankruptcy or other financial re-organisation and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the writing off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the association recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party, whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) Impairment of assets

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Murray and Mallee Local Government Association

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(g) Revenue

Non-reciprocal grant revenue is recognised in the statement of comprehensive income when the association obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the association and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied. When grant revenue is received whereby the association incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Revenue from membership subscriptions are recognised as income in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is determined by reference to the membership year.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

(h) Trade and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(i) Trade and other receivables

These include amounts due from the ATO and accrued interest on deposits in financial institutions. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(j) Critical Accounting Estimates and Judgments

Key estimates

(i) Impairment - general

The association assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Murray Mallee Local Government Association

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 2: Revenue

	2019	2018
	\$	\$
M&M LGA Contributions		
Berri Barmera	21,319	20,860
Coorong District Council	14,120	13,816
DC of Karoonda East Murray	7,476	7,315
DC of Loxton Waikerie	27,566	22,080
Mid Murray Council	16,889	16,525
The Rural City of Murray Bridge	28,241	27,633
Renmark Paringa Council	18,965	18,557
Southern Mallee DC	8,860	8,669
SLRP surcharge	-	23,210
	143,436	158,665
Other Grants & Contributions		
Other Grants	-	3,450
Rubble Royalties	194,542	164,291
Regional Capacity Buildings	40,692	39,777
Community Wellbeing Alliance	75,000	-
Out Reach Program Income	25,000	50,000
Riverland Social Indicators	32,000	50,000
	367,234	307,518
Interest Revenue	9,961	4,689
Total Revenue	520,631	470,872

Murray Mallee Local Government Association

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Note 3: Other Operating Expenses

	2019	2018
	\$	\$
Allowances	2,862	3,000
Accounting software	50	276
Audit fees	3,050	3,300
Executive officer contract services	121,393	115,520
Insurance	4,325	7,208
Meeting expenses	4,615	2,221
President's travelling allowance	-	649
SAROC regional meeting costs	-	1,115
Sundry expenses	-	1,200
SLRP Priority Setting	-	14,099
Administration Support	18,273	10,680
Legal Charter Review	490	-
CEO Succession Planning / Recruitment	7,302	-
MDB Social Planning Forum	2,618	-
Project Expenditure:		
Discretionary Projects	1,192	18,700
Strategic ICT Projects	-	15,000
Commodity Route Assessment	-	16,960
Murray River Alliance Projects	-	11,022
Regional Freight Movement Study	-	29,735
Regional Waste Strategy	900	2,500
Sport and Recreation Facilities Needs Review	-	23,909
Riverland Social Indicators	23,232	-
	<u>190,302</u>	<u>277,094</u>

Note 4: Cash and cash equivalents

	2019	2018
	\$	\$
Cash on hand	100	100
Cash at bank	136,180	279,473
LGFA Investment	766,080	156,119
	<u>902,359</u>	<u>435,692</u>

Note 5: Trade and other receivables

	2019	2018
	\$	\$
Trade Debtors	-	140,408
GST receivable / (payable)	-	8,298
Prepayments	750	-
	<u>750</u>	<u>148,706</u>

Note 6: Trade and other Payables

	2019	2018
	\$	\$
Payables	-	14,384
GST receivable / (payable)	2,766	-
	<u>2,766</u>	<u>14,384</u>

Murray and Mallee Local Government Association

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Note 7: Accumulated Surplus

	2019	2018
	\$	\$
Opening Balance	570,014	426,236
Surplus for the year	330,329	143,778
	900,343	570,014
Net transfers (to)/from reserves:		
Unspent funds reserve	-	76,220
Net transfers (to)/from accumulated surplus:	-	(76,220)
Net Transfers (to)/from reserves	<u>-</u>	<u>-</u>
Balance at year end	<u>900,343</u>	<u>570,014</u>

Note : reserves no longer used in relation to unspent funds as a result of change in accounting treatment.

Note 8: Reconciliation of cash flow from operations with surplus for year

	2019	2018
	\$	\$
Net surplus for the year	330,329	143,778
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	147,956	(136,978)
Increase/(decrease) in trade and other payables	<u>(11,618)</u>	<u>2,067</u>
Net cash provided from operating activities	<u>466,667</u>	<u>8,867</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Note 9: Financial Instruments

Details of the significant accounting policies and methods adopted including the criteria for the recognition, the basis of measurement and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 Summary of Significant Account Policies.

Categorisation of Financial instruments

	Note	2019		2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities		\$	\$	\$	\$
Trade and other Payables	6	-	-	14,384	14,384
Total Financial liabilities		-	-	14,384	14,384
Financial Assets					
Cash and cash equivalents	4	902,360	902,360	435,692	435,692
Trade and other Receivables	5	-	-	140,408	140,408
Total Financial Assets		902,360	902,360	435,692	435,692

Receivable and payable amounts disclosed exclude amounts relating to statutory receivables and payables.

The fair values disclosed in the table above have been based on cash and cash equivalents, trade and other receivables and trade and other payables short term instruments of a nature whose carrying value is equal to fair value.

i. Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the association.

Credit risk is managed through maintaining procedures to regularly monitor the financial stability of customers and counterparties and by investing surplus funds in financial institutions that maintain a high credit rating.

There is no collateral held by the association securing trade and other receivables.

ii. Liquidity Risk

Liquidity risk arises from the possibility that the association might have difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The association manages this risk by preparing and monitoring budgets, only investing surplus cash with major financial institutions and proactively monitoring the recovery of unpaid debts.

No assets have been pledged as security for any liabilities.

Murray and Mallee Local Government Association

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

iii. **Market Risk**

Exposure to interest rate risk arises on financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows.

The following table illustrates sensitivities to the association's exposure to changes in interest rates.

	2019		2018	
	% Weighted Average Interest rate	Carrying Value	% Weighted Average Interest rate	Carrying Value
Financial liabilities	\$	\$	\$	\$
Trade and other Payables	0%	-	0%	14,384
Financial Assets				
Cash at bank	0%	136,180	0%	279,473
LGFA Investment	1.8%	766,080	1.8%	156,119
Cash on hand	0%	100	0%	100

Note 10: Contingent Liabilities and Contingent Assets

At 30 June 2019, the association is unaware of any liability, contingent or otherwise, which has not already been recorded elsewhere in this financial report.

Note 11: Capital Commitments

At 30 June 2019, the association is unaware of any capital or leasing commitments which have not already been recorded elsewhere in this financial report.

Note 12: Events after the end of the reporting period

Since the reporting date, there have been no events that would materially impact on the contents of this report.

Murray and Mallee Local Government Association

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 13: Economic Dependence

Murray and Mallee Local Government Association is dependent on the Local Councils within its jurisdiction and other funding bodies for the majority of its revenue used to operate the business. At the date of this report, the Committee believe that the Local Councils and other bodies will continue to fund the Association.

Note 14: Related Party Transactions

The total remuneration paid to key management personnel of Murray & Mallee Local Government Association Incorporated during the year was as follows:

	2019
	\$
Chief Executive Officer Contract Services	121,393

Key management personnel include the CEO and President.

Other related parties includes close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members. There were no transactions with other related parties.

Note 15: Capital Management

The Committee controls the capital of the entity to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised within tolerable risk parameters. The Committee ensures that the overall risk management strategy is in line with this objective. The committee operates under policies approved by the board. Risk management policies are approved and reviewed by the board on a regular basis. The entity's capital consists of financial liabilities, supported by financial assets. There have been no changes to the strategy adopted by the Committee to control the capital of the entity since the previous year.

Note 16: Association details

The registered office of the association and principal place of business is;

Murray and Mallee Local Government Association
PO Box 236
Victor Harbor SA 5211

Murray and Mallee Local Government Association

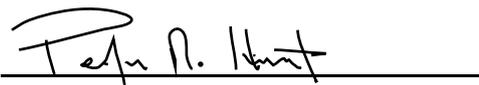
**STATEMENT BY MEMBERS
FOR THE YEAR ENDED 30 JUNE 2019**

In the opinion of the committee, the Financial Statements comprising of the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Members' Funds, Statement of Cash Flows and Notes to the Financial Statements:

1. Presents a true and fair view of the financial position of Murray and Mallee Local Government Association as at 30 June 2019 and its performance for the year ended on that date in accordance with Accounting Standards and other mandatory professional reporting requirements.
2. At the date of this statement, there are reasonable grounds to believe that Murray and Mallee Local Government Association will be able to pay its debts as and when they fall due.

The Committee is responsible for the reliability, accuracy and completeness of the accounting records and the disclosure of all material and relevant information.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:



Name: Mayor Peter Hunt
Position: President
Date: 11/10/19



Name: Tim Smythe
Position: Chief Executive
Date: 11/10/19

Appendix C

Southern Mallee District Council

Freedom of Information Statement

Freedom of Information Statement 2018-2019



Introduction

This Freedom of Information Statement is published by Southern Mallee District Council in accordance with the Freedom of Information Act 1991 (FOI Act),

Subject to certain restrictions, the FOI Act 1993 gives members of the public a legally enforceable right to access information held by South Australian (Local) Government agencies such as councils. The purpose of this statement is to assist members of the public to identify the functions and decision making processes of Council, detail the type of information held by Council and advise how it can be accessed by the public.

An updated Information statement will be published on the Council's website each financial year. This statement was released on 22 November 2019

Structure and functions of Council

Southern Mallee District Council is a regional council located on the South Australian/Victorian border south of the Riverland. Southern Mallee is a central hub to the Riverland, Murray Mallee and South East regions of the State. As the centrally located local government in the region, Council works closely with other governments and agencies in the region. The Council includes staff administration and seven elected members who represent the whole district for a four-year term. Council and committee meetings are public meetings where the Council considers reports, information and recommendations from Council administration to assist with Council decision making. This includes matters such as policies, budgeting, community engagement and strategic planning. Council administration implements the decisions of Council and performs daily operations under the direction of the Chief Executive Officer.

The *Local Government Act 1999* (the Act) is the primary legislation for the operation of Local Government in South Australia. The provisions of the Act are supported by the *Local Government (General) Regulations 2013* and the *Local Government (Procedures at Meetings) Regulations 2013*. These regulations apply to all council committees with the exception of the Council Assessment Panel which is established in accordance with the provisions of the *Planning, Development and Infrastructure Act 2016*.

Full Council and provisions for meeting procedures

Following the local government elections held in November 2018, the Council consists of seven elected members who represent residents and ratepayers in the Southern Mallee District Council.

“Council” is the body corporate consisting of elected members as constituted under the Local Government Act 1999. Council is established to provide for the government and management of its area at the local level and, in particular:

- a) to act as a representative, informed and responsible decision-makers in the interest of its community;
- b) to provide and coordinate various public services and facilities and to develop its community and resource in a socially just and ecologically sustainable manner;
- c) to encourage and develop initiatives within its community for improving the quality of life of the community;
- d) to represent the interests of its community to the wider community; and
- e) to exercise, perform and discharge the powers, functions and duties of local government under the Local Government Act and other acts in relation to the area for which it is constituted. [s.6, Local Government Act]

Ordinary meetings of the Council are held in the Council Chambers in either Lameroo or Pinnaroo or in locations throughout the Council area as determined by resolution of Council. These meetings commence at 6:30 pm on the third Wednesday of each month. All meetings are open to the public, with the exception of any matters subject to an order of confidentiality. [s.90 of the Local Government Act]. Notices of all meetings and associated minutes of Council and its committees are available on the website and from the Council offices.

One of the main opportunities for the community to gain information about the business of Council is through meeting agendas and associated reports prepared for Council and committee meetings. Agendas, including minutes of the previous meetings and supporting documentation, are placed on public display no less than three days prior to meetings. Council also holds informal information gatherings and these dates along with Council meeting dates and associated information are available on Council’s website at www.southernmallee.sa.gov.au and at the Council offices.

Council committees and subsidiaries

Schedule 1 of this statement lists the various committees of Council and identifies under which section of the Local Government Act 1999 or Development Act 1993 they have been formed. Committees streamline Council business and assist in the performance of its functions. The membership of committees and their terms of reference are determined by the Council.

Committees meet at intervals determined in their terms of reference (available on Council’s website and at the Council offices) and make recommendations to Council. Meetings of Section 41 Committees are open to the public with the exception of any matters subject to an order of confidentiality [s.90, Local Government Act], and are publicly notified in the same way as Council meetings. (See 1.1 above)

Chapter 6 of the Local Government Act and the Local Government (Procedures at Meetings) Regulations prescribe the way meetings of a Council and its committees are to be conducted.

External committees/boards/associations

Council participates in a number of external committees, boards and associations, comprising elected members, staff and the public and these are listed in Schedule 1.

Delegations

The Council Assessment Panel and the Chief Executive Officer have delegated authority from Council to make decisions on specified administrative and policy matters. The Chief Executive Officer may sub-delegate to an employee or a committee. Council's delegations register reflects the delegated authority from the Council to the CEO (and subsequently any further subdelegations). The delegations register is reviewed annually by Council.

Functions of Council

The functions of Council, set out in s7 of the Local Government Act 1999, include:

- (a) to plan at the local and regional level for the development and future requirements of its area;
- (b) to provide services and facilities that benefit its area, its ratepayers and residents, and visitors to its area (including general public services or facilities (including electricity, gas and water services, and waste collection, control or disposal services or facilities), health, welfare or community services or facilities, and cultural or recreational services or facilities);
- (c) to provide for the welfare, well-being and interests of individuals and groups within its community;
- (d) to take measures to protect its area from natural and other hazards and to mitigate the effects of such hazards;
- (e) to manage, develop, protect, restore, enhance and conserve the environment in an ecologically sustainable manner, and to improve amenity;
- (f) to provide infrastructure for its community and for development within its area (including infrastructure that helps to protect any part of the local or broader community from any hazard or other event, or that assists in the management of any area);
- (g) to promote its area and to provide an attractive climate and locations for the development of business, commerce, industry and tourism;
- (h) to establish or support organisations or programs that benefit people in its area or local government generally;
- (i) to manage and, if appropriate, develop, public areas vested in, or occupied by, the council;
- (j) to manage, improve and develop resources available to the council;
- (k) to undertake other functions and activities conferred by or under an Act.

Section 41 of the Local Government Act 1999 empowers a Council to establish committees:

- to assist the Council in the performance of its functions

- to enquire into and report to the Council on matters within the ambit of the Council's responsibilities
- to provide advice to the Council
- to exercise, perform or discharge delegated powers, functions or duties

Council's Strategic Management Plan is developed based on community consultation and informs Council's Annual Business Plan and Budget.

Services for the community

Council is required by legislation to:

- Determine policies to be applied by the Council
- Develop and adopt strategic management plans
- Prepare and adopt annual business plans and budgets
- Establish an audit committee
- Develop appropriate policies, practices and processes of internal control
- Set performance objectives
- Establish policies and processes for dealing with complaints, requests for service, and internal review of Council decisions
- Determine the type, range and scope of projects to be undertaken by the Council
- Deliver planning and development, dog and cat management, fire prevention and certain public health services
- Provide the necessary administrative services to support Council's functions

Other services and activities are provided through the decision making processes of Council in response to local needs, interests and aspirations of individuals and groups within the community to ensure that Council resources are used equitably.

Other services provided by Council include:

- Road networks
- Open space facilities
- Community waste water management schemes
- Retirement villages
- Outdoor swimming pools
- Economic development

Public participation

Members of the public have a number of opportunities to express their views on particular issues before Council. This includes:

Deputations to Council – With the written permission of the Presiding Member of Council or a committee, a member of the public can address a committee or the Council personally or on behalf of a group of residents for up to 5 minutes on any item that is relevant to that Committee or the Council, depending on the number of deputations scheduled for a particular meeting. If a decision is required from the deputation, Council seeks a report from administration to be presented at the next appropriate meeting.

Petitions – Written petitions can be addressed to the Council on any issue within the Council's jurisdiction.

Council members – Members of the public can contact members of Council to discuss any issue relevant to Council. Contact details for all elected members are available on Council's website.

Written requests – Members of the public can write to Council on any Council policy, activity or service.

Community consultation

Southern Mallee District Council is committed to open, honest, accountable and responsible decision making. Council's Public consultation policy facilitates effective communication between Council and the community, encouraging community involvement and partnerships in planning and decision making. This policy sets out the steps Council will take in relation to community engagement and ensures that the most cost effective methods of informing and involving the community, which are appropriate for specific circumstances and consultation topics, are used. This document is available via Council's website.

Documents held by Council

Most information and documentation held by Council is available for public viewing and is readily available without recourse to the Freedom of Information Act and we invite you to discuss your information needs with us.

Records system: Council operates an electronic and hardcopy records and document management system for the effective management of Council's records.

Land and property information system: Council's land and property information system contains property related information (valuation, rates, ownership details) on each property in the council area.

Access to documents

Policy documents available for inspection

At the time of publishing this statement the following documents can be accessed from Council's website and are available for public inspection at Council during ordinary business hours. Any new policy adopted by Council after publication of this statement will be similarly available.

- Access to Council and Committee Meetings and Documents Code of Practice (January 2016)
- Asset Accounting Policy (June 2018)
- Asset Management Policy (June 2018)
- Building and Swimming Pool Inspection Policy (January 2018)
- Caretaker Policy (June 2018)

- Community Facility Usage Policy (June 2019)
- Community Grants Policy (May 2019)
- Complaints Handling Policy (January 2018)
- Corporate Purchase Card Policy (July 2016)
- Council Member Training and Development (January 2018)
- Council Members Conduct Complaint Handling Policy (May 2015)
- Council Policy Framework Policy (June 2013)
- Disposal of Land and Assets Policy (October 2017)
- Elected Members Allowance, Benefits and General Policy (August 2018)
- Elected Members Legal Advice Policy (May 2016)
- Elected Members Recognition of Years of Service Policy (December 2015)
- Election Process Policy (June 2018)
- Electronic Communications Policy (November 2015)
- Employee Conduct Policy (June 2019)
- Fraud and Corruption Prevention Policy (May 2019)
- Funding Policy (May 2019)
- Funeral Flag Use Policy (December 2015)
- Hardship Policy for Residential Customers of Minor and Intermediate Water Retailers (June 2015)
- Historical Sites Signage Policy (June 2013)
- Informal Gatherings Policy (May 2016)
- Internal Financial Control Policy (May 2019)
- Internal Review of a Council Decision Policy (January 2016)
- Media and Communications Policy (February 2015)
- Memorials and Monuments Policy (December 2016)
- Mobile Garbage Bin Collection Service Policy (May 2016)
- Obtaining Legal Advice for the Mayor Policy (May 2016)
- Order Making Policy (January 2018)
- Pinnaroo Retirement Village Policy (January 2018)
- Privacy Policy (August 2016)
- Private Business Signage Policy (October 2015)
- Procurement Policy (October 2015)
- Prudential and Strategic Decision Making Policy (January 2018)
- Public Consultation Policy (June 2016)
- Public Interest Disclosure Policy (October 2019)
- Rating Policy (February 2019)
- Records Management Elected Members Policy (December 2015)
- Residential Waste and Recycling Service Range Policy (February 2014)
- Risk Management Policy (November 2018)
- Road Infrastructure Expenditure Controls (August 2013)
- Safe Environment Policy (February 2014)
- Selection of Road and Public Place Name Policy (January 2018)

- Service Range Policy (September 2013)
- Treasury Management Policy (February 2019)
- Tree and Streetscape Policy (February 2014)
- Unreasonable Complaints Policy (August 2016)
- Venue Hire Policy (April 2019)
- Volunteer Code of Conduct Policy (May 2014)

Other Council documents

Other documents which can be accessed on Council's website include:

- Animal management plans
- Annual business plans
- Annual reports
- Application forms
- Asset management plans
- Audited financial statements
- Committee terms of references
- Confidential items register – retained items
- Confidential items register – released items
- Council and committee agendas and minutes
- Customer charter – water and sewerage services
- Development application register
- Development plan
- Elected members register of interests
- Environmental management plans
- Freedom of information statements
- Gift and benefits register – elected members
- Gift and benefits register – council staff
- Long term financial plan
- Roadside vegetation management plan
- Strategic management plan
-

The following documents are available for public inspection and purchase from Council's Principal Office, Day Street, Pinnaroo.

- Assessment book
- Register of employees' salaries and wages and benefits
- Voters roll
- Register of public roads and streets

Other information requests

Requests for other information not publicly available will be considered in accordance with the Freedom of Information Act 1991. Under this legislation, applicants seeking access to documents held by Council need to provide sufficient information to enable the correct documents to be identified and must complete the required application form and lodge it at the Council offices.

Applications must be in writing and must specify that it is made under Section 13 of the Freedom of Information Act 1991. Council has also resolved that the name of the person lodging a request will be made available when undertaking third party consultation unless there is a legal impediment not to do so.

If the documents relate to the applicant's personal affairs, proof of identity may be requested. Requests will be dealt with as soon as practicable (and in any case, within 30 days) after receipt. If documents are being sought on behalf of another person relating to their personal affairs, Council may ask for a consent form signed by that person.

Forms of access may include inspection or copies (subject to copyright laws) of documents, hearing and/or viewing of audio and/or video tapes, transcripts of recorded documents, transcripts of words recorded in shorthand or encoded form, or the reproduction of documents from digitised information.

Council, on receiving a freedom of information application, may assist the applicant to direct the application to another agency or transfer the application to another agency if appropriate.

If Council refuses access to a document, Council must issue a certificate stating why the document is a restricted document.

In rare cases, retrieving the requested information involves considerable staff time. It is important to specify what is required as clearly as possible so staff can assist quickly and efficiently. If extraordinary staff time is required to comply with an information request, charges may apply.

All general enquiries on Freedom of Information Act 1991 issues should be directed to an accredited freedom of information officer.

Amendment to Council records

Under the Freedom of Information Act 1991, persons may request a correction to any information about themselves that is incomplete, incorrect, misleading or out of date.

To gain access to these Council records, a person must complete and lodge with Council an application form as indicated above outlining the records that he/she wishes to inspect.

If it is found that these require amendment, details of the necessary changes are to be lodged with Council's Freedom of Information Officer. There are no fees or charges for the lodgment, or the first two hours of processing of this type of application, and where there is a significant correction of personal records and the mistakes were not the applicant's, any fees and charges paid for the original application will be fully refunded.

Freedom of information application summary

A summary of Freedom of Information applications received as identified in Council's Annual Report.

	14-15	15-16	16-17	17-18	18-19
Applications processed	0	0	0	0	1
Applications determined	0	0	0	0	1
Full release	0	0	0	0	1
Partial release	0	0	0	0	0
Refused access	0	0	0	0	0
Proceeded to internal review	0	0	0	0	0

Freedom of information application fees and processing

Approved application fees are set in the FOI (Fees and Charges) Regulations 2018.

A cheque/money order/cash for the appropriate amount must be forwarded to Council with the freedom of information application. Processing charges may also apply for dealing with the application. These are set in the Freedom of Information Regulations and may include some free time when the request relates to the personal affairs of the applicant.

Schedule	Fees and Charges as at 1 July 2019
On application for access to an agency's documents (section 13(c))	\$36.75
For dealing with an application for access to an agency's documents and in respect of the giving of access to the document (section 19(1)(b) and (c))— (a) In the case of a document that contains information concerning the personal affairs of the applicant— (i) for up to the first 2 hours spent by the agency in dealing with the application and giving access no charge (ii) for each subsequent 15 minutes so spent by the agency	No charge \$13.80 \$13.80
Where access is to be given in the form of a photocopy of the document (per page)	\$0.20
Where access is to be given in the form of a written transcript of words recorded or contained in the document (per page)	\$8.25

Where access is to be given in the form of a copy of a photograph, x-ray, video tape, computer tape or computer disk the actual cost incurred by the agency in producing the copy	The actual cost incurred by the agency in producing the copy
Postage or delivery charges	The actual cost incurred by the agency
An application for review by an agency of a determination made by the agency under Part 3 of the Act	\$36.75

Fees will be waived for disadvantaged persons, as set in the Freedom of Information Regulations. i.e. No fee is required for current concession holders or if payment of the fee would cause financial hardship. At all times Council retains a discretion to waive, reduce or remit a fee for any reason it thinks fit.

If, in the Council's opinion, the cost of dealing with an application is likely to exceed the application fee, an advance deposit may be requested. The request will be accompanied by a notice that sets out the basis on which the amount of the deposit has been calculated. The freedom of information officer will endeavor to work with the applicant to define the scope of the request and the costs involved.

Freedom of information requests to Southern Mallee District Council are to be addressed to:

Accredited Freedom of Information Officer
PO Box 49
PINNAROO SA 5304

To download an application form, please visit:

<http://www.archives.sa.gov.au/content/foi-in-sa>

Schedule 1 – Committees of Council

Council Committees

SCHEDULE 1 – SOUTHERN MALLEE DISTRICT COUNCIL – COMMITTEE STRUCTURE

Name of Committee	Applicable Legislation	Decision Making Authority	Membership	Function
Audit Committee	Local Government Act, 1999 - S126 Established under S41	Advisory Only	<ul style="list-style-type: none"> • Independent Chairperson x 1 <i>(payment provided for meeting attendance)</i> • Independent Members x 1 • Council Members x 3 	<ul style="list-style-type: none"> • Plays a critical role in the financial reporting framework of Council by overseeing and monitoring the participation of • Management and external auditors in the financial reporting process. • Addresses issues such as the approach being adopted by Council and management to address business risks, corporate and financial governance responsibilities and legal • Compliance as well as receiving reports from Council's internal controls.
Building Fire Safety Committee	Development Act, 1993 – S71	Delegated Authority	<ul style="list-style-type: none"> • Independent Presiding Member x 1 • Metropolitan Fire Service representatives • Country Fire Service representatives • Council appointed authorised officers, 	Responsible for the checking of fire safety provisions in new and existing buildings. Of particular interest to the Committee are those types of buildings that may constitute a high fire safety risk, such as large commercial/industrial buildings, motels and hotels

Council Subsidiaries

SCHEDULE 2 – Southern Mallee District Council – Regional Subsidiary Structure

(established under Section 43, Local Government Act 1999)

Name of Regional Subsidiary	Membership	Purpose
Murraylands and Riverland Local Government Association	<ul style="list-style-type: none"> • Berri Barmera Council • Coorong District Council • District Council Karoonda East Murray; • District Council of Loxton Waikerie; • District Council of Mid Murray • District Council of Renmark Paringa; • Rural City of Murray Bridge • Southern Mallee Council 	<ul style="list-style-type: none"> • Undertake coordinating, advocacy and representational roles for its constituent Councils at a regional level. • Facilitate and co-ordinate activities of local government at a regional level related to environment, economic and social development with the object of achieving continuing improvement for the benefit of the communities of its constituent Councils. • Develop, encourage, promote, foster and maintain consultation and cooperation and to strengthen the representation and status of local government when dealing with other levels of government, private enterprise and the community. • Develop further cooperation between its constituent Councils for the benefit of the communities in the region. • Develop and manage policies which guide the conduct of programs and projects in the region with the objective of securing the best outcomes for the communities in the region. • Undertake projects that benefit the region and its communities

External committees/boards/ associations

- Local Government Association
- Local Government Finance Authority
- Mallee and Coorong Local Government Natural Resource Management Group

