

Southern Mallee District Council

Annual Report

2017-2018

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NGARKAT

ACKNOWLEDGEMENT

Southern Mallee District Council acknowledges the Ngarkat people as the traditional owners of the land on which we meet and work. We respect and acknowledge their culture and we pay our respects to all Aboriginal elders past, present and emerging.



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MAYOR'S

MESSAGE

A report from Mayor Andrew Grieger has not been included in the Annual Report due to the Local Government election period

CEO'S

MESSAGE

The past year was a busy and productive one 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.

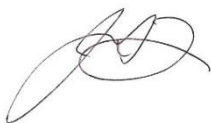
This document represents the Annual Report of Southern Mallee District Council for the period 1 July 2017 to 30 June 2018. The report details the achievements of Council against its strategic objectives and incorporates the audited financial statements of the organisation.

The document also includes the annual reports from our subsidiary organisations the Murraylands and Riverland Local Government Association and Murray Mallee Community Transport Scheme.

The staff of Southern Mallee District Council have continued to work hard for the community. They 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.

In addition to ongoing provision of services Council delivered a range of capital projects including the full reconstruction of a significant section of Tauragat Well Road and upgrades to a number of community buildings.

Council continued to support community groups during 2017/18 with its generous \$50,000 community grants program. This led to a range of great community projects across the district.



Jason Taylor
Chief Executive Officer

Elected Members



MAYOR
CR ANDREW GRIEGER



DEPUTY MAYOR
CR NEVILLE PFEIFFER



CR ALLAN DUNSFORD



CR DENNIS HYDE



CR STACEY MILDE



CR KEVIN O'DRISCOLL



CR BRUCE SUMMERTON



CR BRIAN TOOGOOD



CR MARK WHITE

Corporate Services

Work Health and Safety

Council is committed to maintaining and improving the health and wellbeing of its workforce.

Health and Wellbeing

As part of this commitment, Council participated in the Local Government Association Workers' Compensation Scheme's (LGAWCS) Healthy Lifestyle programs which continues to provide screenings and preventative programs.

Information sessions are also made available to employees on a continuing basis.

- Healthy Lifestyle Program Health Assessments including:
 - Cholesterol Analysis
 - Nutrition Profile
 - Stress Profile
 - Cardiac Risk Rating
 - Fitness Assessment
 - Back Care
 - Blood Pressure



- Skin cancer screenings
- Mind your 'Wellbeing' program
- Flu Vaccinations

There has been further progress in the activities and resources to maximize worker safety and wellbeing and maintain legal compliance by delivering:

- First aid training
- Fire training including extinguisher use & Fire Safety
- Manual handling training
- Regular testing & tagging of electrical equipment
- Regular testing & servicing of fire extinguishers
- Regular First Aid kit (stock) Inspections

Evaluations (Risk Management / Work Health and Safety / Injury Management)

Council was subject to a Risk evaluation process in November 2017. This process encompasses the LGAMLS Risk Review and LGAWCS key performance Indicator (KPI) Audit into the one process. It is an obligation of being self-insured for workers compensation to meet the requirements of the Performance Standards for Self-Insurers (PSSI). The process is onsite and takes place over two days. This evaluation is now conducted with councils every 2 years.

From these evaluations in 2017, Key Performance Indicator (KPI) Action Plans including a monitoring and reporting schedule was formed to make sure any gaps were being monitored and closed out. From the identified actions WHS had a 91% closeout rate and Risk Management had a 100% closeout rate.

Corporate Services

Treasury Report

Overall the financial result of the Council has been pleasing.



Borrowings

Council has paid its loans as and when payments fell due and this has seen the closing balance of loans [both current and non-current] decrease from \$1,981,301 in 2017 to \$1,682,893 in 2018.

Borrowings	30 June 2017	30 June 2018
Council Loans	1,981,301	1,682,893

Revenue

The rates revenue has increased by \$94,680 when compared with 2017. Council rates is the major revenue stream for the Council making 51% of total revenue.

	30 June 2017	30 June 2018
Rates	3,805,915	3,900,595
Total revenue	8,455,005	7,660,906

The decrease in overall revenue was due to a decrease in Grants Subsidies and contributions of \$867,934.

	30 June 2017	30 June 2018
Grants Subsidies and Contributions	3,761,936	2,894,002

This was largely impacted by the \$865,667 received in 16/17 to assist with the Geranium South Road which is completed.

Corporate Services

Treasury Report



Expenses

Employee costs have decreased since 2017 mainly as a result in the delay in replacing staff vacancies.

	30 June 2017	30 June 2018
Employee Costs	2,342,241	2,319,948

Depreciation incurred a slight increase of \$127,304 following the revaluation of community wastewater management system, buildings and other structures in 2017.

	30 June 2017	30 June 2018
Depreciation, amortisation & impairment	2,411,123	2,538,427

Materials, Contracts & Other Expenses increased by \$143,195 this was largely due to an increase in maintenance works.

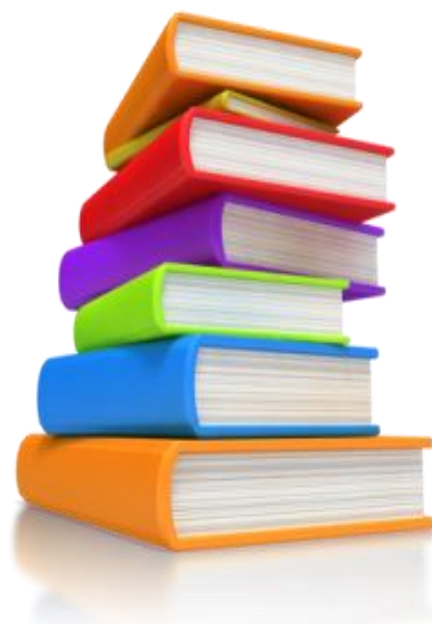
	30 June 2017	30 June 2018
Materials, Contracts & Other Expenses	1,890,552	2,033,747

Corporate Services

Library Services

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

The total number of loans throughout the libraries amounted to 25,239.



Library	Population	Physical loans	eBook loans	eAudiobook loans	eMagazine loans	Total Loans
Lameroo & Geranium	1,090	13,956	565	293	64	14,878
Pinnaroo	966	9,790	340	32	199	10,361

Library Structure

The staffing function for the Geranium site in recent years has been taken over by Department of Education and the Lameroo Regional Community School.

Council continue to support the operation of libraries through the allocation of grant funding of \$11,000.00 to each site. The allocation is over and above the required amount, as specified by the libraries board, for Councils to contribute to libraries as per the existing 10 year Memorandum of Agreement (MOU) between the Minister for the Arts and the President of the Local Government Association.

Corporate Services

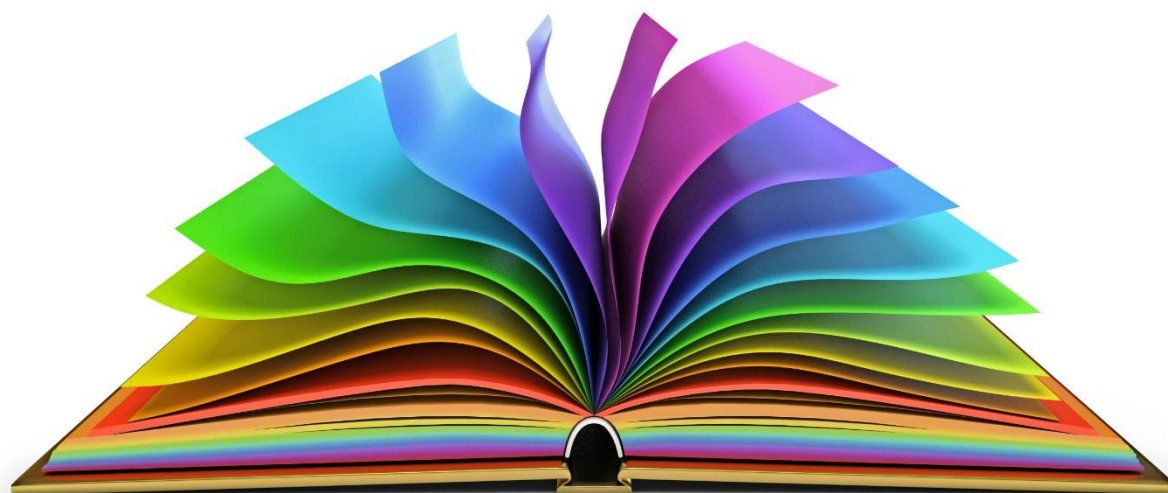
Library Services

Library	Total Members	Members 0-19	Members 20-69	Members 70-85 & over	Members Age Unknown
Lameroo & Geranium	713	281	358	58	16
Pinnaroo	499	142	312	35	10

Libraries Forward Plan

Following the 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 the Council established the Libraries Forward Plan. The key strategies from the plan included – sustainable structures and systems, equitable and cost effective services, engaging the community, better access to new technologies and economic development.

In 2017/2018 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 2017/2018 Council committed to the funding and re-signing of the Murraylands STARclub Field Officer Program Memorandum of Understanding 2018-2021 by the five Murraylands Councils - in partnership with the State Government's Office for Recreation, Sport and Racing (ORSR).

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.

The successful hosting of the best STARclub in South Australia enabled council to jointly win an award for the Murraylands STARclub. The work of Marc Maddaford across the five Councils he covers, won clear praise from the judges for the difference he makes every day across our region in helping clubs run better and attracting funding to deliver on community aspirations.



Corporate Services

Permits

There were 153 permits approved to a range of organisations and individuals in the past 12 months for a range of community activities. This is an increase over the last year where the total permits approved was 132.



Key events for the year included;

- Pinnaroo Football & Netball Clubs – Cocktail/Auction Fundraiser
- DanceSA Performance GLOW – Lamerook Hall
- Legacy Badge Day
- Mallee Netball Association Presentation – Lamerook Hall
- National Broadband Network Company – various venues
- Invisible Farmer – Pinnaroo Hall
- Country Arts Performances – Lamerook Hall
- Pinkerton Palm Hamlyn & Steel P/L – Livestock Sale
- Mallee Community Health – Pink Ribbon Breakfast Lamerook
- Lamerook Hospital Auxiliary – Hospital Fete – Lamerook lawns
- Pinnaroo Show
- Breastscreen SA Mobile Screening Unit
- Country SA Primary Health Network – My Health Record Forum
- Viterra Operations – Harvest Medicals
- Lamerook Lions – Lunch Stop
- Annual VacSwim at both the Lamerook and Pinnaroo Swimming Pools
- Pinnaroo and Lamerook Christmas Parades
- Australia Day Celebrations
- Pinnaroo Carols in the Wetlands
- Royal Flying Doctors – State Wide Badge Day
- DanceSA Classes – Pinnaroo Institute
- Lamerook Country Music Festival – Lamerook Memorial Hall
- ANZAC Day services in Pinnaroo and Lamerook
- Red Cross Door Knock – across the Southern Mallee District
- Dressed 4 Success – Parilla Memorial Hall
- Parilla Market Days – Parilla Parklands
- Mallee Scouts – Parilla Memorial Hall
- Bush Kindy – Pinnaroo – Parr Scrub
- Paddock Pizza – Lake Roberts
- Dirtbike Track permits
- Pinnaroo School Performance – Pinnaroo Hall
- Various Stalls, Swimming Activities, Funerals, Fundraisers, Accountants visits, School Performances and Presentations held across the District

Internal Controls

The audit team made 19 recommendations to Council and the site visit was a valuable one for several new staff members to participate in and be made aware of various key risks to Council. The risk rating of the activities highlighted are as follows:

Activities 2017	Residual Risk Rating	Activities 2018	Residual Risk Rating
2	High	6	High
6	Moderate	9	Moderate
1	Low	4	Low
9	Total	19	Total

Council is committed to continuous improvement and upon receipt of the External Audit Management Report the Corporate Services team met to review the comments and recommendations. As part of Managements response council staff implemented, where reasonable, a further range of activities, checks and reports to help address the highlighted activities.



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 2017/2018 financial year.

Membership

Council has appointed Members to its Audit Committee as follows:

Name	Position
Mr Peter Brass	Independent
Mr Robert Reiman	Independent Member
Mr Andrew Grieger	Council Member
Mr Neville Pfeiffer	Council Member
Mr Dennis Hyde	Council Member

The following staff members have attended meetings as observers:

- Chief Executive Officer
- Manager Corporate Services
- Governance Officer

Corporate Services

Audit Committee Activity Report

Meetings

The Audit Committee held 5 Ordinary meetings during 2017/2018 with attendance as follows:

Meeting Date	Attendance
2 August 2017	Mr Dennis Hyde was an apology
22 November 2017	All in attendance
28 February 2018	Mr Andrew Grieger and Mr Neville Pfeiffer were apologies
10 April 2018	All in attendance
14 June 2018	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 22 November 2017.

Training Activities

There were no scheduled training activities during 2017/2018.



Corporate Services

Audit Committee Activity Report

Committee Activities

The following table sets out the principal issues addressed by the Audit Committee during 2017/2018 in line with the Audit Committees Terms of Reference:

Activity	Outcome
Financial Reporting	Budget Reviews 1, 2 and 3 Financial Policy Reviews Review Financial Internal Controls 2016-2017 Annual Report 2018-2019 Annual Business Plan and Budget Draft Annual Business Plan and Budget 2017-2018 Stormwater Drainage Infrastructure Revaluation Revised Asset Management Plans x 3 Revised Long Term Financial Plan
Internal Controls and Risk Management Systems	Review KPI Action Plan Review LGRS Draft Scope of works for Risk Management Policy and Framework project Review Business Continuity Plan
External Audit	2016/2017 Audited Annual Financial Statements / Annual Report Meeting with External Auditor (in camera)
Work Health & Safety	Review KPI Action Plan Review of Councils Volunteer induction and Volunteer register through Tailored Implementation Plan (TIP)
Audit Committee Performance	Activity Report 2016-2017 Audit Committee Work Plan

Corporate Services

Customer Service Reports - Summary Report by Subject For the 2017/18 Year

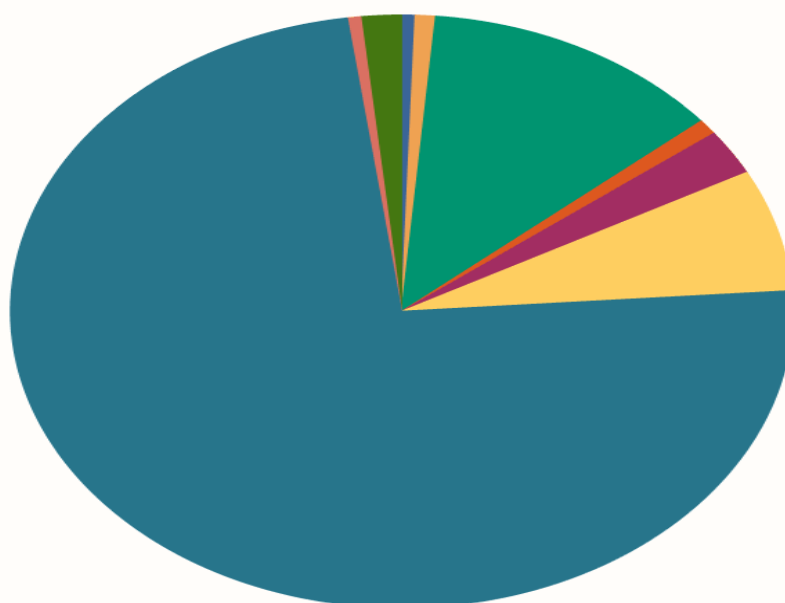
<u>Subject</u>	<u>Complete</u>	<u>Pending</u>	<u>Outstanding</u>	<u>Total</u>
Abandoned Vehicles	1	0	0	1
Community Development Enquiries	1	0	0	1
Community Relations	6	0	0	6
Damaged Street Tree Maintenance	5	0	0	5
Dog Complaints	9	0	0	9
Enquiries and Requests for Animal Information	3	0	0	3
Financial Enquiries	2	0	0	2
Fire Prevention Advice	5	0	0	5
Footpath Maintenance Reconstruction & Reinstatements	6	0	0	6
Health / Immunisation Information	1	0	0	1
Infrastructure Enquiries	20	1	1	22
Installation & Maintenance of Street & Directional Signs	5	0	0	5
Notification of Damage to Infrastructure	4	0	1	5
Property Enquiries	2	0	0	2
Property Management Enquiries	70	1	1	72
Public Reaction Complaints & Responses	3	0	0	3
Rate Enquiries	1	0	0	1
Recreation & Sport Enquiries	1	0	0	1
Request for Development Information	5	0	0	5
Request for Environmental Information	3	0	0	3
Requests for Information not leading to FOI	2	0	0	2
Road Complaints	4	0	0	4
Road Kerb & Channel Maintenance	47	1	1	49
Roadside Vegetation Management	4	0	0	4
Stormwater and Drain Maintenance	2	0	0	2
Street Furniture Maintenance	2	0	0	2
Streetscaping Maintenance	4	0	0	4
Traffic Control Enquiries	4	0	0	4
Waste Management Information – Landfill Desludge etc.	2	0	0	2
Grand Total	224	3	4	231

Corporate Services

Customer Service Reports - Summary Report by Department For the 2017/2018 Year

Department	Complete	Pending	Outstanding	Total
Administration	1	0	0	1
Assets	2	0	0	2
Development	28	1	0	29
Financial Management	2	0	0	2
Fire Prevention	6	0	0	6
Governance	15	0	0	15
Infrastructure	165	2	4	171
Rates	1	0	0	1
Works	4	0	0	4
Grand Total	224	3	4	231

Requests by Department



ADMINISTRATION	0.4%
ASSETS	0.9%
DEVELOPMENT	12.6%
FINANCIAL MANAGEMENT	0.9%
FIRE PREVENTION	2.6%
GOVERNANCE	6.5%
INFRASTRUCTURE	74.0%
RATES	0.4%
WORKS	1.7%
Total:	100.0%

Corporate Services

Childcare on the Go Service (COGS)

Our innovative Mobile Childcare 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 transition from a Budget Based Funding (BBF) Service to the New Childcare Subsidy.

Mallee 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. We currently have a total of 15 Educators (11 Diploma Qualified, 3 Cert III and 1 working towards a qualification).

Mallee 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.
- Department of Education's approval to fund a Kindergarten Teacher in Lameroo for 2019 – ensuring continuation of the service.
- Submitted application for Building Better Regions Grant (\$580K) for a capital works project at Pinnaroo.
- Secured Peppercorn Lease and Demolition works with DECD for new Pinnaroo Centre.
- Extended operating hours to accommodate working parents.
- 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 Placement for Lameroo Regional Community Students.

We are excited to continue working with the children in our service and their families to see what is next in their Education and Care journey.



Works Department

The Works Department had a very productive 2017/2018. 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. A number of significant capital and renewal projects were delivered in 2017 / 2018 as well as maintaining current assets.

The Council is responsible for 1,342 kilometres of roads across the district of which 125 kilometres are sealed. Other areas of the Works Department include pools, cemeteries, aerodromes, waste water, parks and gardens, waste and recycling, plant and equipment, storm water and quarries.

The Council's overall expenditure on works including road renewal and road maintenance works was \$3.1 million. This was funded by rates but also by specific government grants including R2R (Roads to Recovery) Funding \$575,000, Special Local roads \$734,000 and Grants Commission \$401,000.



Works Department

Road Construction and Maintenance Works

Works carried out included:

Resheeting of Rubble Roads

The Council has 1,217 kilometres 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 2017/2018 the Council spent \$488,000 on carrying out various resheets plus a full reconstruction of 4.5 kilometres and sealing of Tauragat Well Road at a cost of \$1.135 million.

Road Name	Amount [\$]
Claypan East Road	73,000
Claypan West Road	107,000
Karte Road	122,000
Chandos Road	86,000
Yappara Road	100,000
Tauragat Well Road 4.5 kilometres full construction and seal	1,135,000
Total	1,623,000



Works Department

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	488,000
Sealed Road Repairs	28,000
Footpath Maintenance	8,000
Traffic Control	3,000
Other Road Services	16,000
Total	543,000

[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 2017 / 2018 Council spent \$225,000 on sealed roads.

Town Streets Upgrades

Footpath Works

Footpath construction works were carried out with a total footpath expenditure of \$14,000.

Works Department

Parks, Gardens and Recreational Reserves

The Council's parks and gardens and reserves are maintained within and around the towns across the district. The 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 2107/2018 was \$455,000.

Plant & Machinery

The Council has continued to upgrade and replace plant (vehicles and machinery) in accordance with their 10 year plant replacement program, this ensures the Council constantly turns over plant at the optimum time.

During 2017/2018 the Council procured (\$627); new Caterpillar Grader, new Case Skidsteer, 2 x manager vehicles, 3 x work vehicles, 2x Kubota mowers.

During the financial year the Council expends \$163,000 on purchasing fuel and oil, \$201,000 on maintaining its plant and machinery

Waste Management

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

Waste Management expenditure in 2017/2018 was \$351,000.

The main expenditure items were:

- Transfer Stations \$80,000
- Landfill Maintenance \$37,000
- Collection of 240 litre waste bin from town properties weekly \$110,000
- Collection of 240 litre recycling bins from town properties monthly \$28,000

Works Department

Community Wastewater Management Systems (CWMS)

The Council has Community Wastewater Management Services in Lameroo and Pinnaroo. The cost of running these two schemes in 2017/2018 was \$205,000, which is totally funded by the service charges applied against users of the schemes.

Airfields

The Council maintains a single authorised landing field at Pinnaroo. Pinnaroo has one strip which is rubbled. 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 Southern Mallee District Council airfields remained suitable for continuing use.



Other Works

The Works Department is also responsible for the following:

Street Lighting

The Council is responsible for the cost of street lighting in the towns. Cost in 2017/2018 was \$39,000.

Street Cleaning

The Council undertakes regular cleaning of the kerbs and gutters in the towns. As well as keeping the appearance of the towns tidy it keeps rubbish and plastics out of important water courses. Expenditure in 2017/2018 was \$30,000.

Works Department

Other Works

Cemeteries

The Council has three cemeteries that it maintains. In 2017/2018 there were:

- 3 Burials at Parrakie
- 7 Burials at Lameroo and 4 ashes interment
- 9 Burials at Pinnaroo

The cost of maintaining our cemeteries in 2017/2018 was \$30,000, offset by income of burials which was \$17,000. With three cemeteries and so few burials it is not possible to reach a user pays break-even point.

Asset Management Plans

The Council is continuing to develop asset management plans for all areas of the Council's operations which will lead to 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 prioritized 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 the Council.

When the plans are developed they together with the Council's Strategic Management Plan and Long Term Financial Plan will form the framework for future budgets to follow.



Building and Regulatory Services

The following portfolio of responsibilities are conducted by the delegated Council staff or contractor.

- SA Public Health Act requirements
- Immunisation Promotion
- Development Control
- Assessment & Approval of Waste Control Systems
- Property Management
- Planning & Building Approvals
- Food Safety
- Fire Prevention
- Animal Management
- Mosquito Control

General Environmental Health & Food Safety

Regional Public Health Planning

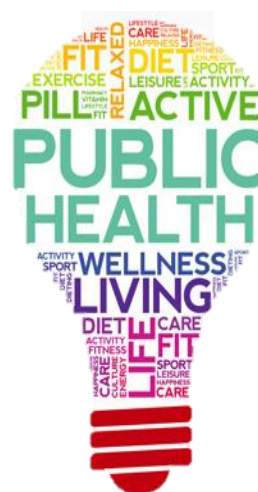
As required by the SA Public Health Act 2011 the Local Government Murray Mallee Public Health, consisting of the Murray Mallee Local Government Association formed to combine a joint plan for the region. This committee meet on a quarterly basis to plan and develop projects for each Local Government area.

The resulting plan has become a living document and thus a guide to future Public Health initiatives, particularly in relation to “lifestyle diseases”.

The Murray Mallee Local Government Association Public Health Committee was the first regional group to have our plan developed and operating and provided a guide for the rest of the Local Government Association groups.

The Murray Mallee Local Government Association consists of the following areas:

- The Rural City of Murray Bridge
- Mid Murray Council
- Berri Barmera Council
- District Council of Loxton Waikerie
- Renmark Paringa District Council
- District Council of Karoonda East Murray
- Southern Mallee District Council



Building and Regulatory Services

Animal Management

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

There was a reduction in the number of impounded dogs during the 2017-2018 financial year along with a reduction in Dog attack and harassment reports made to Council. There was increase in the number of dogs wandering at large.

There was a reduction in the number of expiations issued to owners and a significant reduction in the number of dog's euthanized during the 2017-2018 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.

The Southern Mallee District Council successfully implemented the new Dogs and Cat online registration system with several public notifications made regarding the new registration, microchipping and desexing laws implemented by the Dog and Cat Management Board. Public Kiosks were installed at the Pinnaroo and Lamerook offices to assist the public with the new online registration system.

Animal Management

Dogs wandering at large	9
Attacks/Harassment	1
Barking Dogs	2
Dogs Impounded	9
Expiations Issued	1
Euthanized	1
Re housed	1
Released	7



Building and Regulatory 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	2
Carports	1
Relocation of Transportable Buildings	0
Domestic Sheds/garages	4
Farm Sheds	21
New Dwellings	2
Advertising sign	0
Grain storage/silo	1
Land Division	1
Refurbishment of business	1
Change of land use	2
Staff Quarters	1
Solar Panels	1
Demolition	1
Industrial Sheds	2
Light Poles	1
TOTAL	41



Assessment and Approval of Waste Control Systems

Waste Control Systems

Applications for the installation of two and two alterations to waste control systems were assessed and new installations inspected to ensure that the disease prevention requirements of SA *Public Health Act (Waste Control) Regulations 1995* were satisfied.

Number of applications approved: 4

Building and Regulatory Services

Property Management

A capital works budget of \$ 37,000 was allocated to the Pinnaroo Retirement Village for the repairs and maintenance of current assets. Both units 4, 5 and 6 received upgrades to the laundry and bathroom areas with further upgrades to the floor coverings and painting of the units. Additional refrigerators and washing machines were purchased and allocated to the nominated units.



Building & Regulatory Services

Parilla Accommodation

Council operated Parilla Accommodation Facility is established to assist primarily horticulture producers in the district by providing accommodation for seasonal workers. The Council has invested time and financial resources into the facility this year in both infrastructure upgrades and renewals.

The Statement of Comprehensive Income for the facility is outlined below:

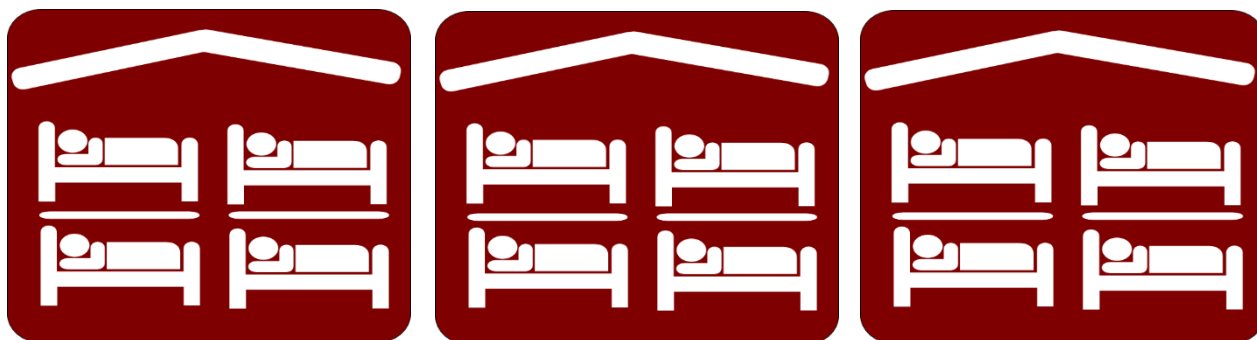
Parilla Accommodation Statement of Comprehensive Income as at 30 June 2018

INCOME	Year to Date	Budget	Last year Actual
User Charges	128,777.48	150,000.00	170,579.39
Other Revenues			
TOTAL INCOME	128,777.48	150,000.00	170,579.39
EXPENDITURE			
Wages & Salaries	49,215.95	64,129.60	50,993.60
Contractual Services	12,730.11	18,940.00	21,807.30
Materials	35,933.43	32,300.00	41,392.17
Depreciation	11,205.79	11,000.00	10,831.18
Other Expenses	10,996.66	10,040.72	13,313.22
TOTAL EXPENDITURE	120,080.94	136,410.32	138,337.47
SURPLUS / (DEFICIT)	8,696.54	13,589.68	32,241.92

After the spike of 2016/2017 the facility has seen a significant decrease in sales of \$42,000 with decreased usage from the horticultural sector over the past twelve months.

The decrease in sales can be directly attributed to an increase in other accommodation options in the region that are reportedly cheaper but providing better access and opportunities for shopping, social interaction, mobile phone and internet connectivity.

The presence of the Facility Officer with consistent days and hours continues to provide an increased level of service to tenants and host companies. Unfortunately after significant capital expenditure the past two years the occupancy rate has dropped from 69% in 2016/2017 to 45% in 2017/2018.



Building and Regulatory 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

There was an increase in the number of notices issued in the 2017-2018 financial year with an additional six notices being issued in comparison to the 2016-2017 financial year.

Burning Permits

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

Murray Mallee Bushfire Management Committee

The Southern Mallee District Council continues to be represented on the Murray Mallee Bushfire Management Committee which 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.



Building and Regulatory Services

Development Plan Amendment

The Council Development Plan, which is the document by which all development in the Council area is assessed, was comprehensively updated and authorised by the Governor in December 2017. The changes to the Development Plan were the first comprehensive review since 2000, and bring the plan into compliance with the requirements of the State Government, which seek to create a standard format for development plans across the State based on a library of policies produced by the Department of Planning Development and Infrastructure. The updating of the Development Plan enables planning policy to better reflect development changes and trends that have occurred in recent years. The new format should simplify and speed up the assessment of most applications that are assessed by the Council. 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 late 2019. This should further assist in simplifying the planning process.

Swimming Pools

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

Lameroo Swimming Pool

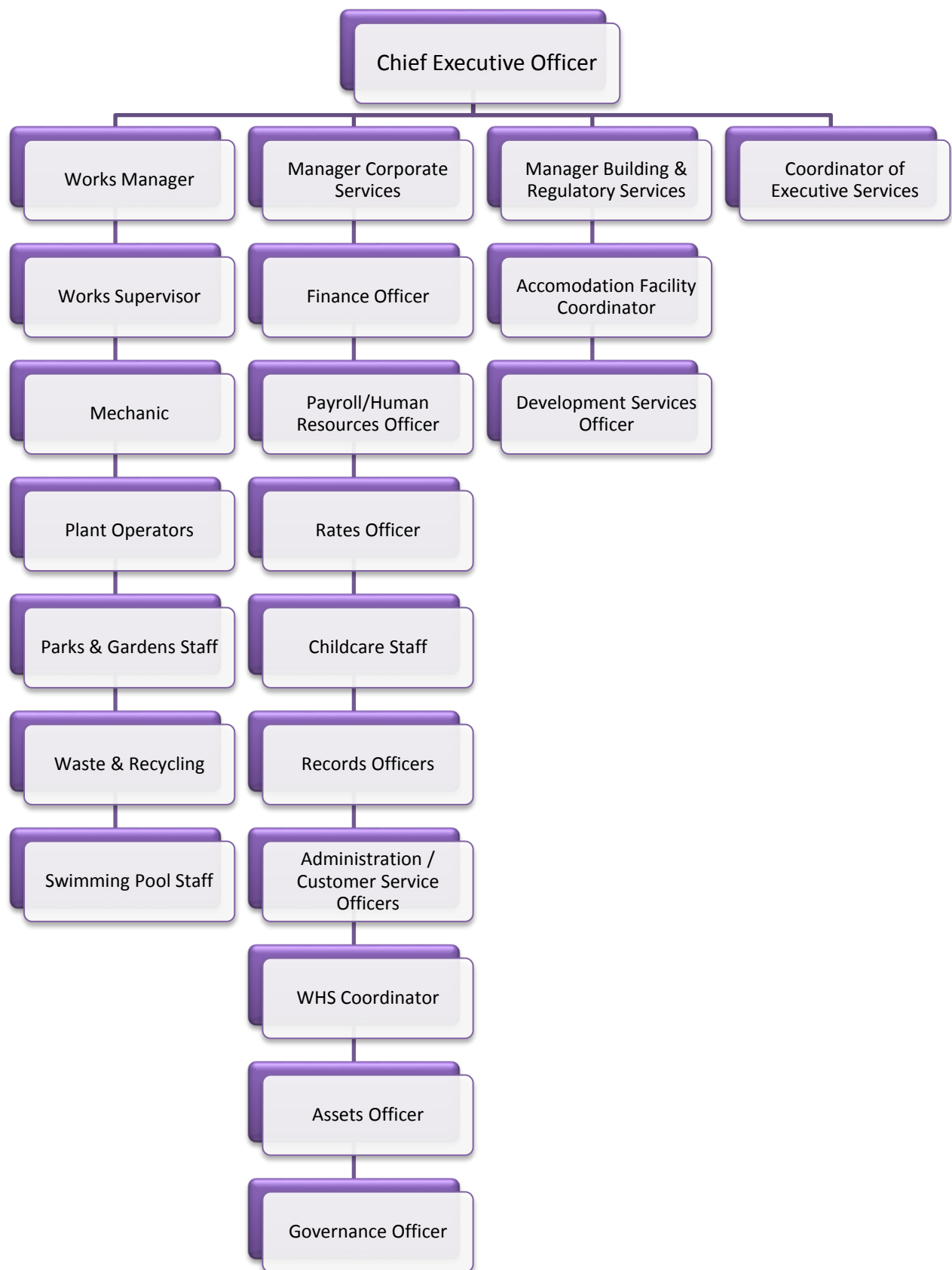
3933 patrons were recorded as attending the Lameroo Swimming Pool during the 2017/2018 season. 191 Ticket holders = \$9,600 in season ticket sales.

Pinnaroo Swimming Pool

3686 patrons were recorded as attending the Pinnaroo Swimming Pool during the 2017/2018 season. 178 Ticket holders = \$8,520.00 in season ticket sales.



Corporate Structure



Functional Structure

Chief Executive Officer

Responsible for:

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

Manager Corporate Services

Responsible for:

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

Functional Structure

Works Manager 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 Building & Regulatory Services Responsible for:

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

General Information

Elected Member Attendance at Council Meetings (Ordinary and Special)

Total Number of Meetings 12

Cr Andrew Grieger (Mayor)	12
Cr Neville Pfeiffer (Deputy Mayor)	11
Cr Allan Dunsford	11
Cr Dennis Hyde	11
Cr Stacey Milde	7
Cr Kevin O'Driscoll	10
Cr Bruce Summerton	9
Cr Brian Toogood	10
Cr Mark White	9

Members Allowances 2017 / 2018

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 2018:

Mayor	\$ 23,589.85
Deputy Mayor	\$ 7,372.15
Councillors	\$ 5,898.00

Members receive approved travel allowances to attend Council Meetings and for conducting Council business.

General Information

Confidential Items

The Southern Mallee District Council is committed to the principals 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 2017-2018 the Council considered Seventeen 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:

2017-2018		
S90(3)(a)	Information relating to the unreasonable disclosure of personal affairs	8
S90(3)(g)	Matters that must be considered in confidence in order to ensure that the council does not breach any law, order or direction of a court or tribunal constituted by law, any duty of confidence, or other legal obligation or duty	1
S90(3)(h)	Legal advice	1
S90(3)(k)	Information relating to tenders for the supply of goods & services	7
TOTAL		17

General Information

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

During the period;

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

General Information

Council's Representation Quota

The Council's Representation Structure is nine Councillors elected as representative of two wards and the area as a whole. Kelly Scales Ward is to be represented by four Councillors and Bews Ward by five Councillors.

As of 28 February 2018, there were 1,378 electors on the Council Voters Roll in the Southern Mallee District Council with an average representation quota of 153.

The following table provides a comparison of representation quota with other similar sized Council's as at 28 February 2018.

Council	Number of Electors	Representation Quota
Barunga West	2004	222
Ceduna	2057	228
Goyder	3061	437
Kangaroo Island	3480	348
Kingston	1872	234
Lower Eyre Peninsula	3744	534
Mount Remarkable	2162	308
Peterborough	1220	135
Southern Mallee	1378	153
Tumby Bay	2019	288
Yankalilla	4277	475

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 will see the Council reduce Councillor representation from 9 to 7 and abolish wards to become a district from the November 2018 elections.

General Information

Senior Executive Officers – Register of Salaries

Title of Position	Classification	Other Benefits/ Packages
Chief Executive Officer	Contract Agreement	Private use of vehicle; Telephone Council pay rental, business STD calls and half-local calls; Professional Development \$4,000; Superannuation 11.5%; Annual Leave 6 weeks per annum
Manager Corporate Services	Wage – MOA-SA	Private use of vehicle
Works Manager	Wage – MOA-SA	Private use of vehicle
Manager Building and Regulatory Services	Wage – MOA-SA	Private use of vehicle

General Information

Competitive Tendering

The 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. The Council aims to ensure that its methods of purchasing goods and services are cost effective and meet the needs of the community.

Use of local goods and services

The Council is committed to identifying opportunities for improved outcomes when acquiring goods and services. The 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 the Southern Mallee District Council 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

Equal Employment

Environment Free from Discrimination

The Southern Mallee District Council is committed to a policy of equal opportunity in employment.

The Council accepts that it has a 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 will act 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.



General Information

Elected Member Training

2016

Nil

Staff Training

2017

Manual Handling

Records Management – LG Classification and General Disposal Schedule 20

Fire & Safety Awareness

Prescribed Officer Training

Records Management Fundamentals

CPR Updates and First Aid

Certificate III in Business – Regional Youth Traineeship Program funded and supported by the Minister for Regional Development Minister Geoff Brock

2018

Emergency Management Operations

Work zone Traffic Management

Grader & Excavator Training

Dog Handling

Certificate IV in WHS

Risk Management Awareness

Executive & Personal Assistants Forum

Leadership by Design

Hecklers or Influencers

Preventing Social Media Trainwrecks

Asset Management Plans

Long Term Financial Plans

Audit Committees

Voters Roll Compilation Information Session

Caretaker Policy Information Session

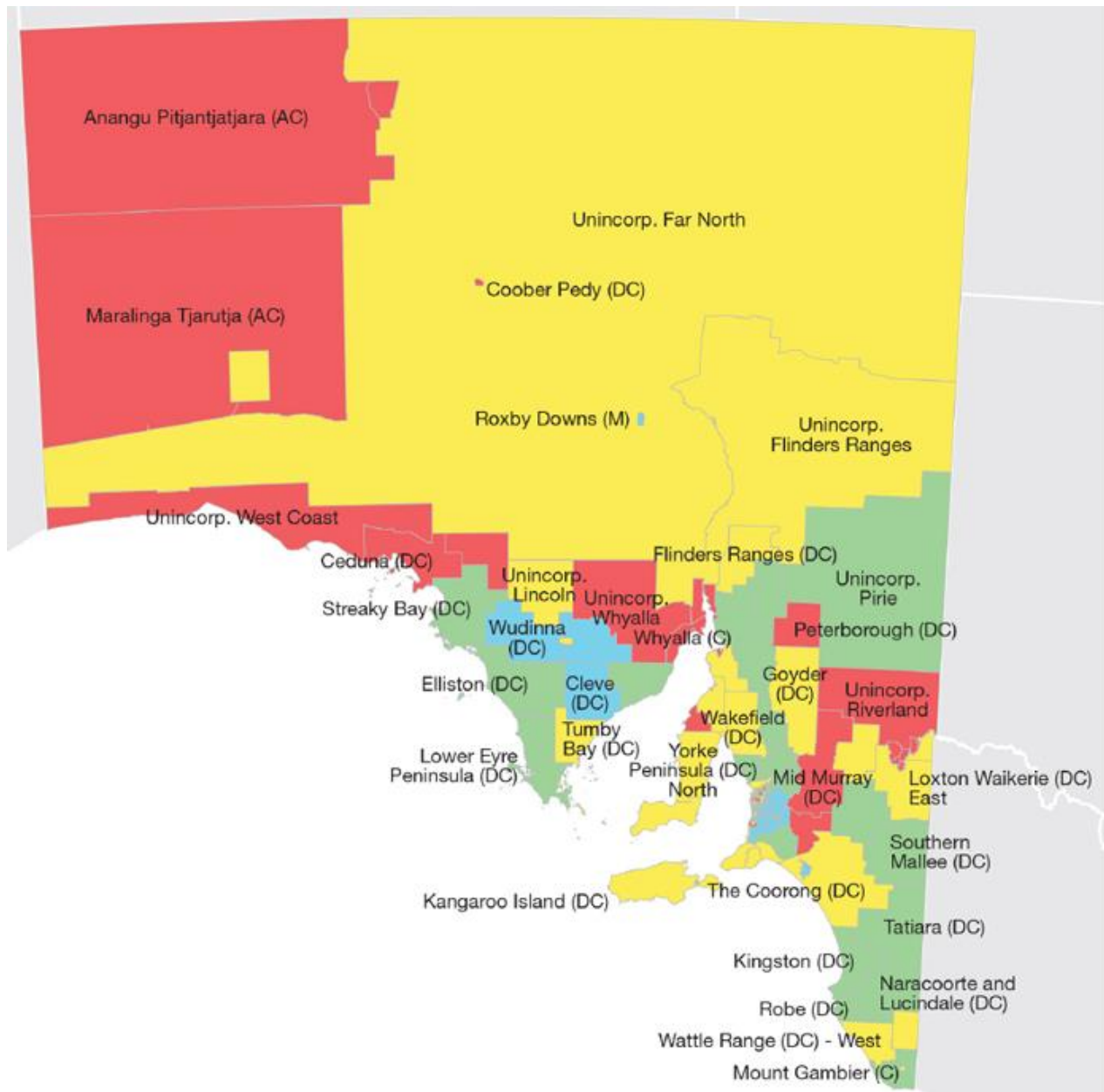
IT Vision End of Financial Year Training – Finance

IT Vision End of Financial Year Training – Payroll



General Information

Regional Map



General Information

Council boundaries



General Information

Overview

Principal Member	Mayor Cr Andrew Grieger
Chief Executive Officer	Jason Taylor
Staff	68

Key Measurements

Total area	6,000 square kilometers
Rateable properties	1701
Road length	1,342 kilometres
Sealed road length	125 kilometres

Key Locations

Services Centres	Pinnaroo and Lameroo
Libraries	Geranium, Lameroo and Pinnaroo
Community Centres	Geranium, Lameroo, Parilla, Pinnaroo

Communication

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

Rating Policy Framework

Valuer-General Valuations as at 30 June 2018

Category	2016 2017 Capital Value	CV Movement	No Properties	2017 2018 Capital Values	
				Capital Value	% Change
Non Rateable	18,658,900	-68,500	307	18,590,400	-0.37%
Lameroo Town	9,428,000	103,000	90	9,531,000	1.09%
Geranium Town	890,900	33,000	18	923,900	3.70%
Parrakie Town	420,300	0	14	420,300	0.00%
Lameroo	201,420,800	1,068,400	492	202,489,200	0.53%
Parilla Town	1,671,000	0	29	1,671,000	0.00%
Pinnaroo Town	11,769,000	73,100	138	11,842,100	0.62%
Pinnaroo	142,416,800	-26,000	370	142,390,800	-0.02%
Town Other	56,264,500	928,400	523	57,192,900	1.65%
Totals	442,940,200	2,111,400	1,981	445,051,600	0.48%

Rating Model

Total Rate Revenue by Region

Period	2016 2017		2017 2018		Increase
Region - Township	\$218,605	7%	\$224,515	7%	3%
Region - Rural	\$2,531,471	79%	\$2,576,018	79%	2%
Region - Town Other	\$448,466	14%	\$462,924	14%	3%
Total	\$3,198,542	100%	\$3,263,457	100%	2%

Rating Policy Framework

Rating Model

Total Rate Revenue by Community

Community	2016 2017	2017 2018	Variation
Lameroo Township	82,289	84,692	2.92%
Geranium Township	9,825	10,076	2.55%
Parrakie Township	7,210	7,358	2.06%
Parilla Township	14,993	15,309	2.11%
Pinnaroo Township	104,288	107,080	2.68%
Lameroo Rural	1,481,928	1,511,787	2.01%
Pinnaroo Rural	1,049,543	1,064,231	1.40%
Town Other	448,466	462,924	3.22%
Total Rate Revenue	\$3,198,542	\$3,263,457	2.03%

Rate in the Dollar by Region

Region	2016 2017	2017 2018	Variation
Township	0.008277	0.008450	2.05%
Rural	0.007297	0.007400	1.39%
Town Other	0.007297	0.007400	1.39%

Rating Policy Framework

Rating Model

Community Wastewater Management System Service Charges

Description	Charge 2016 2017	Charge 2017 2018	Income
Effluent Charge	\$572	\$582	\$434,420
Less Vacant Land Effluent Rebates	\$286	\$290	-\$20,590
Less Discretionary Rebates			-\$1,740
Forecast Income	\$412,090		
Less Rebates	\$89		
Scheme balance as at 30 June 2018	\$412,001		

Method Used to Value Land

The Council may adopt one of three valuation methodologies to value land and improvements in the community and include;

- Capital Value being the value of the land and all the improvements on the land.
- Site Value being the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- Annual Value being a valuation of the rental potential of the property.

Rating Policy Framework

Method Used to Value Land

The Council has determined to continue to use capital values as the basis for valuing land within the Council area as the Council believes this method provides the fairest method of distributing the rate burden across all ratepayers on the following basis;

- The equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth.
- Property value is a relatively good indicator of wealth and capital value, which closely approximates the market value of a property and provides the best indicator of overall property value.
- The distribution of property values throughout the Council area is such that few residential ratepayers will pay significantly more than the average level of rates payable per property.

Adoption of Valuations

A Council may employ or engage a valuer to value the land in the area or it may use the valuations provided by the Valuer-General, or it may use a combination of both subject to certain restrictions.

The Valuer-General is a statutory officer appointed by the Governor.

The Council has adopted the most recent valuations made by the Valuer-General.

If a ratepayer is dissatisfied with the valuation made by the Valuer-General then the ratepayer may object to the Valuer-General in writing, within 60 days of receiving the notice of the valuation, explaining the basis for the objection, provided they have not:

- Previously received a notice of this valuation under the Local Government Act, in which case the objection period is 60 days from the receipt of the first notice; or
- Previously had an objection to the valuation considered by the Valuer-General.

It is to be noted, however that regardless of the 60 day limitation period before lodging an objection to the valuation the Valuer-General may, for good reason, determine to accept an objection lodged outside this time period.

Rating Policy Framework

Objection to Valuation

A person may object to a valuation of the Valuer-General by notice in writing, setting out the reasons for the objections, and the Valuer-General must consider the objection.

If the person then remains dissatisfied with the valuation the person has a right to a review.

Applications must be made within 21 days of receipt of the notice of the decision (in relation to the objection) from the Valuer-General.

A payment of the prescribed fee for the review to be undertaken together with the review application must be lodged in the State Valuation Office, who will then refer the matter to an independent Valuer.

If the person remains dissatisfied with the valuation then they have a right of appeal to the Land and Valuation Court (Section 24, 25A, 25B & 25C of the Valuation of Land Act 1971).

The address of the State Valuation Office is 101 Grenfell Street, Adelaide SA 5000 (GPO Box 1354, Adelaide SA 5001) and the telephone number is 1300 653 346 (General Enquiries) 1300 653 345 (Objections enquiries).

Special Note

The Council has no role in the process of considering an objection to a valuation.

Also, it is important to note the lodgment of an objection does not change the due date for the payment of rates.

Rating Policy Framework

Notional Values

Certain properties may be eligible for a notional value, where the property is the principal place of residence of a ratepayer, under the Valuation of Land Act 1971.

This relates to some primary production land or where there is State heritage recognition.

Any owner that believes that they are entitled to a 'notional value' must apply in writing to the State Valuation Office.

Business Impact Statement

The Council has considered the impact of rates on businesses in the Council area, including primary production.

In considering the impact, Council assessed the following matters:

- Those elements of the Council's strategic plans relating to business development.
- Local, Regional, State, National and as appropriate International Economic Influencers.
- Specific issues faced by the Southern Mallee community.
- Immediate, short and medium term projects and initiatives that will principally benefit industry and business development.
- Movement in the Consumer Price Index (CPI) and other relevant indices.
- Valuation changes in commercial and industrial properties compared with valuation changes in residential properties in the region.
- Council through elected member's consultation with ratepayers.
- The equitable distribution of the rate burden between classes of ratepayers who receive broadly comparable services and are generally similarly impacted upon by prevailing economic conditions.

Rating Policy Framework

Business Impact Statement

Council's policy on facilitating local economic development preference for local suppliers where price, quality and service provision are comparable to suppliers outside the Council area.

Council has considered incentives for attracting new business and has adopted the following policy;

' That Council provide a full rebate on rates on increased capital improvements for five years on new business premises if the business employs 3 or more persons and that Council is receptive to additional incentives on an individual application basis '

Council's Revenue Raising Powers

All land within a Council area, except for land specifically exempt, that is Crown land, Council occupied land and other land prescribed in the Local Government Act – refer Section 147 of the Act, is rateable.

The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate, which applies to all rateable properties, or through differential general rates, which apply to classes of properties.

In addition, Council can raise separate rates, for specific areas of the Council or service rates or charges for specific services.

The Council also raises revenue through fees and charges, which are set giving consideration to the cost of the service provided and any equity issues.

The list of applicable fees and charges is available at the Southern Mallee District Council Day Street Pinnaroo or on our website: www.southernmallee.sa.gov.au.

A Goods and Services Tax at a rate determined under the Goods and Services Tax Act 1999 will be charged on those fees not given exemption under the Act.

Rating Policy Framework

Differential General Rates

The 2017/2018 Annual Business Plan proposes to raise rate revenue of \$3.26m in a total operating revenue budget of \$6.64m.

The Council has determined to impose a differential general rates on the following classes of properties:

A general rate in the dollar of .008450 for all properties located in Townships.

A general rate in the dollar of .007400 for other properties located in Lameroo, Geranium, Parrakie, Parilla and Pinnaroo.

A general Rate in the dollar of .007400 for all other rateable land in the district.

By applying these differential rates to the valuations provided by the Valuer General as at 30 June 2017, the Council intends to raise \$224,515 from the towns as well as \$3,038,942 from other rateable land.

This represents a 2% increase on the amounts raised last year.

The Council has assessed the need for a differential rate based on the varying levels of service delivery and degrees of access to town services, such as waste management, footpaths, street lighting, recreation facilities and playgrounds.

Land Use

Land use is a factor to levy differential rates.

If a ratepayer believes that a particular property has been wrongly classified by the Council as to its land use, then the ratepayer may object to that land use (to the Council) within 60 days of being notified.

The objection must set out the basis for the objection and details of the land use that, in the opinion of the ratepayer, should be attributed to that property.

The Council may then decide the objection as it sees fit and notify the ratepayer.

A ratepayer also has the right to appeal against the Council's decision to the Land and Valuation Court.

Special Note

It is important to note the lodgment of an objection does not change the due date for the payment of rates.

Rating Policy Framework

Minimum Rate

A Council may impose a minimum rate, if it has not imposed a fixed charge, to ensure all Ratepayers contribute equitably towards the provision of basic services at a reasonable level.

Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer.

Where a Council imposes a minimum rate it must not apply to more than 35% of properties in the Council area.

The Council has decided to impose a minimum rate of \$547.

Natural Resources Management (NRM) Levy

The Southern Mallee District Council is within the area covered by the South Australian Murray Darling Basin Natural Resources Management Board and is required under the Natural Resources Management Act 2004 to fund the operations of the Board.

The Council satisfies this obligation by imposing a separate rate against rateable properties within its area based on the Capital Value of rateable land.

Within the Annual Business Plan, the revenue to be collected is \$110,000.

The Southern Mallee District Council is operating as a revenue collector for the South Australian Murray Darling Basin Natural Resources Management Board in this regard.

Revenue from this levy is not retained by the Council, nor does the Council determine how the revenue is to be invested and acquitted.

Rating Policy Framework

Service Charge

As set out in Section 155 (2) of the Local Government Act 1999, the Council imposes an annual service charge on properties in Lameroo and Pinnaroo for the Community Wastewater Management Schemes to meet the operational and capital costs of the schemes.

The Council will recover this cost through an annual service charge of \$580 per unit occupied land and \$290 per unit vacant land per rateable assessment.

Where the service is provided to non-rateable land, a service charge is levied against the land.

Mobile Garbage Bin

Council has introduced a new Mobile Garbage Bin (MGB) collection annual service charge for 2017 2018 as a result of increasing costs to collect and treat solid waste.

MGB SERVICE CHARGES

Description	Charge
First MGB Collection	\$190
Additional MGB Collection	\$150

Each MGB collection consists of one (1) 240 litre solid waste bin collected weekly and one (1) 240 litre recycle bin collected monthly.

State Government Concessions

Department for Families and Communities administers Council Rate concessions available to a range of eligible ratepayers receiving State and Commonwealth allowances.

If you are a low income earner who meets the Departments threshold apply through the DFC Hotline 1800 307 758.

For more information visit www.sa.gov.au/concessions

Rating Policy Framework

Postponement of Rates – Seniors

Ratepayers who hold a State seniors card or who are eligible to hold a State Seniors card and have applied for one are able to apply to Council to postpone payment of rates on their principal place of residence.

Postponed rates remain as a charge on the land and are not required to be repaid until the property is sold or disposed of.

Interest, at the rate prescribed in the Local Government Act 1999, will be charged and compounded monthly on the total amount postponed, until the debt is paid.

Rebate of Rates

The Local Government Act requires Councils to rebate the rates payable on some land.

Specific provisions are made for land used for health services, community services, religious purposes, public cemeteries and educational institutions.

Discretionary rebates may be applied by the Council under Section 166 of the Act.

The Council has adopted the following policy in relation to the rebate of rates:

The Council also provides a Rate Rebate for the 2017/2018 year pursuant to Division 5 of the Local Government Act 1999 to achieve the following;

- That a maximum rate of \$410 be applied to any vacant unused land.

Rating Policy Framework

Sale of Land for Non-payment of Rates

The Local Government Act 1999 (Section 184) provides that Council may sell any property where the rates have been in arrears for three years or more.

The Council is required to provide the principal ratepayer and the owner (if not the same person) with details of the outstanding amounts and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month.

Payment of Rates

Council rates are billed quarterly in accordance with the Local Government Act 1999. The instalment due dates are proposed to be 4 September 2017, 4 December 2017, 5 March 2018 and 4 June 2018.

Council Rates may be paid by telephone, internet using the BPay through participating banks, by mail to PO Box 49, Pinnaroo SA 5304 and or in person or by EFTPOS using a savings or cheque account and or a credit card.

The due dates for payments are shown on the front of the rate notice. Ratepayers unable to pay their rates by the quarterly billing due dates may apply to the Council to arrange an alternative payment option in accordance with Chapter 10 of the Local Government Act 1999.

Discount for Early Payment of Rates

The Council will provide a discount of 5% on the general rate only to any ratepayer who pays their rates in full by 4 September 2017.

Rating Policy Framework

Late Payment of Rates

The Local Government Act provides that Councils impose a penalty of 2% on any payment for rates, whether instalment or otherwise, that is received late.

A payment that continues to be late is then charged an interest rate, set each year according to a formula in the Act, for each month it continues to be late.

The purpose of this penalty is to act as a genuine deterrent to ratepayers who might otherwise fail to pay their rates on time, to allow Councils to recover the administrative cost of following up unpaid rates and to cover any interest cost the Council may meet because it has not received the rates on time.

The Council imposes late payment penalties strictly in accordance with the Local Government Act.

The Council has adopted the following policies in respect of due dates and unpaid rates:

- Payments received in the mail on the day after the last day nominated by the Council to pay any debt to the Council will be treated as being received on the last day nominated to pay any debt provided that the requirements of the Interpretation Act are also considered where the last day to pay falls on a Saturday, Sunday, Public Holiday or Grace Day granted to employees by the Council, resulting from the Council's offices being closed.
- That Council do not remit fines raised on outstanding rates, unless for exceptional circumstances that may include circumstances as death, medical and health conditions.
- When the Council receives a payment in respect of overdue rates the Council applies the money received as follows:

Firstly, to satisfy any costs awarded in connection with court proceedings, and

Secondly, to satisfy any interest costs, and

Thirdly, in payment of any fines imposed, and

Fourthly, in payment of rates, in date order of their imposition, starting with the oldest account first.

Financial Statements

2017 / 2018 Annual Financial Statements

Appendix A

SOUTHERN MALLEE DISTRICT COUNCIL

General Purpose Financial Reports for the year ended 30 June 2018

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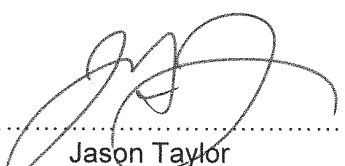
SOUTHERN MALLEE DISTRICT COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

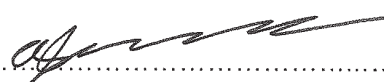
CERTIFICATION OF FINANCIAL STATEMENTS

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

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



.....
Jason Taylor
CHIEF EXECUTIVE OFFICER



.....
Andrew Grieger
MAYOR

Date: 21/11/2018

SOUTHERN MALLEE DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
INCOME			
Rates	2	3,900,595	3,805,915
Statutory charges	2	57,193	54,396
User charges	2	424,001	481,869
Grants, subsidies and contributions	2	2,894,002	3,761,936
Investment income	2	52,746	29,326
Reimbursements	2	167,130	141,881
Other income	2	165,239	179,682
Total Income		7,660,906	8,455,005
EXPENSES			
Employee costs	3	2,319,948	2,342,241
Materials, contracts & other expenses	3	2,033,747	1,890,552
Depreciation, amortisation & impairment	3	2,538,427	2,411,123
Finance costs	3	135,358	156,492
Total Expenses		7,027,480	6,800,408
OPERATING SURPLUS / (DEFICIT)		633,426	1,654,597
Asset disposal & fair value adjustments	4	52,122	12,510
Amounts received specifically for new or upgraded assets	2	734,000	865,667
NET SURPLUS / (DEFICIT)		1,419,548	2,532,774
transferred to Equity Statement			
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	87,082	6,894,028
Total Other Comprehensive Income		87,082	6,894,028
TOTAL COMPREHENSIVE INCOME		1,506,630	9,426,802

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

SOUTHERN MALLEE DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,335,330	2,265,129
Trade & other receivables	5	553,187	473,831
Inventories	5	88,971	88,929
Total Current Assets		3,977,488	2,827,889
Non-current Assets			
Financial assets	6	59,000	59,000
Infrastructure, property, plant & equipment	7	62,459,327	62,453,763
Total Non-current Assets		62,518,327	62,512,763
Total Assets		66,495,815	65,340,652
LIABILITIES			
Current Liabilities			
Trade & other payables	8	398,484	491,653
Borrowings	8	279,978	298,408
Provisions	8	608,716	571,159
Total Current Liabilities		1,287,178	1,361,220
Non-current Liabilities			
Borrowings	8	1,402,915	1,682,893
Provisions	8	17,153	14,600
Total Non-current Liabilities		1,420,068	1,697,493
Total Liabilities		2,707,246	3,058,713
NET ASSETS		63,788,569	62,281,939
EQUITY			
Accumulated Surplus		12,999,907	11,762,026
Asset Revaluation Reserves	9	50,221,784	50,134,702
Other Reserves	9	566,878	385,211
TOTAL EQUITY		63,788,569	62,281,939

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 2018

		Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
2018	Notes	\$	\$	\$	\$
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					
Gain on revaluation of infrastructure, property, plant & equipment	9		87,082		87,082
Transfers between reserves	9	(181,667)		181,667	-
Balance at end of period		12,999,907	50,221,784	566,878	63,788,569
2017					
Balance at end of previous reporting period		9,317,500	43,240,674	296,963	52,855,137
Restated opening balance		9,317,500	43,240,674	296,963	52,855,137
Net Surplus / (Deficit) for Year		2,532,774			2,532,774
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment	9		6,894,028		6,894,028
Transfers between reserves	9	(88,248)		88,248	-
Balance at end of period		11,762,026	50,134,702	385,211	62,281,939

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 2018

	Notes	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other		3,823,716	3,846,090
Fees & other charges		62,912	58,717
User charges		489,680	518,078
Investment receipts		45,515	26,101
Grants utilised for operating purposes		3,183,402	4,044,081
Reimbursements		183,843	156,069
Other revenues		183,972	300,055
<u>Payments</u>			
Employee costs		(2,267,744)	(2,586,803)
Materials, contracts & other expenses		(2,533,355)	(2,126,833)
Finance payments		(138,701)	(160,829)
Net Cash provided by (or used in) Operating Activities	11	3,033,240	4,074,726
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		734,000	865,667
Sale of replaced assets		342,250	158,382
Repayments of loans by community groups		6,156	10,126
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,216,311)	(1,730,648)
Expenditure on new/upgraded assets		(1,530,726)	(1,628,496)
Net Cash provided by (or used in) Investing Activities		(1,664,631)	(2,324,969)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Payments</u>			
Repayments of borrowings		(298,408)	(338,442)
Net Cash provided by (or used in) Financing Activities		(298,408)	(338,442)
Net Increase (Decrease) in cash held		1,070,201	1,411,315
Cash & cash equivalents at beginning of period	11	2,265,129	853,814
Cash & cash equivalents at end of period	11	3,335,330	2,265,129

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 2018

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian 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:

SOUTHERN MALLEE DISTRICT COUNCIL

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

Note 1 - Significant Accounting Policies (cont)

	Cash Payment Received	Annual Allocation	Difference	
2015/16	\$730,979	\$1,526,639	+ / -	(\$795,650)
2016/17	\$2,288,039	\$1,510,276	+ / -	\$777,763
2017/18	\$1,565,852	\$1,524,277	+ / -	\$41,575

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 forms part of Note 13.

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 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.

SOUTHERN MALLEE DISTRICT COUNCIL

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

Note 1 - Significant Accounting Policies (cont)

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.

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 oncosts) measured in accordance with AASB 119.

SOUTHERN MALLEE DISTRICT COUNCIL

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

Note 1 - Significant Accounting Policies (cont)

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

Weighted average discount rate	2.31% (2017, 2.09%)
Weighted average settlement period	1 year (2017, 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 Pending Accounting Standards

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

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

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

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

Council is of the view that other than AASB 16 and AASB 1058, none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

Accounting Standard AASB 16 *Leases* may have a material effect on the amounts disclosed in these reports, particularly in relation to Infrastructure, Property, Plant & Equipment, but does not commence until the 2019/20 financial period, and it is not Council's intention to adopt this Standard early.

Accounting Standard AASB 1058 *Income of Not-for-Profit Entities* may have a material effect on the amounts disclosed in these reports, particularly in relation to the timing of revenues from grants & subsidies, but does not commence until the 2019/20 financial period, and it is not Council's intention to adopt this Standard early.

SOUTHERN MALLEE DISTRICT COUNCIL

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

Note 2 - INCOME

	Notes	2018 \$	2017 \$
RATES REVENUES			
<u>General Rates</u>		3,264,138	3,198,544
Less: Mandatory rebates		(2,944)	(2,899)
Less: Discretionary rebates, remissions & write offs		(72,394)	(77,543)
		3,188,800	3,118,102
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		110,416	110,655
Waste collection		158,607	145,881
Community wastewater management systems		412,001	401,037
		681,024	657,573
<u>Other Charges</u>			
Penalties for late payment		30,771	30,240
		30,771	30,240
		3,900,595	3,805,915
STATUTORY CHARGES			
Development Act fees		19,858	16,098
Town planning fees		11,516	19,715
Health & Septic Tank Inspection fees		2,202	3,489
Animal registration fees & fines		18,557	10,728
Property Search Fees		5,060	4,366
		57,193	54,396
USER CHARGES			
Cemetery/crematoria fees		17,786	16,473
Health Care Centres		7,598	4,661
Mallee Mobile Childcare Service		137,603	138,709
Waste Transfer Fees		13,915	13,815
Council Housing Rents		14,840	27,064
Aged Care Rentals		18,846	24,494
Museum Entry Charges		5,246	5,469
Sport & Recreation Charges		17,419	12,070
Swimming Pools		31,310	29,901
Parilla Accomodation		128,777	170,579
Hall & equipment hire		25,080	30,597
Sundry		5,581	8,037
		424,001	481,869
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		52,285	28,321
Banks & other		461	1,005
		52,746	29,326

SOUTHERN MALLEE DISTRICT COUNCIL

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

NOTE 2 - INCOME (continued)

	2018	2017
Notes	\$	\$
REIMBURSEMENTS		
Private Works	32,538	24,972
Immunisations	714	1,004
Drummuster & Karoonda Rubbish Collection	101,279	94,722
Sport & Recreation Other	953	1,219
Other	31,646	19,964
	<u>167,130</u>	<u>141,881</u>
OTHER INCOME		
Fire Prevention	1,477	1,595
Mallee COGS	27,000	27,510
Garbage	9,705	1,868
Halls	3,140	5,124
Museums	759	1,149
Swimming Pools	7,104	5,273
Plant and Fuel Rebate	38,372	44,254
Donations	1,469	2,988
Sundry	76,213	89,921
	<u>165,239</u>	<u>179,682</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS		
Amounts received specifically for new or upgraded assets	734,000	865,667
Other grants, subsidies and contributions		
Untied - Financial Assistance Grant	1,766,898	2,288,039
Roads to Recovery	575,044	937,000
Childcare	549,494	527,699
Sundry	2,566	9,198
	<u>2,894,002</u>	<u>3,761,936</u>
	<u>3,628,002</u>	<u>4,627,603</u>
<i>The functions to which these grants relate are shown in Note 12.</i>		
Sources of grants		
Commonwealth government	1,124,538	1,464,699
State government	2,502,757	3,162,904
Other	707	-
	<u>3,628,002</u>	<u>4,627,603</u>

SOUTHERN MALLEE DISTRICT COUNCIL

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

Note 3 - EXPENSES

	Notes	2018 \$	2017 \$
EMPLOYEE COSTS			
Salaries and Wages		2,029,770	1,943,284
Employee leave expense		157,913	268,211
Superannuation - defined contribution plan contributions	17	143,644	160,528
Superannuation - defined benefit plan contributions	17	51,924	53,207
Workers' Compensation Insurance		110,883	115,303
Less: Capitalised and distributed costs		(174,186)	(198,292)
Total Operating Employee Costs		2,319,948	2,342,241
 Total Number of Employees		 31	 34
<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		16,870	16,160
Elected members' expenses		101,076	107,590
Subtotal - Prescribed Expenses		<u>117,946</u>	<u>123,750</u>
 <u>Other Materials, Contracts & Expenses</u>			
Contractors		568,461	666,757
Maintenance		817,048	766,410
Levies paid to government - NRM levy		109,807	110,804
Community Grants		46,601	45,086
Sundry		373,884	177,745
Subtotal - Other Materials, Contracts & Expenses		<u>1,915,801</u>	<u>1,766,802</u>
		<u>2,033,747</u>	<u>1,890,552</u>
 DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		344,819	343,422
Infrastructure Transport		1,594,267	1,471,860
Infrastructure Stormwater		50,291	50,290
Infrastructure Common Effluent		128,102	128,975
Infrastructure Other		32,751	29,173
Library Books		-	44
Plant, Machinery & Equipment		370,675	359,695
Furniture and Fittings		11,684	11,789
Other Assets		5,838	15,875
		<u>2,538,427</u>	<u>2,411,123</u>
 FINANCE COSTS			
Interest on Loans		135,358	156,492
		<u>135,358</u>	<u>156,492</u>

SOUTHERN MALLEE DISTRICT COUNCIL

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

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2018	2017
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	342,250	158,382
Less: Carrying amount of assets sold	<u>290,128</u>	<u>145,872</u>
Gain (Loss) on disposal	<u>52,122</u>	<u>12,510</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	<u>52,122</u>	<u>12,510</u>

SOUTHERN MALLEE DISTRICT COUNCIL

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

Note 5 - CURRENT ASSETS

	2018	2017
	Notes	
CASH & EQUIVALENT ASSETS	\$	\$
Cash on Hand and at Bank	7,542	7,454
Deposits at Call	3,327,788	2,257,675
	<u>3,335,330</u>	<u>2,265,129</u>
 TRADE & OTHER RECEIVABLES		
Rates - General & Other	458,747	381,868
Accrued Revenues	14,654	7,423
Debtors - general	40,882	64,161
GST Recoupment	38,904	14,223
Loans to community organisations	-	6,156
	<u>553,187</u>	<u>473,831</u>
 INVENTORIES		
Stores & Materials	54,576	54,522
Trading Stock	34,395	34,407
	<u>88,971</u>	<u>88,929</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.

SOUTHERN MALLEE DISTRICT COUNCIL

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

Note 6 - NON-CURRENT ASSETS

		2018	2017
FINANCIAL ASSETS			
Receivables	Notes	\$	\$
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 2018

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Fair Value Level		2017 \$				2018 \$			
		AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
	2	445,000	-	-	445,000	445,000	-	-	445,000
Land - Other	3	3,583,900	-	-	3,583,900	1,877,200	-	-	1,877,200
Land - Community	3	-	-	-	-	1,187,000	-	-	1,187,000
Land Improvements	2	2,598,900	-	(45,416)	2,553,484	2,598,900	-	(91,032)	2,507,868
Buildings & Other Structures	3	17,733,500	-	(11,272,250)	6,461,250	17,733,500	211,903	(11,571,453)	6,373,950
Buildings & Other Structures	3	56,155,848	4,047,802	(19,825,671)	40,377,979	56,155,848	5,945,019	(21,419,939)	40,680,928
Infrastructure Transport	3	1,158,328	1,589,757	(975,902)	1,772,183	4,440,280	-	(2,111,606)	2,328,674
Infrastructure Stormwater	3	7,670,757	-	(4,426,456)	3,244,301	7,670,757	-	(4,554,558)	3,116,199
Infrastructure Common Effluent	3	-	874,686	(263,404)	611,282	-	885,467	(296,155)	589,312
Infrastructure Other	3	-	5,711,254	(2,439,327)	3,271,927	-	5,363,641	(2,125,380)	3,238,261
Plant, Machinery & Equipment		-	305,093	(190,596)	114,497	-	305,093	(202,280)	102,813
Furniture and Fittings		-	250,866	(232,906)	17,960	-	250,866	(238,744)	12,122
Other Assets									
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		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		84,573,248	11,573,790	(41,389,452)	54,757,586	89,346,233	12,779,458	(39,671,928)	62,453,763

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 2018

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR							2018 \$	
	2017 \$ CARRYING AMOUNT	Additions		Disposals	Depreciation	Transfers			Net Revaluation
		New/Upgrade	Renewals			In	Out		
Land - Other	445,000	-	-	-	-	-	-	-	445,000
Land - Community	3,583,900	-	-	-	-	-	(1,187,000)	(519,700)	1,877,200
Land Improvements	-	-	-	-	-	1,187,000	-	-	1,187,000
Buildings & Other Structures	2,553,484	-	-	-	(45,616)	-	-	-	2,507,868
Buildings & Other Structures	6,461,250	-	211,903	-	(299,203)	-	-	-	6,373,950
Infrastructure Transport	40,377,979	1,519,945	377,271	-	(1,594,267)	-	-	-	40,680,928
Infrastructure Stormwater	1,772,183	-	-	-	(50,291)	-	-	606,782	2,328,674
Infrastructure Common Effluent	3,244,301	-	-	-	(128,102)	-	-	-	3,116,199
Infrastructure Other	611,282	10,781	-	-	(32,751)	-	-	-	589,312
Plant, Machinery & Equipment	3,271,927	-	627,137	(290,128)	(370,675)	-	-	-	3,238,261
Furniture and Fittings	114,497	-	-	-	(11,684)	-	-	-	102,813
Other Assets	17,960	-	-	-	(5,838)	-	-	-	12,122
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	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
Comparatives	54,757,586	1,628,496	1,730,648	(145,872)	(2,411,123)	2,521,394	(2,521,394)	6,894,028	62,453,763

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 2018

Note 7 (cont) – 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.

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

SOUTHERN MALLEE DISTRICT COUNCIL

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

Note 7 – Property, Plant & Equipment (cont)

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

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 of 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 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.

SOUTHERN MALLEE DISTRICT COUNCIL

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

Note 7 – Property, Plant & Equipment (cont)

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 re-valued at depreciated current replacement cost during the reporting period ended 1 July 2016 by Wallbridge Gilbert Aztec (WGA) acquisitions made after the respective dates of valuation are recorded at cost.

Infrastructure Other includes recreational assets such as street furniture, parks and gardens 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 2018

Note 8 - LIABILITIES

		2018		2017	
		\$		\$	
	Notes	Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		262,236	-	364,681	-
Accrued expenses - employee entitlements		110,544	-	98,450	-
Accrued expenses - other		25,129	-	28,472	-
Other		575	-	50	-
		398,484	-	491,653	-
BORROWINGS					
Loans		279,978	1,402,915	298,408	1,682,893
		279,978	1,402,915	298,408	1,682,893
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Annual Leave (including oncosts)		286,647	-	257,148	-
Long Service Leave (including oncosts)		322,069	17,153	314,011	14,600
		608,716	17,153	571,159	14,600

SOUTHERN MALLEE DISTRICT COUNCIL

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

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1-7-2017	Net Increments (Decrements)	Transfers, Impairments	30-6-2018
	Notes	\$	\$	\$
Land		2,643,495	(519,700)	-
Buildings & Other Structures		8,150,938	-	-
Infrastructure Transport		38,570,620	-	-
Infrastructure CWMS		769,649	-	-
Infrastructure Transport		-	606,782	-
TOTAL		50,134,702	87,082	-
<i>Comparatives</i>		<i>43,240,674</i>	<i>6,894,028</i>	<i>-</i>

OTHER RESERVES	1-7-2017	Transfers to Reserve	Transfers from Reserve	30-6-2018
Long Service Leave	275,000	-	-	275,000
Reserve - Childcare Services	110,211	181,667	-	291,878
TOTAL OTHER RESERVES	385,211	181,667	-	566,878
<i>Comparatives</i>	<i>296,963</i>	<i>88,248</i>	<i>-</i>	<i>385,211</i>

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 the future cash requirements of staff leaving Council

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 2018

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.

		2018	2017
CASH & FINANCIAL ASSETS	Notes	\$	\$
Unexpended amounts received from Federal Government			
Mallee Childcare Service		221,791	110,211
		<u>221,791</u>	<u>110,211</u>

SOUTHERN MALLEE DISTRICT COUNCIL

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

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	2018 \$	2017 \$
Total cash & equivalent assets	5	3,335,330	2,265,129
Balances per Cash Flow Statement		<u>3,335,330</u>	<u>2,265,129</u>

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

Net Surplus (Deficit)	1,419,548	2,532,774
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	2,538,427	2,411,123
Net increase (decrease) in unpaid employee benefits	52,204	(129,259)
Grants for capital acquisitions treated as Investing Activity	(734,000)	(865,667)
Net (Gain) Loss on Disposals	<u>(52,122)</u>	<u>(12,510)</u>
	3,224,057	3,936,461
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(85,512)	10,749
Net (increase) decrease in inventories	(42)	(20,349)
Net increase (decrease) in trade & other payables	(105,263)	159,815
Net increase (decrease) in other liabilities	-	(11,950)
Net Cash provided by (or used in) operations	<u>3,033,240</u>	<u>4,074,726</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

SOUTHERN MALLEE DISTRICT COUNCIL

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

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	2018	2017	2018	2017	
2018	2017	2018	2017	2018	2017	\$	\$	\$	\$	
23,492	16,925	67,243	64,181	(43,751)	(47,256)	-	-	-	-	-
11,577	10,229	42,074	35,480	(30,497)	(25,251)	1,063	1,075	-	-	-
714,097	693,908	599,075	606,681	115,022	87,227	549,494	527,699	-	-	-
760,739	747,313	935,328	829,996	(174,589)	(82,683)	-	-	5,551,894	5,685,709	5,685,709
94,406	110,715	849,884	920,402	(755,478)	(809,687)	1,503	8,123	2,940,502	3,695,980	3,695,980
20,128	16,098	168,560	161,247	(148,432)	(145,149)	-	-	-	-	-
1,523,597	1,537,826	2,253,794	2,190,645	(730,197)	(652,819)	1,523,506	1,527,581	39,481,118	39,838,010	39,838,010
130,225	175,002	190,943	213,043	(60,718)	(38,041)	-	-	83,286	144,004	144,004
151,998	109,186	351,240	193,369	(199,242)	(84,183)	-	-	6,632,602	6,831,844	6,831,844
266	-	522,239	522,859	(521,973)	(522,859)	-	-	-	-	-
1,224	1,236	885,826	951,701	(884,602)	(950,465)	-	-	-	-	-
4,229,157	5,036,567	161,274	110,804	4,067,883	4,925,763	818,436	1,697,458	11,806,413	9,145,105	9,145,105
7,660,906	8,455,005	7,027,480	6,800,408	633,426	1,654,597	2,894,002	3,761,936	66,495,815	65,340,652	65,340,652

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, amounts received specifically for new or upgraded assets.

SOUTHERN MALLEE DISTRICT COUNCIL

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

Note 12 (cont) - COMPONENTS OF FUNCTIONS

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 2018

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 1.5% and 1.5% (2017: 1.5% and 1.75%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
<p>Receivables - Rates & Associated Charges (including legals & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.</p>	<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 0.5625% (2017: 0.5833%) 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 rates between 5.63% and 7.92% (2017: 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 2018

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2018	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
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
Financial Liabilities					
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
2017	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	2,265,129	-	-	2,265,129	2,265,129
Receivables	91,963	-	59,000	150,963	150,963
Total	2,357,092	-	59,000	2,416,092	2,416,092
Financial Liabilities					
Payables	364,731	-	-	364,731	364,731
Current Borrowings	426,485	-	-	426,485	298,408
Non-Current Borrowings	-	1,296,741	774,422	2,071,163	1,682,893
Total	791,216	1,296,741	774,422	2,862,379	2,346,032

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

	30 June 2018		30 June 2017	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Fixed Interest Rates	6.802	1,682,893	6.72%	1,981,301
		<u>1,682,893</u>		<u>1,981,301</u>

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 2018

Note 14 - COMMITMENTS FOR EXPENDITURE

	2018	2017
<u>Notes</u>	\$	\$
Other Expenditure Commitments		
Other non-capital expenditure commitments at the reporting date but not recognised in the financial statements as liabilities:		
Audit Contract	44,170	60,330
Rubble Carting	-	300,000
Rubble Crushing	-	250,000
Cleaning Contract	38,862	67,000
Employment Contracts	-	455,000
	<u>83,032</u>	<u>1,132,330</u>
These expenditures are payable:		
Not later than one year	58,862	733,420
Later than one year and not later than 5 years	24,170	398,910
Later than 5 years	-	-
	<u>83,032</u>	<u>1,132,330</u>

SOUTHERN MALLEE DISTRICT COUNCIL

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

Note 15 - FINANCIAL INDICATORS

	2018	2017	2016
--	------	------	------

These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

The Information Paper was revised in May 2015 and the financial indicators for previous years have been re-calculated in accordance with the revised formulas.

Operating Surplus Ratio

<u>Operating Surplus</u>	8.3%	19.6%	(3.9%)
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>	-16%	3%	30%
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.*

Adjusted Operating Surplus Ratio	7.8%	10.4%	8.0%
Adjusted Net Financial Liabilities Ratio	(27%)	(7%)	27%

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	32%	116%	133%
Infrastructure & Asset Management Plan required expenditure			

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.

Council prepared its Infrastructure & Asset Management Plans with the best information available at that point in time. It has since become apparent that some capital expenditure within the Plans was classified as 'renewal of existing assets' rather than 'new and upgraded assets'. This misclassification has resulted in a much lower Asset Sustainability Ratio being reported than would be reported if the data in the Plan was recorded correctly. This situation will be corrected on the next review of the Infrastructure and Asset Management Plans.

SOUTHERN MALLEE DISTRICT COUNCIL

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

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

	2018 \$	2017 \$
Income	7,660,906	8,455,005
Expenses	<u>(7,027,480)</u>	<u>(6,800,408)</u>
Operating Surplus / (Deficit)	633,426	1,654,597
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(1,216,311)	(1,730,648)
Add back Depreciation, Amortisation and Impairment	2,538,427	2,411,123
Proceeds from Sale of Replaced Assets	<u>342,250</u>	<u>158,382</u>
	1,664,366	838,857
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	(1,530,726)	(1,628,496)
Amounts received specifically for New and Upgraded Assets	734,000	865,667
Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	<u>-</u>	<u>-</u>
	(796,726)	(762,829)
Net Lending / (Borrowing) for Financial Year	<u>1,501,066</u>	<u>1,730,625</u>

SOUTHERN MALLEE DISTRICT COUNCIL

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

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 2017/18; 9.50% in 2016/17). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

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

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

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

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

SOUTHERN MALLEE DISTRICT COUNCIL

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

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 Statement of Financial Position 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. BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$0 (2017: \$6,156) at reporting date.

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

4. 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 2018

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, 15 persons were paid the following total compensation:

	2018 \$	2017 \$
Salaries, allowances & other short term benefits	306,199.37	358,394.00
TOTAL	306,199.37	358,394.00

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

	2018 \$	2017 \$
Planning and building applications fees	3,782.40	-
TOTAL	3,782.40	-

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 \$49,000 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.

One 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 \$3,782.40.

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.

One Key Management Personnel is a member of the Murray Mallee Community Transport Scheme. In Accordance with the Local Government Act 1999, this person declares an interest in matters relating to Murray Mallee Community Transport Scheme. During the year the Murray Mallee Community Transport Scheme received a payment of \$10,134

One Key Management Personnel is a member of the Murray Mallee LAP Committee. In Accordance with the Local Government Act 1999, this person declares an interest in matters relating to the Murray Mallee LAP Committee.

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 2018

Note 19 - RELATED PARTY DISCLOSURES Continued

One Key Management Personnel is a member of the Lamerook Bowling Club. In Accordance with the Local Government Act 1999, these people declare an interest in matters relating to the Lamerook Bowling Club.

One Key Management Personnel is a member of Mallee Health Advisory Council Inc. In Accordance with the Local Government Act 1999, this person declares an interest in matters relating to Mallee Health Advisory Council Inc.

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

One Key Management Personnel is a member of the Pinnaroo Show Society. In Accordance with the Local Government Act 1999, this person declares an interest in matters relating to Pinnaroo Show Society.

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

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.

One Key Management Personnel is a member of the St Johns Lutheran Church Lamerook. In Accordance with the Local Government Act 1999, this person declares an interest in matters involving St Johns Lutheran Church Lamerook.

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.

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

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

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

SOUTHERN MALLEE DISTRICT COUNCIL

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

Note 19 - RELATED PARTY DISCLOSURES Continued

One Key Management Personnel is a member of the South Australian Ambulance Service . In Accordance with the Local Government Act 1999, this person declares an interest in matters involving the South Australian Ambulance Service.

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

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

SOUTHERN MALLEE DISTRICT COUNCIL

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

Note 19 - RELATED PARTY DISCLOSURES Continued

One Key Management Personnel is a member of the South Australian Ambulance Service . In Accordance with the Local Government Act 1999, this person declares an interest in matters involving the South Australian Ambulance Service.

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of the Southern Mallee District Council

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a general purpose financial report, of the Southern Mallee District Council (the Council), which comprises the Certification of Financial Statements on the annual statements giving a true and fair view of the financial position and performance, the Statement of Comprehensive Income, the Statement of Financial Position, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended 30 June 2018 and the notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial report of the Council is in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 2011*, including;

- (i) giving a true and fair view of the Council's financial position as at 30 June 2018 and of its performance and cash flows for the year then ended; and
- (ii) that the financial records kept by the Council are such as to enable financial statements to be prepared in accordance with 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.

Responsibilities of the Chief Executive Officer for the Financial Report

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with the 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 Chief Executive Officer'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 Chief Executive Officer 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 management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

The Chief Executive Officer of the Council is 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 management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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 27th day of November 2018,
at 214 Melbourne Street, North Adelaide

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

We have audited the Internal Controls of the Southern Mallee District Council (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 2017 to 30 June 2018 have been conducted properly and in accordance with law.

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.

Auditor's Responsibility

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. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2017 to 30 June 2018. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

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

Independence

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

Opinion

In our opinion, the Council has complied, in all material respects, with *Section 129(1)(b) of the Local Government Act 1999* in relation to 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 2017 to 30 June 2018.

**DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS**

A handwritten signature in black ink, appearing to read 'J. Keogh', with a stylized flourish at the end.

**JIM KEOGH
PARTNER**

Signed on the 27th day of November 2018
at 214 Melbourne Street, North Adelaide, South Australia, 5006


SOUTHERN MALLEE DISTRICT COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

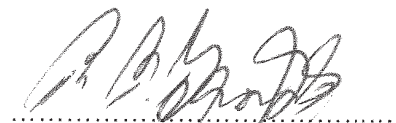
CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Southern Mallee District Council for the year ended 30 June 2018, 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: 29 October 2018

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

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



JIM KEOGH

Partner

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS

Dated this 27th day of November 2018

Regional Subsidiary Reports

**Murraylands and Riverland Local Government Association
Annual Report 2017 / 2018**

Appendix B



The Murraylands and Riverland
Local Government Association

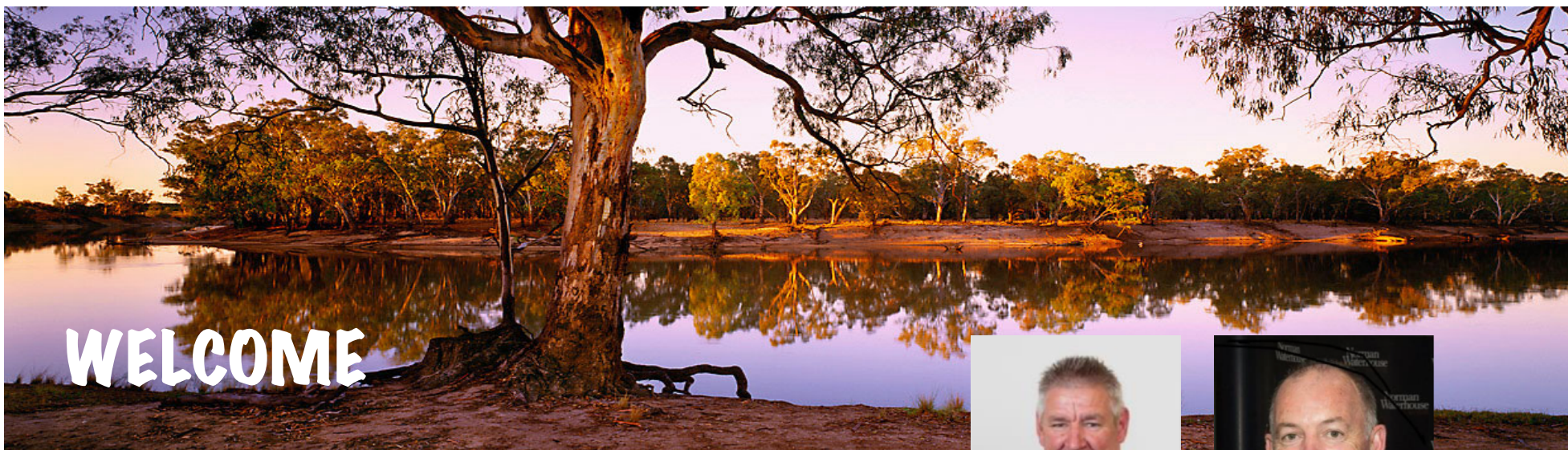
MURRAYLANDS & RIVERLAND LOCAL GOVERNMENT ASSOCIATION ANNUAL REPORT 2017 to 2018



Murraylands and Riverland Local Government Association
PO Box 236
VICTOR HARBOR, SA, 5211

Email: ceomrlga@outlook.com
Web: www.mmlga.sa.gov.au





The past year has been extraordinarily busy and productive for the Murraylands and Riverland Local Government Association (MRLGA).

Our purpose remains staunchly focused on providing effective representation for local government and communities at regional, state and federal level in support of our Constituent Councils by sharing information, facilitating debate and influencing government policy through partnerships and advocacy.

This document represents the Annual Report of the Murraylands and Riverland Local Government Association (MRLGA) for the period 1st July 2017 to 30th June 2018.

This report must be submitted to the Constituent Councils by 31st October in each Financial Year in accordance with the MRLGA Charter on the work and operations of the Subsidiary.

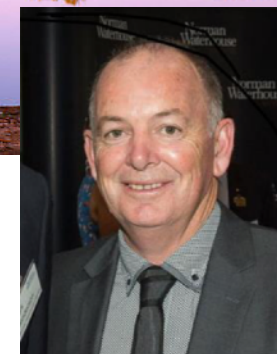
The report details the achievements of the MRLGA against its strategic objectives and incorporates the audited Financial Statements of the Subsidiary and any other information or reports required by the Constituent Councils.

This report also details the activities of the Association to represent and serve our Constituent Councils and to advance the Murraylands and Riverland communities through effective advocacy, facilitation and innovation.



Mayor Dave Burgess

MRLGA President



Peter Bond

MRLGA Chief Executive Officer

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MRLGA ANNUAL REPORT SUMMARY 2017-2018

The MRLGA Board is pleased to provide the Murraylands and Riverland Local Government Association (MRLGA) Annual Report on the work and operations of the Subsidiary for the financial year 2017-2018 in accordance with Clause 28, Schedule 2 of the Local Government Act (1999).

Our vision is to be ***‘a successful region led by progressive and responsive local governments’*** and our ability to deliver this vision has been enhanced significantly through the year with the release of the MRLGA's updated Strategic Plan 2016-2020. Our way forward will focus predominantly in the formation of partnerships that will add strength to the resolution of regional issues and provide for the most effective mechanisms to deliver regional programs.

The MRLGA Board has represented its Constituent Councils on a range of issues pertinent to our region. Such issues have included in part, Local/State Government Reform, advocating for the implementation of the Murray-Darling Basin Plan, Planning Reform, abolition of Rubble Royalties, the Community Wellbeing program, the fight against rate capping and as a Board member on the Grants Commission.

The MRLGA Board looks forward to realising the opportunities that are available to our dynamic region. With the new State Government having local reform firmly in their sights this is a time for mature heads and strategic partnerships when making the critical decisions that will grow our region.

In closing the MRLGA Board sincerely thanks all constituent Councils and key partners for the role they have played in delivering a range of programs and projects over the last 12-months. The Board would particularly like to thank our CEO, Peter Bond for his commitment and support provided to me and the Association over the past year; in particular the role he took in leading a range of strategic projects vital to the social and economic wellbeing of our flourishing region.

Murraylands & Riverland Local Government Association (MRLGA)



ROLE OF THE MRLGA

The Murraylands and Riverland Local Government Association is comprised of the following Constituent Councils:

- Berri Barmera Council
- Coorong District Council
- District Council of Karoonda East Murray
- District Council of Loxton Waikerie
- Mid Murray Council
- Rural City of Murray Bridge
- Renmark Paringa Council, and
- Southern Mallee District Council

The Murraylands and Riverland Local Government Association Strategic Plan 2016 - 2020 responds not only to the strategic needs and objectives of its 8 Constituent Councils, but also to a number of key strategies including States Seven Strategic Priorities, the LGA's Strategic Plan, the RDAs Regional Roadmap and the SA MDBNRM Board's Strategic and Business Plans.

Executive Officer services for the Association for the year were again provided by Peter Bond under a contract arrangement. In accordance with a resolution of Member Council Delegates, the Chief Executive Officer is subject to ongoing performance review with the Association.

The Annual Report articulates clearly the alignment of the Subsidiary with its role and purpose as outlined below;

Role	MRLGA will provide for ...
Leadership and Advocacy	<ul style="list-style-type: none"> • Initiate action and lead regional activity • Set the agenda and direction • Represent the region, and pursue outcomes on behalf of the Constituent Councils and the region
Capacity Building	<ul style="list-style-type: none"> • Work with member Councils to build capacity and increase sustainability • Provide for integrated and coordinated regional collaboration for Constituent Councils • Act as the central organisation for shared Local Government responsibilities • Join with other stakeholders to deliver a service or project
Continuous Improvement	<ul style="list-style-type: none"> • Facilitate continuous improvement for our Constituent Councils
Collaborative Partnerships	<ul style="list-style-type: none"> • Join with other stakeholders to build the capacity of the region

OUR VISION

A successful region led by progressive and responsive local governments. Issues and projects and the lobbying for the benefit of our regional communities.

OUR MISSION

To provide an effective and efficient regional organisation, facilitating the coordination of Local Government resources, the fostering of partnership approaches to regional issues and projects and the lobbying for the benefit of our regional communities.

MURRAYLANDS AND RIVERLAND LGA IN PROFILE

The Murraylands and Riverland Region covers over 36,000 kilometres² (third largest region in South Australia) spanning eight Constituent Councils. It is home to around 69,000 people and some 5,000 businesses. The major economic output is primary production accounting for 34% of all GRP generated, 20% of jobs and 15% of household incomes. Our region has the highest proportion of agriculture dependence for any region in South Australia.

The Murraylands and Riverland Local Government Association (MRLGA) operates as a Regional Subsidiary under the provisions of the Local Government Act 1999.

MRLGA is composed of eight Constituent Councils from within the region as outlined in Figure 1. As a Regional Subsidiary the Association has as its governing document a Charter as provided for under the Local Government Act 1999 which came into effect on 13th December 2001.

The MRLGA Charter identifies a broad range of roles to deliver the objectives of the Association. Given our limited resources, it is necessary to closely define the role of MRLGA in delivering the five regional strategies. The Charter defines the Association's role as follows;

- To undertake coordinating, advocacy and representational roles for its constituent Councils at a regional level
- To facilitate and coordinate activities of local government at a regional level on behalf of our constituent Councils.
- To develop, encourage, promote, foster and maintain consultation and cooperation and to strengthen the representation and status of local government
- To develop further cooperation between its constituent Councils for the benefit of the communities in the region.
- To develop and manage policies which guide the conduct of programs and projects in the region
- To undertake projects that benefit the region and its communities

The Charter requires the MRLGA to prepare a Strategic Plan every three (3) years. This Strategic Plan sets the activities and outcomes for the work of the MRLGA for the financial year 2016-2017. The direction of the Association is now governed by the current Strategic Plan 2016–2020 adopted by the MRLGA Board in April 2016 and identifies the Subsidiaries' Vision, Mission, Commitment and Role over the next 5-years.

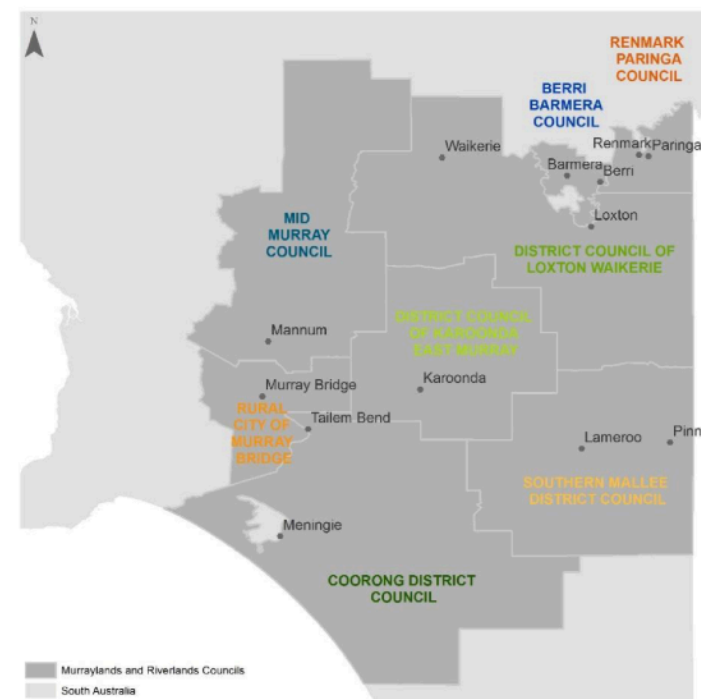


Figure 1: Map of the MRLGA region

THE MRLGA BOARD

The MRLGA Board comprises representatives from each of the Constituent Councils and is chaired by the MRLGA President. Historically each Constituent Council could nominate up to two voting members to the Board. At the General Meeting of the Subsidiary held on 9th December 2015 the Board resolved to reduce voting representation at MRLGA Board meetings to one vote per Council (being a total of eight voting delegates).

All voting delegates shall be the Mayor of each Council and proxy representatives shall be Council Members with CEO's encouraged to attend as observers. This will ultimately require amendment of the Subsidiary's Charter under Clause 4.2 Membership of the Board where it states;

“the Board shall consist of two (2) persons from each Constituent Council appointed by the Constituent Council and each Constituent Council shall, following every periodic Local Government election, appoint, and give notice in writing to the Chief Executive Officer of the Subsidiary, of those persons who are its Board members, of whom one shall be an elected member of the Constituent Council and one may be the Chief Executive Officer or other officer of the Constituent Council.”



MRLGA Board Members for 2017-2018

Council	Voting Delegate	Non-Voting Proxy Delegate
Berri Barmera Council	Mayor Peter Hunt - Vice President	Cr Andrew Kassebaum, Deputy Mayor
Coorong District Council	Mayor Neville Jaensch	Cr Sharon Bland, Deputy Mayor
District Council of Karoonda East Murray	Mayor Kevin Burdett	Cr Caroline Phillips, Deputy Mayor
District Council of Loxton Waikerie	Mayor Leon Stazinowski	Cr Michael Vowles, Deputy Mayor
Mid Murray Council	Mayor Dave Burgess - President	Cr Kelly Kuhn, Deputy Mayor
Rural City of Murray Bridge	Mayor Brenton Lewis	Cr Theo Weinmann, Deputy Mayor
Renmark Paringa Council	Mayor Neil Martinson	Cr Peter Hunter, Deputy Mayor
Southern Mallee District Council	Mayor Andrew Grieger	Cr Neville Pfeiffer, Deputy Mayor

Mayor Dave Burgess, Mid Murray Council was re-elected President at the Annual General Meeting held at Karoonda on 14th July 2017 and Mayor Peter Hunt, Berri Barmera Council was re-elected Vice President both for a full annual term of office.

MRLGA DELEGATES TO THE LGA SA

Under the Constitution of the Local Government Association of South Australia (LGA SA) regions are represented via appointed members to serve on the LGA Board and the South Australian Regional Organisation of Councils (SAROC).

MRLGA delegates appointed to the LGA Board are;

- **Mayor Dave Burgess MMC** (President & LGA Immediate Past President)
- **Mayor Peter Hunt BBC** (LGA Vice President)
- **Mayor Neville Jaensch CDC**
- **Mayor Brenton Lewis RCMB** *Deputy Member*

MRLGA delegates appointed to SAROC include

- **Mayor Dave Burgess MMC** (President & LGA Immediate Past President)
- **Mayor Peter Hunt BBC** (LGA Vice President)
- **Mayor Neville Jaensch CDC** (Proxy)
- **Mayor Brenton Lewis RCMB** *Deputy Member*
- **Mr Peter Bond** Chief Executive Officer

The South Australian Regional Organisation of Councils (SAROC) is an important committee of the LGA that focuses on key issues affecting regional Councils. Membership is drawn from each of the six non-metropolitan Regional Local Government Associations with members meeting bi-monthly to discuss key issues affecting non-metropolitan Councils.

The MRLGA supports the Governance process by contributing to agenda items for SAROC meetings, the distribution of Key Outcomes Statements of meetings to MRLGA Board meetings and by providing collegiate support to prepare submissions on behalf of regional and rural Councils that included continued lobbying and input into the ongoing review of the business plans, administrative fee and levy proposals of the Natural Resource Management lobbying in relation to legislative changes, Boundary Reform, Youth Traineeships, Community Wellbeing, Road Safety, Waste Management and Decentralisation/Regional Population Growth, to name a few.



ASSOCIATION COMMITTEES AND WORKING PARTIES

The following outlines representation on MRLGA Committee's and Working Parties to the 30th June, 2018:

Murray River Alliance SA

- President, Mayor Dave Burgess, Mid Murray Council (ex-officio).
- Peter Bond, CEO MRLGA

Murraylands and Riverland (previously Murray and Mallee) Local Government Association Regional Transport Strategy Committee:

- Mayor Neil Martinson, Renmark Paringa Council, Chair (*by virtue of position held*)
- President, Mayor David Burgess, Mid Murray Council (President, Mayor Dave Burgess, Mid Murray Council (ex-officio)
- Peter Bond, CEO MRLGA
- Geoff Meaney, Manager Infrastructure Planning, Renmark Paringa Council
- Greg Perry, Manager Infrastructure Services, Berri Barmera Council
- Greg Hill, Director, Infrastructure, Mid Murray Council. (Russell Pilbeam - proxy)
- Tim Tol, Director of Infrastructure, District Council of Loxton Waikerie, (Domenic Perre - proxy)
- Matthew Morgan, CEO, District Council of Karoonda East Murray
- Simon Bradley, GM Infrastructure and Environment, Rural City of Murray Bridge (Matt James - proxy)
- Matthew Sherman, Works Manager, Southern Mallee District Council
- David Mosel, Director Infrastructure and Assets, Coorong District Council
- Jo Podoliak, Chief Executive, Regional Development Australia - Murraylands and Riverland

Murray and Mallee Zone Emergency Management Committee:

- Deputy Mayor Kevin Myers, Mid Murray Council, Chair.
- President, Mayor Dave Burgess, Mid Murray Council (ex-officio).
- Mayor Peter Hunt, Berri Barmera Council.
- Michael Sedgman, CEO, Rural City of Murray Bridge (Ros Kruger – Proxy).
- David Beaton, Berri Barmera Council (Veronica Rothe - Proxy)
- Tim Tol, Director Infrastructure Services, District Council of Loxton Waikerie.
- David Mosel, Director Infrastructure and Assets, Coorong District Council.
- Tony Secomb, Manager Corporate Services (seconded), Southern Mallee District Council.



Murraylands and Riverland CEO's Network Group:

- Tony Siviour, CEO, Renmark Paringa Council,
- Michael Sedgman, CEO, Rural City of Murray Bridge,
- Russell Peate, CEO, Mid Murray Council,
- Mia Dohnt, CEO, Southern Mallee District Council,
- Peter Ackland, District Council of Loxton Waikerie,
- David Beaton, CEO, Berri Barmera Council.
- Vince Cammell, CEO, Coorong District Council
- Peter Smithson, CEO, District Council of Karoonda East Murray
- Peter Bond, CEO, MRLGA

Murraylands and Riverland Regional Public Health Plan Committee:

- President, Mayor Dave Burgess, Mid Murray Council (ex-officio).
- Katina Nikas, EHO, Renmark Paringa Council, Chairperson
- Caroline Thomas, EHO, Coorong District Council,
- Tom McKellar, EHO, Mid Murray Council,
- Myles Somers, Manager Environmental Services, Berri Barmera Council,
- Rebecca Burton, EHO, Berri Barmera Council,
- Vacant, Southern Mallee District Council and District Council of Karoonda East Murray,
- Reg Buderick, Rural City of Murray Bridge,
- Phil Eckert, Team Leader Regulation, Rural City of Murray Bridge,
- Jeremy Byrnes, EHO, Rural City of Murray Bridge,
- Dara Clayton, EHO, District Council of Loxton Waikerie,
- Peter Bond, CEO, MRLGA



ASSOCIATION MEETINGS

During 2017-2018, the Association met on four occasions on:

- 14th July 2017 - Annual General Meeting - District Council of Karoonda East Murray Council Offices, 11 Railway Terrace, Karoonda,
- 16th October 2016 - General Meeting - Berri Barmera Council, 19 Wilson Street, Berri,
- 17th January 2017 - General Meeting - Coorong District Council, 95-101 Railway Terrace, Tailem Bend,
- 6th April 2018 - General Meeting - District Council of Karoonda East Murray Council Offices, 11 Railway Terrace, Karoonda March 2017,
- 31st May 2018 - Special Meeting - Rural City of Murray Bridge Council Offices, Murray Bridge

All Association Meetings, including Committee Meetings Agendas and Minutes are available for viewing and or downloading from the Association's website at www.mmlga.sa.gov.au

A number of guest speakers and attendees have made presentations/addresses to the Association meetings throughout the year. They include:

- Emma Bradbury Chief Executive Officer, Murray Darling Association Inc
- Karen Raffan and Ruby Hannam, Brand SA

Representatives of the LGA SA, RDA MR, SA MDB NRM, SAPOL and PIRSA attended each meeting and took the opportunity to brief the Association of the relevant matters being addressed by their respective bodies.

We acknowledge the support of the CEO of the LGA, Matt Pinnegar, Jo Podoliak, CEO, RDA Murraylands and Riverland, Sharon Starick SA MDB NRM Board Presiding Member, James Blandford, SAPOL and Tim Smythe/Barb Cowey, PIRSA/Regions SA who have been ready to assist the region and ensure a presence at our meetings.

The Association has also enjoyed a close working relationship with its State and Federal Members of Parliament, a number of whom have been regular attendees at our meetings.

The President has continued the practice of giving each of our guests the opportunity to address our meetings briefly about matters and issues before them that may be of interest to the Association and Member Councils. The contribution from all of the speakers, presenters and guests has kept the Association and the Delegates abreast of a wide range of issues that impact on Local Government and the communities in the Region.



STRATEGIC ACTIVITIES 2017-2018

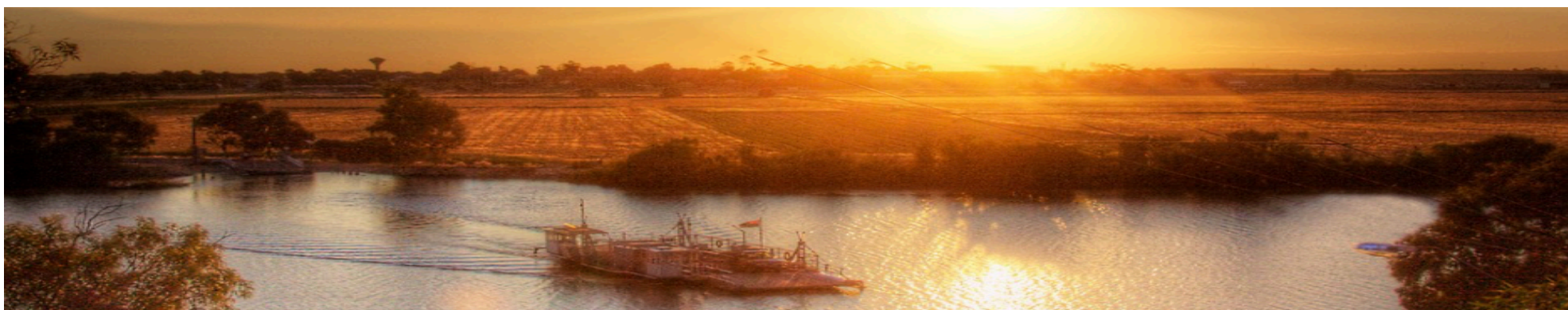
The Subsidiary undertakes a coordinating role, in conjunction with Constituent Councils on their issues and those raised by the Local Government Association of South Australia, the community and other key stakeholders.

State and Federal Members of Parliament representing our Region continue to be briefed both individually and through invitations to attend our quarterly meetings.

Submissions and briefings undertaken during the reporting period include:

- **Inquiry into National Freight and Supply Chain Priorities, July 2017** - provided a submission responding to the Australia Government's "Inquiry into National Freight and Supply Chain Priorities" Discussion Paper released in May 2017,
- **Inquiry into Regional Development and Decentralisation, November 2017** - Provided evidence to the Select Committee on Regional Development and Decentralisation in support of the need for Decentralisation and proactive Regional Development across regional SA.
- **Murray-Darling Basin Royal Commission To Investigate The Operations And Effectiveness Of The Murray-Darling Basin System, April 2018**
- Provided a submission to the Murray-Darling Basin Royal Commission for the purpose of investigating the operations and effectiveness of the Murray-Darling Basin system.

The CEO MRLGA has also attended Forums, Workshops and Briefings throughout the year regarding evolving issues and to make contribution on behalf of the Association



Key Project Activities for 2017-18

- **Regional Roads Freight Movement Study** - The purpose of the Regional Roads Freight Movement Study was to identify the benefits and costs of upgrading key roads within the Region to cater for increased demands and larger vehicle types (Double Road Train and B-Triple vehicles). These benefits and costs would then be used in the development of business cases to obtain funding for the required road improvements.
- **Regional Commodity Route Network HVRA and Risk Analysis** - Partnering member Councils in carrying out Network Level Heavy Vehicle Route Assessment and Risk Analysis' of B-Double Commodity Routes. The MRLGA co-funded constituent Council route assessment based on the application of criteria.
- **Regional Road Action Plans and 2018 SLRP Roads Database Update** - The MRLGA engages HDS Australia Pty Ltd to provide that level of service at a variable fee for service depending on the extent of work involved. The data generated is used for the development of SLRP funding application priorities for 2017-18. This also included submitting SLRP Funding on behalf of member Councils for adopted priorities for the 2017-2018 SLRP program and referring to the LGTAP for funding.
- **Regional Sport and Recreation Facilities Needs Review** - Tredwell Management were appointed to deliver this project through the 2016/2017 and 2017/2018 financial years.
- **Regional Waste Management Strategy BCA** - This project sort to identify opportunities for greater collaboration between member Councils in the planning and delivery of waste management services.
- **One River Murray Authority Governing Structure** - the Murray River SA Alliance initiated a review of governance structures over the South Australian section of the River Murray.
- **Murray and Mallee Zone Emergency Management Committee (ZEMC)** - continued to represent the Local Government sector on matters relating to Emergency Management and assisted the LGA in the inception of LGFS needs.
- **Regional Public Health and Wellbeing Plan** - As required under the Act, the Association's Regional Public Health Plan report to SA Health has been compiled and submitted by the Association's Regional Public Health Plan Committee. That committee provided for the implementation and monitoring of a Regional Public Health Plan for MRLGA, held working group meetings and liaised with LGA Public Health Program Manager. The Committee met on 26/07/2017, 2/11/2017, 24/01/2018, 8/03/2018, 15/05/2018
- **Legal Charter Review** - During the course of the year a review of the MRLGA Charter was carried out (as may be required by new regulations arising from review of Local Government Act 1999). The review of the MRLGA Charter is also required as a consequence of the Strategic Review conducted in 2015-2016.
- **Asset Planning Business Case Analysis (BCA)** - a project is an initiative of the Murraylands and Riverland Local Government Association (MRLGA). It seeks to identify opportunities for greater collaboration between member Councils in meeting their asset management obligations.
- **NS Freight Route Review** - The MRLGA have partnered with S&HLGA and the RDA's in the Northern Freight Bypass project to consider the cost and benefits of a realigned Hills rail freight bypass from Tailem Bend/Monarto North through to the Sturt Highway. This study will inform the new State Government GlobelinkSA project. This project required attendance at Northern Freight Bypass Working Group meetings 19/10/2017, 8/02/2018, 27/04/2018, 2/05/2018

FINANCES

The Annual Business Plan for each year balances the objective of ensuring the MRLGA's long-term financial sustainability whilst increasing investment in key projects and preparing for future development and improvement opportunities.

Income for the Murraylands & Riverland Local Government Association is derived from three main sources:

1. Subscriptions from Constituent Councils of MRLGA;
2. Funding from the LGA SA for Regional Capacity Building, Outreach Services, Rubble Royalties and R&D Projects; and
3. Project funding through partnerships with external organisations.

A small amount of income is derived from interest and project management fees.

Annual expenditure is divided between two main areas:

1. Operating – expenditure required to employ a Chief Executive Officer, and general costs for administration, Board expenses and other general operating expenses;
2. Projects – expenditure required to deliver specific projects, including where applicable the engagement of external resources.

Financial reports are considered by the MRLGA Board at each meeting. The Audited Financial Statements for 2017-2018 are included in **Appendix 1** of this report.



ACKNOWLEDGEMENTS

MRLGA acknowledges the Constituent Council Mayors, Elected Members, Chief Executive Officers and staff for the ongoing support of the regional role of the Association.

The Local Government Association SA has continued to provide strong support to the MRLGA and its members throughout the year. MRLGA acknowledges the contribution of SAROC members, Chief Executive Officer Matt Pinnegar and the many LGA staff that have supported MRLGA throughout the year.

The Local Government Research and Development Scheme funding has enabled MRLGA to undertake a range of additional projects throughout the year, both through additional Research and Development Fund projects and also via the Regional Capacity Building Grants.

MRLGA enjoys a close working relationship with Regional Development Australia Murraylands and Riverland and SA MDB NRM Board members and staff.

Peter Bond
Chief Executive Officer
Murraylands and Riverland Local Government Association

August 2018

Appendix 1

Audited Financial Statements 2017-18

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

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under Professional Standards Legislation

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

Dear Mr Bond

Re: Financial Statements Audit - 2017/18

We have recently completed our audit of the financial statements and internal controls of the Murray and Mallee Local Government Association and intend to issue an unmodified report for both the financial statements and internal controls opinion as per the attached draft opinion.

Australian Auditing Standards require us to advise all Immaterial Uncorrected Misstatements found during the audit. There are no Immaterial Uncorrected Misstatements to be reported.

Yours faithfully,



Tim Muhlhausler CA Registered Company Auditor
Partner

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

4/10/2018



Murray and Mallee Local Government Association

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 June 2018**

Murray and Mallee Local Government Association

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Murray and Mallee Local Government Association

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018	2017
		\$	\$
Income			
MBM LGA Contributions	2	158,665	152,394
Other Grants & Contributions	2	257,518	324,185
Interest Revenue	2	4,689	2,904
Total Revenue		420,872	479,483
Operating Expenses	3	(277,094)	(255,693)
Surplus (deficit) for the year		<u>143,778</u>	<u>223,790</u>
Total Comprehensive Profit (Loss)		<u>143,778</u>	<u>223,790</u>

The accompanying Notes form part of these financial statements

Murray and Mallee Local Government Association

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	Note	2018 \$	2017 \$
Assets			
Current Assets			
Cash and Cash Equivalents	4	435,692	426,824
Trade and other receivables	5	148,706	11,729
Total Current Assets		<u>584,398</u>	<u>438,553</u>
Total Assets		<u>584,398</u>	<u>438,553</u>
Liabilities			
Current Liabilities		2,066	
Trade and other payables	6	14,384	12,318
Total Current Liabilities		<u>14,384</u>	<u>12,318</u>
Total Liabilities		<u>14,384</u>	<u>12,318</u>
Net Assets		<u>570,014</u>	<u>426,235</u>
Member's Funds			
Unspent funds reserve	7	-	(76,220)
Accumulated surplus	7	570,014	502,456
Total Members Funds		<u>570,014</u>	<u>426,235</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 2018**

	Note	Accumulated Surplus \$	Unspent funds reserve \$	Total \$
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>
2017				
Balance at the beginning of the year	7	157,342	45,104	202,446
Surplus for the year		223,790	-	223,790
Transfers		121,324	(121,324)	-
Balance at the end of year		<u>502,456</u>	<u>(76,220)</u>	<u>426,326</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 2018**

	Note	2018	2017
		\$	\$
Cash from operating activities			
Receipts from grants		257,518	324,185
Receipts from members		158,665	152,394
Interest received		4,689	2,904
less increase in debtors		(136,977)	(8,090)
Payments to suppliers		(277,094)	(255,693)
add increase in payables		2,066	(942)
Net cash provided from operating activities	8	8,868	214,758
Net increase in cash held		8,868	214,757
Cash at beginning of financial year		426,824	212,067
Cash at end of financial year	4	435,692	426,824

The accompanying Notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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 on 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.

(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. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(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 2018

(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 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 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 2018

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 2018

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 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 and Mallee Local Government Association

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 2: Revenue

	2018	2017
	\$	\$
MBM LGA Contributions		
Berri Barmera	20,860	20,451
Coorong District Council	13,816	13,545
DC of Karoonda East Murray	7,315	7,172
DC of Loxton Waikerie	22,080	21,506
Mid Murray Council	16,525	16,201
The Rural City of Murray Bridge	18,557	27,091
DC of Renmark Paringa	27,633	18,194
Southern Mallee DC	8,669	8,501
SLRP surcharge	23,210	19,733
	<u>158,665</u>	<u>152,394</u>
Other Grants & Contributions		
Other Grants	3,450	-
Rubble Royalties	164,291	-
Regional Capacity Buildings	39,777	-
Local Government Association of SA	-	274,185
Out Reach Program Income	50,000	50,000
	<u>257,518</u>	<u>324,185</u>
Interest Revenue	4,689	2,904
Total Revenue	<u><u>420,872</u></u>	<u><u>479,483</u></u>

Murray Mallee Local Government Association

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 3: Other Operating Expenses

	2018	2017
	\$	\$
Allowances	3,000	-
Accounting software	276	498
Audit fees	3,300	3,500
Consultancy and contractors	-	867
Executive officer contract services	115,520	109,545
Insurance	7,208	5,697
LGA capacity building grant	-	2,395
Meeting expenses	2,221	1,424
Murraylands regional collaboration project	-	3,240
President's travelling allowance	649	1,950
SAROC regional meeting costs	1,115	(836)
Sundry expenses	1,200	6,088
SLRP Priority Setting	14,099	-
Administration Support	10,680	-
Project Expenditure:		
2030 Transport Plan Project - Roads Database	-	11,700
Discretionary Projects	18,700	-
Strategic ICT Projects	15,000	-
Commodity Route Assessment	16,960	13,400
Hills Road/Rail Bypass	-	5,000
Murray River Alliance Projects	11,022	10,000
Regional Freight Movement Study	29,735	50,284
Regional Waste Strategy	2,500	15,000
Sport and Recreation Facilities Needs Review	23,909	15,940
	<u><u>277,094</u></u>	<u><u>255,693</u></u>

Note 4: Cash and cash equivalents

	2018	2017
	\$	\$
Cash on hand	100	100
Cash at bank	279,473	275,294
LGFA Investment	156,119	151,430
	<u><u>435,692</u></u>	<u><u>426,824</u></u>

Note 5: Trade and other receivables

	2018	2017
	\$	\$
Trade Debtors	140,408	-
GST receivable (net)	8,298	11,729
	<u><u>148,706</u></u>	<u><u>11,729</u></u>

Note 6: Trade and other Payables

	2018	2017
	\$	\$
Payables	14,384	-
Accruals	-	12,318
	<u><u>14,384</u></u>	<u><u>12,318</u></u>

Murray and Mallee Local Government Association

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 7: Accumulated Surplus

	2018	2017
	\$	\$
Opening Balance	426,236	278,666
Surplus for the year	143,778	223,790
	570,014	502,456
Net transfers (to)/from reserves:		
Unspent funds reserve	76,220	(76,220)
Net transfers (to)/from accumulated surplus:	(76,220)	-
Net Transfers (to)/from reserves	<u>-</u>	<u>(76,220)</u>
Balance at year end	<u>570,014</u>	<u>426,236</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

	2018	2017
	\$	\$
Net surplus for the year	143,778	223,790
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(136,977)	(8,090)
Increase/(decrease) in trade and other payables	2,067	(942)
	<u>8,868</u>	<u>214,757</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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	2018		2017	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities		\$	\$	\$	\$
Trade and other Payables	6	14,384	14,384	12,318	12,318
Total Financial liabilities		14,384	14,384	12,318	12,318
Financial Assets					
Cash and cash equivalents	4	435,692	435,692	426,824	426,824
Total Financial Assets		435,692	435,692	426,824	426,824

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 in 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 obligation 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 accounting 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 2018

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.

	2018		2017	
	% Weighted Average Interest rate	Carrying Value	% Weighted Average Interest rate	Carrying Value
Financial liabilities	\$	\$	\$	\$
Trade and other Payables	0%	14,384	0%	12,318
Financial Assets				
Cash at bank	0%	279,473	0%	275,294
LGFA Investment	1.8%	156,119	1.8%	151,430
Cash on hand	0%	100	0%	100

Note 10: Contingent Liabilities and Contingent Assets

At 30 June 2018, 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 2018, 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 2018

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:

	2018
	\$
Executive Officer Contract Services	115,520

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. These include credit risk policies and future cash flow requirements. 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

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 2018 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 Dave Burgess
Position: President
Date: 12 October 2018



Name: Peter Bond
Position: Chief Executive Officer
Date: 12 October 2018

Murray Mallee Transport

connecting communities



Annual Report

2017 / 2018

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INTRODUCTION

Community Passenger Networks (CPN) are located across South Australia and are a pivotal point of many communities to enable people to access other services and facilities that they are not able to access within their own towns. The Murray Mallee Community Transport Scheme (MMCTS) is part of this Network as the Murray Mallee CPN and provides direct transport services for eligible community members living within the Council districts of Coorong, Southern Mallee and Karoonda East Murray.

MMCTS is also a booking location for the Murray-Mallee Medical bus. This service is for eligible community members living within the Coorong, Southern Mallee, Karoonda East Murray, Tatiara and Rural City of Murray Bridge Council areas.

MMCTS has been in operation for 21 years, has seen and undergone many changes within the region during this time however still manage to maintain a direct transport service to the community utilising accredited volunteer drivers.

AIM OF THE COMMUNITY PASSENGER NETWORK

The aim of the Murray Mallee Community Transport Scheme is to promote efficient use of resources in the region by encouraging and coordinating shared use of existing resources and the integration of community transport services with conventional transport.

To provide a resource to enable the community to make better use of existing passenger transport services within the region.

MMCTS endeavour to assist people living within the service area who are transport disadvantaged to access services, facilities and social activities that enable them to participate to a greater degree in the life of their community.



Murray Mallee Community Transport Scheme Chairman's Annual Report 2017 – 2018



It is with pleasure I present my Annual Chairman's Report.

Our Service Agreement is currently Between Murray Mallee Community Transport Scheme Management Board and the Department for Human Services (DHS) and the agreement funding is until 30 June 2020.

Murray Mallee Community Transport Scheme (MMCTS) also receives funding from the following areas

- Commonwealth Home Support Programme – CHSP
- Coorong District Council, District Council of Karoonda East Murray and Southern Mallee District Council
- Department of Planning, Transport, Infrastructure – Public Transport Operations and Planning (DPTI – PTOP)
- Client fee contributions based on transport destination

On behalf of Board Members I would like to thank all the financial supporters of MMCTS as without this support the Scheme could no operate.

Some achievements or activities during the past 12 months have been

- Annual Report sent to the three (3) constituent Councils, the Minister and DPTI – PTOP
- Budget and Business Plans sent to the constituent Councils
- Staff attended community events including Karoonda Farm Fair
- Staff attended Local Government Risk Services Training, Disaster Readiness Training and Mental Health Training
- Back window signage was added to the two (2) MMCTS owned vehicles in February 2018
- Active participation in a DHS Review in March 2018
- On 7 October 2017 a Volunteer Appreciation Luncheon was held at Old Tailem Town Pioneer Village at Tailem Bend for all the volunteer drivers from our far flung areas. Thankyou was extended to those drivers who were retiring as without their time and dedication as volunteer drivers the Scheme would not have operated so successfully.

Presently we have 19 volunteers, comprising 16 active drivers, one (1) volunteer and two (2) volunteer companions. The home location the volunteers are Lameroo, Pinnaroo, Tailem Bend, Geranium, Murray Bridge, and Meningie. The volunteers spent 886.25 hours driving some 40,742 km.

Client trips increased slightly over last year to be 445 one way trips. Vehicle trips increased slightly to 236 trips. There were 87 enquiries and 55 new clients.

During the past year we farewelled our Administration Officer – Annyse McFee and in January 2018 Robyn Mayfield took over from Annyse. Helen Luke has been a very competent, polite and respected

employee of MMCTS. On behalf of the Board I would like to thank the three (3) employees for their services towards MMCTS.

A big thankyou to the current Board Members, who have worked tirelessly over these past 12 months for the betterment of MMCTS.

I have been a Board Members for over 20 years, since the inception of MMCTS. It is a Section 43 regional subsidiary of the three (3) Councils which is being wound up by the 3 Councils. The Board is looking at transitioning away from Council control to a different service provider who will be able to provide a more cost efficient and enhanced service delivery.

Regards

Neville Pfeiffer

Chairman

Murray Mallee Community Transport Scheme Board



Murray Mallee Community Transport Scheme Regional Coordinator Annual Report 2017 - 2018

It is with quite mixed emotions that I present the Murray Mallee Community Transport Scheme (MMCTS) Regional Coordinator Annual Report for 2017 – 2018 particularly given the very uncertain space that the organisation is currently experiencing.

The past 12 months have been particularly challenging and very demanding in many ways. In early October 2017 MMCTS Administration Officer, Annyse McFee resigned from her role to take up a position in retail which was closer to her home location enabling her to spend more time with family. MMCTS recruited for another Administration Officer and in January 2018, Robyn Mayfield was appointed to the position.

The introduction of My Aged Care (MAC) a couple of years ago and the recent roll-out of the National Disability Insurance Scheme (NDIS) has certainly played a significant role in the world of transport in regards to current eligibility and where people have been able to access suitable transport from within their area.

Transport disadvantaged people living in the Council areas of Coorong, Southern Mallee and Karoonda East Murray rely on the vital service that MMCTS has provided to them over the past 21 years. Transport assistance has been provided for basic necessities of shopping & banking, attending events and to access vital medical appointments that they were unable to access in their local area.

The process of My Aged Care has been quite frustrating for many of our older clients, however most have been quite positive about receiving an in home assessment as they have been able to have other areas of need identified within their homes to help enhance their quality of life which in turn has enabled them to live more independently for longer within their own homes. Over the past 12 months MMCTS have received 29 new MAC referrals for transport with many more waiting to receive a follow up assessment.

MMCTS have been involved in community events where possible as well as attending and actively participating in meetings, forums, training and liaison with local and regional service providers and commercial operators. The following is a brief summary of some of the events attended during 2017 – 2018:



2017

- ❖ Supporting Resilient Worker Forum – 5 June
- ❖ Delivery of new fleet vehicle – 29 June
- ❖ CPN Coordinators visitation to new RAH – 21 August
- ❖ Fire Extinguisher Training – 24 August
- ❖ Volunteer Appreciation Luncheon at Old Tailem Town– 7 October
- ❖ Visitation to Uni SA for video viewing – 23 October



2018

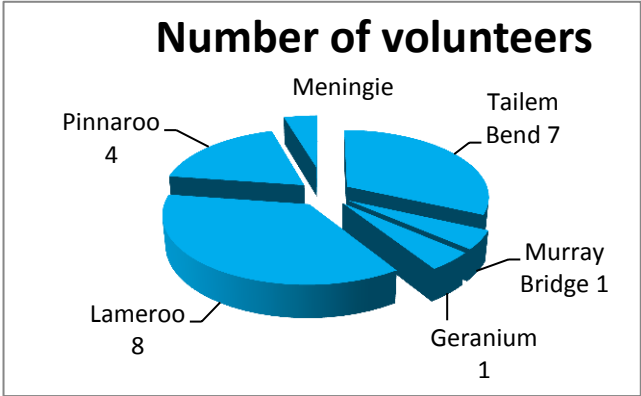
- ❖ MMCTS logo vehicle window signage – 14 February
- ❖ Department Communities and Social Inclusion Review – 22 March
- ❖ Karoonda Farm Fair – 6 & 7 April
- ❖ Keeping Connected Workshop – 24 April
- ❖ Emergency Management Workshop – 1 May
- ❖ Local Government Risk Services Training – 7 June



The community is very fortunate to have a small team of professional and very dedicated volunteers who freely give their time to their volunteer role within MMCTS. Staff and the Management Board would like to extend a very heartfelt thank you to the team and wish them well for the year ahead.

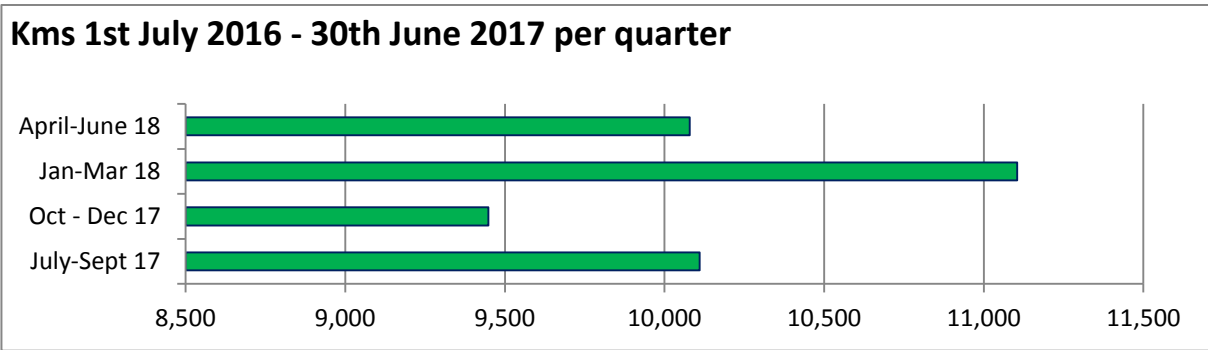
Over the past 12 months the volunteers have collectively traveled 40,572 kilometres while providing 880 voluntary hours. This is a mammoth effort for such a small team and there has been a slight increase in transport figures from the previous year.

Recruitment and retention of volunteers is a never ending cycle, they are our most precious resource and are the base of operations. There remains a mix of accredited volunteer drivers, volunteers who are able to assist with taking cars in for servicing and accreditation or helping out at functions and volunteers who act as a travel companion if a person needs additional assistance.



The following chart is a summary of kilometres traveled from 1st July 2017 – 30th June 2018 for all MMCTS owned & utilised vehicles on a quarterly basis.

The figures recorded for the past 12 months are a little higher than the previous year.



MMCTS owned vehicles are Toyota Aurions - Scheme One and Scheme Two which both now have the logo and phone number on the back window. Vehicles from Karoonda, Lameroo and Pinnaroo are utilise from Country Health Connect for clients living within those Council regions, providing a vehicle is available along with our accredited volunteer drivers. There is also an odd occasion that a volunteer will use their own vehicle for short trips usually within town limits to link people with public transport bus service.

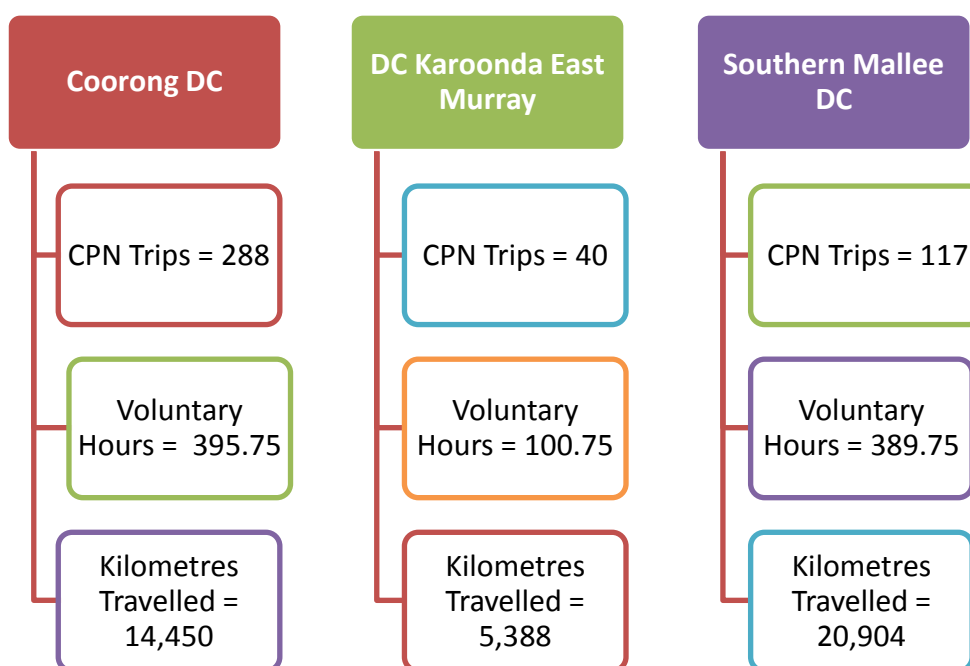
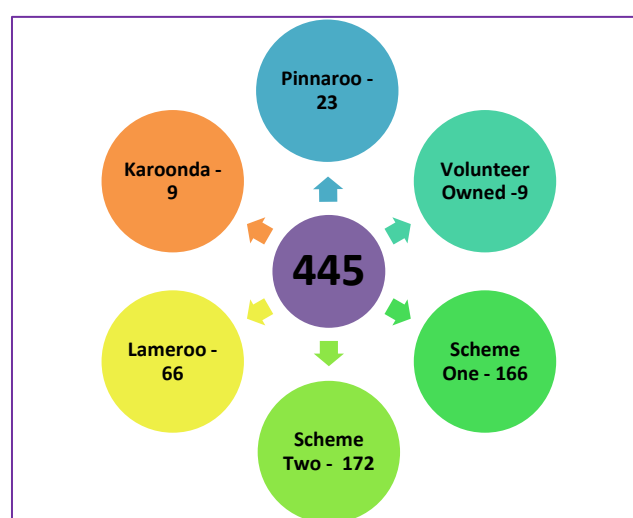


The vehicle resource that we have access to within the Southern Mallee and Karoonda East Murray districts is a highly valuable and precious resource. Trying to access resources from other service providers from within our direct service area unfortunately has not as yet come to fruition. Half of the client fees collected while using these vehicles is given back to the Mallee Health Service on an annual basis.

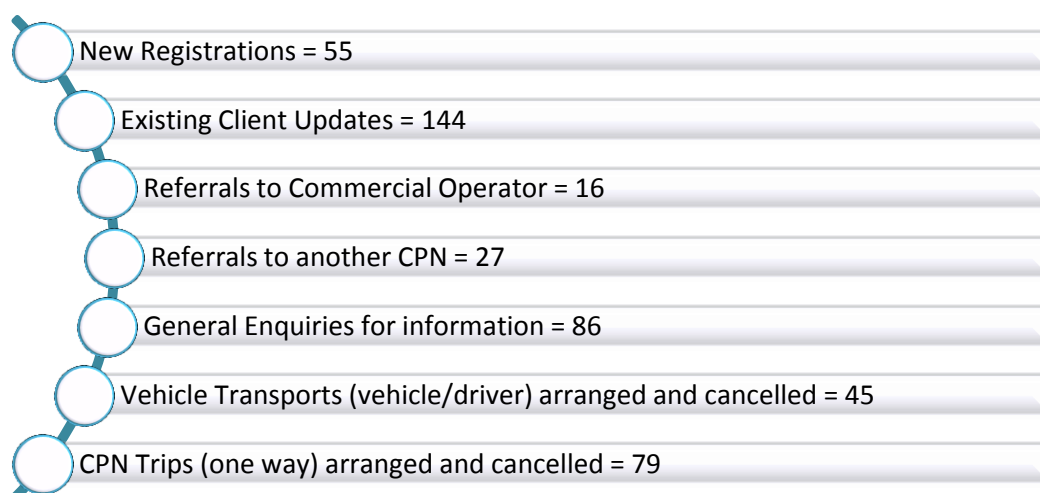
The table below is a summary of the total number of the kilometres traveled by each vehicle and volunteer hours over the past 12 months from 1st July 2017 to 30th June 2018

<i>Vehicle used</i>	<i>Kilometres travelled</i>	<i>Volunteer hours</i>
Scheme One	9,475	241.25
Scheme Two	14,189	321
Karoonda	1,443	28.75
Lameroo	11,073	212.25
Pinnaroo	4,099	75
Volunteer Own	463	8
TOTALS	40,742	886.25

The summary to the right is a total of passenger trips that have been undertaken by clients per vehicle from 1st July 2017 - 30th June 2018. A return passenger trip is referred to as two (2) one way trips. Passenger trips are slightly up from the year before.



The current client data base has remained fairly steady over the past year sitting at around 500 active clients. The following information is a brief summary of what has been recorded over the past 12 months.



Reasons why people travelled over the past 12 months included:

- ✚ Ad-hoc general medical/health appointments – GP, dentist, podiatry etc
- ✚ Specialist appointments
- ✚ Shopping
- ✚ Banking
- ✚ Attending community events or functions
- ✚ Visiting friends

The following is a snapshot of the average time to complete a task:

<i>Time to Complete a New Registration</i>	<i>30 – 45 minutes - depending on complex (health) need</i>
<i>Time to Complete an Existing Client Update</i>	<i>20 – 30 minutes – depending on level of information recorded</i>
<i>Time to Complete Each CPN Client Trip Request</i>	<i>15 – 45 minutes – allocate/source vehicle and driver – can take longer if appointment details need to be checked or if transport is more complex</i>
<i>Completion of paperwork for CPN Client Trips</i>	<i>10 minutes</i>
<i>Time to complete an information request/enquiry</i>	<i>5 – 15 minutes</i>
<i>Time to Complete a Brokered Trip</i>	<i>10 – 15 minutes</i>

Up until the 30th June 2018 MMCTS have had a close working relationship with Mid Murray CPN - Murray Transport Connections (MTC) based at Mannum and Coorong Coaches. Maintaining a good working relationship with clear and concise communication between our services is vital in assisting us to provide an efficient and professional service for all of our clients.

Clients from the Council regions of Coorong, Southern Mallee, Karoonda East Murray, Tatiara and Rural City of Murray Bridge may be eligible for transport on the Murray-Mallee Medical Bus. The Contract for this service is specifically between Public Transport and the owner/operator of Coorong Coaches, Peter and Margaret Stone from Keith with the CPN being identified as a booking location. MMCTS have been coordinating bookings for 4 out of the 5 Council regions for the past 18 years. As from the 1 July 2018 MMCTS will be providing the booking location for all 5 Council regions eligible to use the Medical Bus.

This service is wheelchair accessible and travel is for medical appointments only, it operates Monday to Friday excluding public holidays and is contracted to run 48 weeks of the year. Carers or companions travel for free providing they are caring for someone at the time and do not have an appointment themselves on the same day and they must remain with the person.

Some of the roles and responsibilities of MMCTS staff have in relation to the Medical Bus include:

- ascertaining client eligibility, complete a client registration & inform clients of MAC procedure
- coordinate bookings and forward bookings to Coorong Coaches
- coordinate and liaise with medical facilities – such as aligning appointments to Medical Bus time frames, seeking transport authorisation forms from hospitals when a person is being discharged or has had a surgical procedure to ensure the person is safe for transport and when necessary arrange alternate travel and accommodation options
- track and record transgressions, late cancellations and “no-shows” & manage grievance process



Reporting Medical Bus patronage has not normally been a requirement for MMCTS to complete as this reporting sits with the Provider, however MMCTS do record all transports. This information can also be used as a reference for internal reporting and ascertaining travel patterns

Apart from the 445 CPN trips that were provided by a CPN volunteer driven vehicle, staff also coordinated another 835 Brokered Trips to the Murray-Mallee Medical Bus which were completed.

There were a further 147 Brokered Trips arranged but cancelled trips during the same time.

Reasons people traveled on the Medical Bus included:

- + Ad-hoc general medical/health
- + Specialist appointments
- + Radiotherapy
- + Chemotherapy
- + Renal



I would like to take this opportunity to extend very sincere thanks to MMCTS Administration Officers Annyse McFee and Robyn Mayfield for their support, encouragement and providing frontline office management during some quite difficult times. Robyn has had a couple of challenging moments in the past 6 months while learning the role, she maintains professionalism and empathy towards clients, has a good report with volunteers and very sound work ethics.

We are very fortunate to work alongside so many diverse organisations many of whom have become very familiar faces offering support, guidance, advice, encouragement or just a listening ear. Without this networking we would not be able to continue to provide and deliver the services that are presently available.

Robyn and I would like to extend a very sincere thank you to;

- MMCTS volunteers
- MMCTS Management Board Members
- Clients of the Transport Scheme
- CPN Coordinators
- Country Health Connect
- Coorong Coaches
- Link SA
- Department of Planning Transport and Infrastructure – Public Transport Operations and Planning
- Department for Human Services
- Tailem Bend Community Centre Coordinator, staff and volunteers
- Staff of the District Council of Karoonda East Murray
- Staff of the Southern Mallee District Council
- Staff of Coorong District Council

The Murray Mallee Community Transport Scheme connects communities and the people living within those communities to vital appointments, events and also enables them to access some very basic needs while maintaining a certain amount of independence.

This service has upheld and maintained a high level of professionalism during some very demanding and stressful times. We will endeavor to maintain our strength and further develop and grow within the community through the valuable connections that we have with current service providers and local organisations.

Helen Luke
CPN Regional Coordinator
Murray Mallee Community Transport Scheme

Murray Mallee CPN -Vehicle Only Trips

<u>SOUTHERN MALLEE DC</u>	1 Way Trips	Hours	Pvte Km	Business Km	Total Km
Town					
<u>1 July 2017- 30 September 2017</u>					
Lameroo	17	55.75		2943	2943
Pinnaroo	2	4.75		192	192
Parilla	2	6		418	418
TOTALS	21	66.5		3553	3553
<u>1 October 2017- 31 December 2017</u>					
Lameroo	18	67.5		3268	3268
Pinnaroo	9	26.25		1487	1487
TOTALS	27	93.75		4755	4755
<u>1 January 2018-31 March 2018</u>					
Lameroo	21	65.75		3893	3893
Pinnaroo	10	25		1420	1420
Parilla	6	28.5		1442	1442
TOTALS	37	119.25		6755	6755
<u>1 April 2018- 30 June 2018</u>					
Lameroo	17	55.25		2745	2745
Pinnaroo	12	42		2411	2411
Parilla	3	13		685	685
TOTALS	32	110.25		5841	5841

<u>DC KAROONDA EAST MURRAY</u>	1 Way Trips	Hours	Pvte Km	Business Km	Total Km
Town					
<u>1 July 2017- 30 September 2017</u>					
Karoonda	6	13		685	685
Wynarka	4	11.25		527	527
TOTALS	10	24.25		1212	1212
<u>1 October 2017- 31 December 2017</u>					
Karoonda	10	23.75		1373	1373
Marama	2	8		392	392
TOTALS	12	31.75		1765	1765
<u>1 January 2018-31 March 2018</u>					
Karoonda	5	12.75		767	767
Borrika	1	1.5		99	99
Wynarka	2	6.75		348	348
TOTALS	8	21		1214	1214
<u>1 April 2018- 30 June 2018</u>					
Karoonda	10	23.75	44	1153	1197
TOTALS	10	23.75	44	1153	1197

Murray Mallee CPN -Vehicle Only Trips

<u>COORONG DC</u>	1 Way Trips	Hours	Pvte Km	Business Km	Total Km
Town					
<u>1 July 2017- 30 September 2017</u>					
Tailem Bend	102	123.25		3441	3441
Coorong (Salt Creek)	1	1.25		105	105
Meningie	9	18.25		1010	1010
Narrung	2	7.75		370	370
Coonalpyn	4	5.5		419	419
TOTALS	118	156		5345	5345
<u>1 October 2017- 31 December 2017</u>					
Tailem Bend	50	64.75		1948	1948
Coonalpyn	4	7.5		477	477
Meningie	4	6		308	308
TOTALS	58	81.25		2928	2928
<u>1 January 2018-31 March 2018</u>					
Tailem Bend	51	66.25		2298	2298
Meningie	6	12.25		730	730
TOTALS	57	78.5		3136	3136
<u>1 April 2018- 30 June 2018</u>					
Tailem Bend	51	69.75		2298	2298
Narrung	4	10.25		743	743
TOTALS	55	80		3041	3041

<i>Organisation</i>	<i>Relationship to CPN</i>
Commonwealth Home Support Program	External Funding
Department for Human Services	Contractual relationship, IT support and funding body
Department of Planning, Transport and Infrastructure - Public Transport Operations and Planning	Volunteer Accreditation Support, funding, Murray-Mallee Medical Bus Contract
Coorong District Council	Financial contribution, administration support
Southern Mallee District Council	Financial contribution
District Council of Karoonda East Murray	Financial contribution
MMCTS Management Board	Operationally oversee management of Murray Mallee CPN at a strategic level
CPN Regional Coordinator	Manage Murray Mallee CPN at an operation level
Administration Officer	Administration duties of Murray Mallee CPN & CPN Regional Coordinator support
Volunteers	Accredited volunteer drivers for client transport and assist CPN with vehicle movements and event attendance along with client support
Link SA	Brokerage services/Public Transport
Coorong Coaches	Murray-Mallee Medical Bus brokerage services
Mallee Community Health Service – Country Health Connect	Vehicle resource
Clients	Fee for service - fees assist with vehicle running costs

Staff of the Murray Mallee Community Transport Scheme (MMCTS) has involvement with several groups or committees within the region either as a listed member of the group / committee or by providing an administrative role. These include –

- MMCTS Management Board
- Riverland Mallee Coorong Taskforce
- CPN Regional Coordinator meetings/Conferences

MMCTS staff has attended various community / organisational functions during the year along with the usual meetings. Some functions include the Karoonda Farm Fair & training days.

Murray Mallee Community Transport Scheme Management Board Members

	<i>Representative Organisation</i>
Deputy Mayor Cr. Neville Pfeiffer – Chairperson	Southern Mallee District Council
Cr. John Wooldridge	District Council of Karoonda East Murray
Cr. Vern Leng	Coorong District Council
No Representative	Disability
Lianne Brewin	Carers SA
Brian Lloyd	Client of the Transport Scheme
Margie Arbon	Health Provider
Ian Qualmann	Veterans
Kylie Constant	Commercial Operator
Peter Le Gallou – Vice Chairperson	Volunteers
Judy Thompson	Senior Finance Officer Coorong District Council
Helen Luke	MMCTS Staff
Annyse McFee – Robyn Mayfield	MMCTS Staff – Board Secretary

Murray Mallee Community Transport Scheme (MMCTS) was originally established under Section 200 of the Local Government Act 1934 and continues as a Regional Subsidiary, Section 43 of the Local Government Act 1999. MMCTS operations is subject to the direction of the Management Board acting on behalf of Coorong District Council, Southern Mallee District Council and District Council of Karoonda East Murray (the Constituent Councils) MMCTS Management Board currently comprises interested members of the community, service providers and a representative from each of the Constituent Councils.

The Management Board meets bi-monthly at Taillem Bend and the Annual General Meeting is usually held in September of each year. It was very disappointing not to be able to source a Disability representative over the past year.

A copy of the Murray Mallee Community Transport Scheme Regional Subsidiary Charter was published in SA Government Gazette on Thursday 13th September 2012 (pages 4411 – 4415)

www.governmentgazette.sa.gov.au

MURRAYLANDS TRANSPORT ADVISORY COMMITTEE MEMBERS

Members of the Murraylands Transport Advisory Committee moved the following motion on Monday 25th September of 2017:

7.2 – Cr. Sakko moved “that it is the view of this Committee that the original Terms of Reference no longer apply due to changes within Local and State Government. This Committee also recognises that the area is now serviced adequately & appropriately by the local CPN’s. Therefore it is the recommendation of this Committee that the Murraylands Transport Advisory Committee is dissolved and that Member Council consider this recommendation”

Seconded – Cr. Wright

Member Councils did agree to the above motion so therefore this Committee no longer exists.

The Advisory Committee changed its title from Murray Mallee Transport Advisory Committee to Murraylands Advisory Committee in November 2015.

PURPOSE

The key purpose of the Committee, subject to suitable resources is to monitor and evaluate the passenger transport services established through the Murraylands. To achieve this, the key roles and responsibilities of the Transport Advisory Committee are to:

- ❖ Advise DPTI-PTOP, DCSI and the Councils of Coorong, Southern Mallee, Karoonda East Murray, Mid Murray and Rural City of Murray Bridge within the area of the operation of passenger transport services in the Murraylands area with the emphasis on their responsiveness to community needs; and
- ❖ Identify current and future issues impacting on the delivery of transport services and develop strategies to address these issues where possible; and
- ❖ Have a collaborative association with adjoining Community Passenger Networks (referred to as CPN) to work to the benefit of the region; and
- ❖ Awareness and advocacy of passenger transport services at a local government level.



Administration Officer, Annyse McFee began work at MMCTS on Monday 3 November 2014 and resigned from her role on Friday 27th October 2017 to take up a position in retail that was closer to her home location and would give her more time with family. Annyse's very positive outlook and happy demeanour has been surely missed by many of our clients. She has changed jobs since leaving MMCTS however remains positive and happy.

After Annyse's unexpected departure MMCTS undertook the daunting task of advertising for a new Administration Officer. After searching through many applications and undertaking several interviews, Robyn Mayfield was appointed to the position on Tuesday 9th January 2018. Robyn has settled into the role exceptionally well, knows the area very well, takes initiative, works well under pressure and engages well with both clients and volunteers. Robyn has been an invaluable asset to me and to MMCTS.

CPN Regional Coordinator, Helen Luke has been with the Transport Scheme for 13 years has a background in health, disability and aged care and is a volunteer of SA Ambulance Service (SAAS) with the Taillem Bend team. Helen is a Regional Educator with SAAS Clinical Education to assist with student training and education. Helen has two adult sons, has lived locally in the area for many years and has a sound understanding of the issues within the area that people face in regards limited transport within the region and is passionate about community.

VOLUNTEER APPRECIATION LUNCHEON

I thoroughly enjoy organising the Volunteer Appreciation Luncheon it is always such a privilege to recognise one of our most valuable resources. The luncheon is held on an annual basis, and is a way of recognising our volunteers to say "Thank-you" to the very dedicated and hardworking team of people who freely give their time to fill many hours of driving for our transport disadvantaged. It is also a chance for them to get together and network with one another in a social setting in a relaxed and casual atmosphere.

They are an amazing team working quietly in their communities and without their continued efforts we would not be able to provide the services that we do.

Unfortunately not everyone can attend due to sporting, work or family commitments however those that are able to make it have a great time catching up, sharing ideas and strengthening friendships.

The 2017 luncheon was held at Old Taillem Town in Taillem Bend on 7th October. The volunteers shared a fantastic meal catered for by The Friends of the Hospital, great company, fantastic food and many stories told while reminiscing about yesteryear given the setting while walking around Old Taillem Town.



There still remains minimal public transport options within the MMCTS service area of Coorong, Southern Mallee and Karoonda East Murray Council regions which is around 19,246 square kilometres in total. So therefore the Community Transport plays a vital role for community support, awareness and development. With the limited options available to the community, ensuring that the community have access to up to date information that is suitable to their individual needs is vital to their health, general well-being as well as social inclusiveness. The transport that does exist in the area is mainly Monday to Friday with little or no options available over the weekends, public holidays and during school holidays.



Murray-Mallee Medical Bus

Peter and Margaret Stone from Keith who own Stones Bus Service and Coorong Coaches currently operate the Murray-Mallee Medical bus. This is a dedicated medical service using a nine (9) seater wheelchair accessible bus from Keith to Adelaide each week day for 48 weeks of the year, excluding public holidays. This service usually closes for four (4) weeks over Christmas and New Year. The service is available to eligible people living within the Council areas of Tatiara, Coorong, Southern Mallee, Karoonda East Murray and Rural City of Murray Bridge. MMCTS are a booking agent for four (4) out of the five (5) Council areas. The eligibility criteria includes

- unable to drive and
- unable to access family or friends and
- not able to access public transport due to a mobility issue

Eligibility is assessed by MMCTS staff at the time of enquiry or each transport request as circumstances may have changed since the last transport. The service is door to door but for those clients who live outside of the main Medical Bus travel area MMCTS make arrangements to link these people in at a pre-arranged location via public transport, own transport, other Service Providers or a CPN owned or accessed vehicle with a volunteer driver. Depending on eligibility many of our clients are able to travel to a prearranged destination then transfer to the Medical Bus. This service plays an extremely valuable role for people living in regional areas.



Left - Murray-Mallee Medical Bus

Transport within Southern Mallee District Council

<i>Service Provider</i>	<i>When</i>
Community Passenger Network (CPN)	MMCTS may be able to provide assistance when a person is unable to drive themselves and has no family or friends to assist and there is no other transport available in the area. Fee for service and eligibility criteria applies which will be assessed at the time of booking transport. Phone – 8572 4288 Website – www.murraymalleetransport.com.au
Murray-Mallee Medical Bus	Medical Bus – Coorong Coaches, 9 seater wheelchair accessibility operating 48 weeks of the year from Keith to Adelaide – fee for service and eligibility criteria applies and bookings are coordinated through MMCTS office. The bus does not travel through the Southern Mallee Council area, however clients are linked into this service through MMCTS volunteers, public transport or the person meeting at a pre-arranged location in consultation with MMCTS staff. Phone – 8572 4288 Website – www.murraymalleetransport.com.au
Link SA Public transport	Murrayville to Murray Bridge – Monday → Friday (all time tables change during school holidays) Karoonda to Berri via Lamerook & Pinnaroo – Thursday only Phone – 8532 2633 for bookings Website – www.linksa.com.au
V- Line Speedlink	Adelaide to Melbourne (change to train at Bendigo) – Daily via Mallee Hwy Melbourne (by train and change to bus at Bendigo) to Adelaide – Daily via Mallee Hwy Phone – 1800 800 007 for bookings Website – www.vline.com.au

Transport within District Council of Karoonda East Murray

<i>Service Provider</i>	<i>When</i>
Community Passenger Network (CPN)	MMCTS may be able to provide assistance when a person is unable to drive themselves and has no family or friends to assist and there is no other transport available in the area. Fee for service and eligibility criteria applies and will be assessed at the time of booking transport. Phone – 8572 4288 Website – www.murraymalleetransport.com.au
Murray Mallee Medical Bus	Medical Bus – Coorong Coaches, 9 seater wheelchair accessibility operating 48 weeks of the year from Keith to Adelaide – fee for service and eligibility criteria applies and bookings are coordinated through MMCTS office. The bus does not travel through the Karoonda East Murray Council area, however clients are linked into this service through MMCTS volunteers, public transport or people meeting at a pre-arranged location in consultation with MMCTS staff. Phone – 8572 4288 Website – www.murraymalleetransport.com.au
Link SA Public transport	Karoonda to Murray Bridge via Tailem Bend – Friday only (all time tables change during school holidays) Karoonda to Berri via Lamerook & Pinnaroo – Thursday only Phone – 8532 2633 for bookings Website – www.linksa.com.au

Transport within Coorong District Council

<i>Service Provider</i>	<i>When</i>
Community Passenger Network (CPN)	MMCTS may be able to provide assistance when a person is unable to drive themselves and has no family or friends to assist and there is no other transport available in the area. Fee for service and eligibility criteria applies and will be assessed at the time of requesting transport. Phone – 8572 4288 Website – www.murraymalleetransport.com.au
Murray Mallee Medical Bus	Medical Bus – Coorong Coaches, 9 seater wheelchair accessibility operating 48 weeks of the year from Keith to Adelaide – fee for service and eligibility criteria applies and bookings are coordinated through MMCTS office. The bus travels along the main highways (Dukes & Princes) Clients are linked into this service through MMCTS volunteers, public transport or people meeting at a pre-arranged location in consultation with MMCTS staff. Phone – 8572 4288 Website – www.murraymalleetransport.com.au
Link SA Public transport	Coonalpyn to Murray Bridge via Meningie & Wellington – Monday → Friday Culburra to Murray Bridge via Taillem Bend – Monday → Friday Murrayville to Murray Bridge via Mallee Highway – Monday → Friday Tintinara to Murray Bridge via Coonalpyn & Taillem Bend – Thursday only Karoonda to Murray Bridge via Taillem Bend – Friday only (all time tables change during school holidays) Phone – 8532 2633 for bookings Website – www.linksa.com.au
Link SA	Taillem Bend – Heated Pool – Monday Day Centre – Tuesday and Wednesday Intra town shopping bus – Thursday Phone – 8532 2633 to check currency and to make booking Website – www.linksa.com.au
Premier Stateliner	Adelaide to Mt. Gambier - Daily – via Coast – Princes Hwy Mt. Gambier to Adelaide – Daily – via Coast – Princes Hwy Adelaide to Mt. Gambier – Daily – inland – Dukes Hwy Mt. Gambier to Adelaide – Daily – inland – Dukes Hwy Phone – 8415 5555 - bookings General Enquiries – (08) 8415 5500 - bookings Website – www.premierstateliner.com.au
Firefly	Adelaide to Melbourne (daylight) – Daily via Princes & Dukes Hwy Adelaide to Melbourne (overnight) – Daily via Princes & Dukes Hwy Phone – 1800 800 007 to make booking Website – www.fireflyexpress.com.au

As part of on-going operations the Murray Mallee Community Transport Scheme adheres to, but is not limited to, the following legislation:

- Disability Services Act 1993
- Volunteers Protection Act (SA) 2001
- Work Health and Safety Regulations 2012 (SA)
- Equal Opportunity Act (SA) 1984
- Fair Work Act 1994
- Passenger Transport Act (SA) 1994
- Passenger Transport Regulations (SA) 2009
- Road Traffic Act (SA) 1961
- State Records Act (SA) 1997
- State Records Regulations (SA) 2013
- Carer Recognition Act (Cwth) 2010
- Carer Recognition Act (SA) 2005
- Local Government Act 1999
- Freedom of Information 1991

Attachment

The following pages in the attachment relate to:

- MMCTS Independent Auditors Report 2017-2018
- MMCTS Audited Financials 2017-2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

Qualified Opinion

We have audited the accompanying financial report of the Murray Mallee Community Transport Scheme, which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Certification of the Financial Statements.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial report gives a true and fair view of the financial position of the Murray Mallee Community Transport Scheme as of 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Basis for Qualified Opinion

As is common for organisations of this type, it is not practicable for the scheme to maintain an effective system of internal control over receipts until their initial entry in the accounting records. Accordingly, our audit in relation to receipts was limited to the amounts recorded.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report, which gives a true and fair view in accordance with Australian Accounting Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, and for such internal control as the committee and management determines is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to conduct an audit of the entity's financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

BENTLEYS SA AUDIT PARTNERSHIP



DAVID PAPA
PARTNER

Dated at Adelaide this 25th day of September 2018

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

S.43 Regional Subsidiary Members

General Purpose Financial Reports for the year ended 30 June 2018

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MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Murray Mallee Community Transport Scheme's 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 Murray Mallee Community Transport Scheme's financial position at 30 June 2018 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Council provide a reasonable assurance that the Murray Mallee Community Transport Scheme's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Murray Mallee Community Transport Scheme's accounting and other records.


.....
Neville Pfeiffer
MMCTS CHAIRPERSON


.....
Helen Luke
REGIONAL CO-ORDINATOR MMCTS

Date: 12 September 2018

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
INCOME			
User charges	2	9,584	6,133
Grants, subsidies and contributions	2	197,534	183,387
Investment income	2	3,830	3,487
Reimbursements	2	2,897	297
Total Income		213,845	193,304
EXPENSES			
Employee costs	3	122,574	129,578
Materials, contracts & other expenses	3	48,858	39,743
Depreciation, amortisation & impairment	3	6,789	7,541
Total Expenses		178,222	176,862
OPERATING SURPLUS / (DEFICIT)		35,623	16,441
Asset disposal & fair value adjustments	4	-	3,807
NET SURPLUS / (DEFICIT) transferred to Equity Statement		35,623	20,248
TOTAL COMPREHENSIVE INCOME		35,623	20,248

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

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

STATEMENT OF FINANCIAL POSITION for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	219,654	203,307
Trade & other receivables	5	185	
Infrastructure, property, plant & equipment	7	34,418	
Total Current Assets		<u>254,257</u>	<u>203,307</u>
Non-current Assets			
Infrastructure, property, plant & equipment	7		41,207
Total Non-current Assets		<u>-</u>	<u>41,207</u>
Total Assets		<u>254,257</u>	<u>244,514</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	8	5,963	27,602
Provisions	8	24,003	28,244
Total Current Liabilities		<u>29,966</u>	<u>55,846</u>
Total Liabilities		<u>29,966</u>	<u>55,846</u>
NET ASSETS		<u>224,291</u>	<u>188,668</u>
EQUITY			
Accumulated Surplus		224,291	188,668
TOTAL EQUITY		<u>224,291</u>	<u>188,668</u>

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

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

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

		Accumulated Surplus	TOTAL EQUITY
2018	Notes	\$	\$
Balance at end of previous reporting period		188,668	188,668
Net Surplus / (Deficit) for Year		35,623	35,623
Balance at end of period		224,291	224,291
2017			
Balance at end of previous reporting period		168,420	168,420
Net Surplus / (Deficit) for Year		20,248	20,248
Balance at end of period		188,668	188,668

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

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

STATEMENT OF CASH FLOWS for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
User charges		9,584	6,133
Investment receipts		3,830	3,487
Grants utilised for operating purposes		197,534	183,387
Reimbursements		2,897	297
<u>Payments</u>			
Employee costs		(122,574)	(129,578)
Materials, contracts & other expenses		(73,732)	(25,043)
Net Cash provided by (or used in) Operating Activities		17,539	38,683
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Sale of replaced assets		-	12,727
<u>Payments</u>			
Expenditure on renewal/replacement of assets		-	(24,214)
Net Cash provided by (or used in) Investing Activities		-	(11,487)
Net Increase (Decrease) in cash held		17,539	27,196
Cash & cash equivalents at beginning of period		202,116	174,920
Cash & cash equivalents at end of period	5	219,654	202,116

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

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian 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* dated 12th September 2018.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

2 The Local Government Reporting Entity

Murray Mallee Community Transport Scheme (MMCTS) is a Regional Subsidiary under Section 43 and schedule 2 of the Local Government Act 1999. The constituent MMCTSs of the MMCTS are Coorong District MMCTS, Southern Mallee District MMCTS and the District MMCTS of Karoonda/ East Mallee. The principal place of business is at 73 Railway Terrace, Tailem Bend. All the funds which the MMCTS controls to carry on its function have been included in this financial report.

3 Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the MMCTS 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 MMCTS's operations for the current reporting period.

4 Cash, Cash Equivalents and Other Financial Instruments

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

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

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

Note 1 - Significant Accounting Policies (cont)

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

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

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

5 Infrastructure, Property, Plant & Equipment

5.1 Initial Recognition

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

5.2 Materiality

No capitalisation thresholds exist for assets with an economic life in excess of one year.

5.3 Depreciation of Non-Current Assets

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

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of assets are shown below:

<u>Plant, Furniture & Equipment</u>	
Office Equipment	3 to 10 years
Vehicles	4 to 8 years

5.4 Impairment

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

6 Payables

6.1 Goods & Services

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

7 Employee Benefits

7.1 Salaries, Wages & Compensated Absences

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

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

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

Note 1 - Significant Accounting Policies (cont)

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

7.2 Superannuation

The MMCTS 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 MMCTS's involvement with the schemes are reported in Note 15.

8 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.

9 Pending Accounting Standards

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

MMCTS has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

This year MMCTS has applied AASB 124 Related Party Disclosures for the first time. As a result MMCTS has disclosed more information about related parties and transactions with those related parties. This information is presented in Note 13.

Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

17 Comparative Figures

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

18 Disclaimers

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

Accounting Standard AASB 16 *Leases* may have a material effect on the amounts disclosed in these reports, particularly in relation to Infrastructure, Property, Plant & Equipment, but does not commence until the 2019/20 financial period, and it is not MMCTS's intention to adopt this Standard early.

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

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

Note 2 - INCOME

	Notes	2018 \$	2017 \$
USER CHARGES			
Client Contributions		9,584	6,133
		<u>9,584</u>	<u>6,133</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		3,830	3,487
		<u>3,830</u>	<u>3,487</u>
REIMBURSEMENTS			
- other		2,897	297
		<u>2,897</u>	<u>297</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Other grants, subsidies and contributions		197,534	183,387
		<u>197,534</u>	<u>183,387</u>
<i>The functions to which these grants relate are shown in Note 12.</i>			
Sources of grants			
State government		158,733	145,082
Other		38,801	38,305
		<u>197,534</u>	<u>183,387</u>

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

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

Note 3 - EXPENSES

	Notes	2018 \$	2017 \$
EMPLOYEE COSTS			
Salaries and Wages		113,723	122,740
Employee leave expense		(4,241)	(3,675)
Superannuation - defined contribution plan contributions	15	8,491	6,451
Superannuation - defined benefit plan contributions	15	1,985	4,062
Workers' Compensation Insurance		2,616	
Total Operating Employee Costs		122,574	129,578
Total Number of Employees		2	2
<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		2,600	922
Subtotal - Prescribed Expenses		2,600	922
<u>Other Materials, Contracts & Expenses</u>			
Contractors		24,225	22,925
Energy		696	635
Other Materials		2,524	1,646
Fuel		3,058	1,921
Vehicle Other Costs		3,631	2,700
Telephone		3,037	3,347
Insurance		1,009	1,955
Other Costs		8,078	3,693
Subtotal - Other Materials, Contracts & Expenses		46,258	38,821
		48,858	39,743
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Motor Vehicles		6,231	6,743
Office Equipment		559	798
		6,789	7,541

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

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

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2018 \$	2017 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal			12,727
Less: Carrying amount of assets sold			8,920
Gain (Loss) on disposal		<u>-</u>	<u>3,807</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		<u>-</u>	<u>3,807</u>

Note 5 - CURRENT ASSETS

	Notes	2018 \$	2017 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand		200	200
Cash at Bank		219,454	203,107
		<u>219,654</u>	<u>203,307</u>
TRADE & OTHER RECEIVABLES			
GST Recoupment		185	
Total		<u>185</u>	<u>-</u>

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

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

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Fair Value Level	2017 \$				2018 \$		
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	CARRYING AMOUNT
Motor Vehicles		44,924	(4,275)	40,649		44,924	34,418
Office Equipment		2,887	(2,329)	558		2,887	-
TOTAL PLANT & EQUIPMENT	-	47,811	(6,604)	41,207	-	47,811	34,418
Comparatives		57,949	(24,489)	33,460	-	47,811	41,207

CARRYING AMOUNT MOVEMENTS DURING YEAR \$									
2018	Additions			Disposals	Depreciation	Transfers		Net Revaluation	CARRYING AMOUNT
\$	New/Upgrade	Renewals				In	Out		
CARRYING AMOUNT									
40,654	-				(6,231)	-	-	-	34,423
558	-				(559)	-	-	-	-
41,212	-	-	-	-	(6,789)	-	-	-	34,423
33,460		20,710	(10,885)	(7,445)	(7,445)				41,212

This Note continues on the following pages.

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

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

Note 7 - LIABILITIES

	Notes	2018		2017	
		\$		\$	
TRADE & OTHER PAYABLES		Current	Non-current	Current	Non-current
Goods & Services		4,039		24,580	
Accrued expenses - employee entitlements		1,924		3,022	
		<u>5,963</u>	<u>-</u>	<u>27,602</u>	<u>-</u>
PROVISIONS					
Employee entitlements (including oncosts)		24,003		28,244	
		<u>24,003</u>	<u>-</u>	<u>28,244</u>	<u>-</u>

Note 8 - 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	2018	2017
Total cash & equivalent assets	219,654	203,307
Balances per Cash Flow Statement	<u>219,654</u>	<u>203,307</u>

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

Net Surplus (Deficit)	35,623	20,248
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	6,789	7,541
Net increase (decrease) in unpaid employee benefits	(4,241)	1,602
Net (Gain) Loss on Disposals	-	(3,807)
	<u>38,172</u>	<u>25,584</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(185)	971
Net increase (decrease) in trade & other payables	(20,448)	12,128
Net Cash provided by (or used in) operations	<u>17,539</u>	<u>38,683</u>

(d) Financing Arrangements

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

Corporate Credit Cards	2,000	2,000
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MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

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

Note 9 - 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				
2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
213,845	193,304	178,222	176,862	35,623	16,441	197,534	183,387	254,257	244,514
213,845	193,304	178,222	176,862	35,623	16,441	197,534	183,387	254,257	244,514

Community Services

TOTALS

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

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

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

Note 10 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.	
Deposits	<p>Terms & conditions: Deposits are returning fixed interest rates between 1.5% (2017: 1.5% and 1.75%). Short term deposits have an average maturity of 1 days and an average interest rates of 1.5% (2015: 1 days, 1.75%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</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>
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>

Liquidity Analysis

2018	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	219,654			219,654	219,654
Receivables	185			185	185
Total	219,839	-	-	219,839	219,839
Financial Liabilities					
Payables	4,039			4,039	4,039
Total	4,039	-	-	4,039	4,039
2017	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	203,307			203,307	203,307
Receivables				-	-
Total	203,307	-	-	203,307	203,307
Financial Liabilities					
Payables	24,580			24,580	24,580
Total	24,580	-	-	24,580	24,580

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

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

Note 11 - FINANCIAL INDICATORS

	2018	2017	2016
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These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

The Information Paper was revised in May 2015 and the financial indicators for previous years have been re-calculated in accordance with the revised formulas.

Operating Surplus Ratio

<u>Operating Surplus</u>	17%	9%	13%
Total Operating Revenue			

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

Adjusted Operating Surplus Ratio

	17%	9%	13%
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*In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The **Adjusted Operating Surplus Ratio** adjusts for the resulting distortion in the disclosed operating result for each year.*

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	(89%)	(76%)	(62%)
Total Operating Revenue			

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

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	0%	0%	0%
Infrastructure & Asset Management Plan required expenditure	*	*	*

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.

* no asset management plans

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

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

Note 12 - 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

	2018 \$	2017 \$
Income	213,845	193,304
less Expenses	<u>178,222</u>	<u>176,862</u>
Operating Surplus / (Deficit)	35,623	16,441
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	-	24,214
Depreciation, Amortisation and Impairment	(6,789)	(7,541)
Proceeds from Sale of Replaced Assets	<u>-</u>	<u>(12,727)</u>
	(6,789)	3,946
Net Lending / (Borrowing) for Financial Year	<u>42,413</u>	<u>12,495</u>

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

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

Note 13 - RELATED PARTY TRANSACTIONS

Key Management Personnel

The Key Management Personnel of the Council include the Chairman, Board Members and certain prescribed officers under section 112 of the *Local Government Act 1999*.

Key Management Personnel, do not have any relationship to business associated with the entity.

Transactions with Related Parties:

The following transactions occurred with Related Parties:

<i>Related Party Entity</i>	<i>Sale of Services</i>	<i>Description of Services Provided to Related Parties</i>
Coorong District Council	\$ 24,615	Provision for Community Transport
District Council of Karoonda East Murray	\$ 4,973	Provision for Community Transport
Southern Mallee District Council	\$ 9,213	Provision for Community Transport

Amounts recorded as outstanding from Related Parties are recorded in Trade and other receivables in Note 5. The Related Parties disclosed above are equity owners of the Authority and are referred to as Member Councils. Member Councils have representation based on the financial support on the Board of Management and accordingly have significant influence on the financial and operating decisions of the Subsidiary.

Note 14 - EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

As of 31 December 2018, constituent Councils resolved to wind up the regional Subsidiary "Murray Mallee Community Transport Scheme" with view of an alternative provider to assume service delivery.

On winding up the Transport scheme, the net assets of the Transport Scheme are to be transferred to the Constituent Councils in the same proportion as the financial contributions made by the Constituents Councils in the financial year prior to the passing of the resolution to wind up.

	Contribution %	Date of Adoption of Wind up
Coorong District Council	64.4%	21/08/2018
District Council of Karoonda East Murray	11.6%	11/07/2018
Southern Mallee District Council	24.0%	30/08/2018

MURRAY MALLEE COMMUNITY TRANSPORT SCHEME

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

Note 15 – SUPERANNUATION

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2017/18; 9.50% in 2016/17). No further liability accrues to the MMCTS 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. MMCTS makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2016/17) of "superannuation" salary.

In addition, MMCTS 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), MMCTS does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time, represented by their share of the net assets of the scheme, and no further liability attaches to the MMCTS's contribution rates as some future time.

Regional Subsidiary Reports

Murray Mallee Community Transport Scheme Annual Report 2017 / 2018

Appendix C