



**THE CORPORATION OF THE  
CITY OF WHYALLA**

**GENERAL PURPOSE FINANCIAL REPORTS  
FOR THE YEAR ENDING 30 JUNE 2014**

**City of Whyalla**  
**General Purpose Financial Reports**  
**for the year ended 30 June 2014**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>Council Certificate</b>	<b>1</b>
<b>Principal Financial Statements</b>	
<b>Statement of Comprehensive Income</b>	<b>2</b>
<b>Statement of Financial Position</b>	<b>3</b>
<b>Statement of Changes in Equity</b>	<b>4</b>
<b>Statement of Cash Flows</b>	<b>5</b>
<b>Notes to, and forming part of, the Principal Financial Statements</b>	
Note 1 - Significant Accounting Policies	6-12
Note 2 - Income	13-15
Note 3 - Expenses	16-17
Note 4 - Asset Disposal & Fair Value Adjustments	18
Note 5 - Current Assets	19
Note 6 - Non-Current Assets	20
Note 7 - Infrastructure, Property, Plant & Equipment & Investment Property	21-25
Note 8 - Liabilities	26
Note 9 - Reserves	27
Note 10 - Assets Subject to Restrictions	28
Note 11 - Reconciliation of Cash Flow Statement	29
Note 12 - Functions	30-31
Note 13 - Financial Instruments	32-33
Note 14 - Expenditure Commitments	34
Note 15 - Financial Indicators	35
Note 16 - Uniform Presentation of Finances	36
Note 17 - Operating Leases	37
Note 18 - Superannuation	38
Note 19 - Assets & Liabilities not Recognised	39
Note 20 - Events Occurring After Reporting Date	40
<b>Audit Report - Financial Statements</b>	<b>41</b>
<b>Council Certificate of Audit Independence</b>	<b>42</b>
<b>Audit Certificate of Audit Independence</b>	<b>43</b>

# THE CORPORATION OF THE CITY OF WHYALLA

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2014

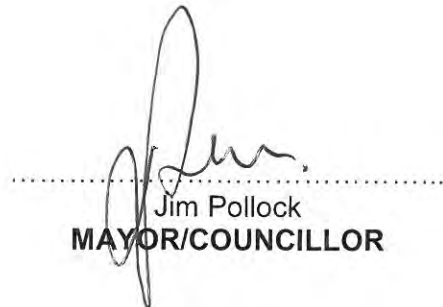
### CERTIFICATION OF FINANCIAL STATEMENTS

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 2014 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.



.....  
Peter Peppin  
**CHIEF EXECUTIVE OFFICER**



.....  
Jim Pollock  
**MAYOR/COUNCILLOR**

Date: 04.11.14 .....

## City of Whyalla

### STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
<b>INCOME</b>			
Rates	2	17,188,324	15,517,056
Statutory charges	2	493,684	494,529
User charges	2	3,405,454	3,433,911
Grants, subsidies and contributions	2	2,728,555	4,872,112
Investment income	2	60,270	120,660
Reimbursements	2	107,735	102,847
Other income	2	1,131,736	1,126,313
<b>Total Income</b>		<b><u>25,115,758</u></b>	<b><u>25,667,427</u></b>
<b>EXPENSES</b>			
Employee costs	3	9,394,813	8,425,567
Materials, contracts & other expenses	3	12,253,376	11,035,445
Depreciation, amortisation & impairment	3	5,992,947	5,980,658
Finance costs	3	169,092	134,515
<b>Total Expenses</b>		<b><u>27,810,228</u></b>	<b><u>25,576,185</u></b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>(2,694,470)</b>	91,242
<b>Asset disposal &amp; fair value adjustments</b>	4	<b>(385,335)</b>	<b>(406,359)</b>
<b>Amounts received specifically for new or upgraded assets</b>	2	<b>2,277,330</b>	1,098,433
<b>NET SURPLUS / (DEFICIT)</b>		<b><u>(802,475)</u></b>	<b><u>783,316</u></b>
transferred to Equity Statement			783,316
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	16,256,707	(40,534)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>15,454,232</u></b>	<b><u>742,782</u></b>

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

## City of Whyalla

### STATEMENT OF FINANCIAL POSITION as at 30 June 2014

	Notes	2014 \$	2013 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	1,730,758	1,879,025
Trade & other receivables	5	2,545,811	2,256,552
Inventories	5	164,300	198,318
<b>Total Current Assets</b>		<b><u>4,440,869</u></b>	<b><u>4,333,895</u></b>
<b>Non-current Assets</b>			
Financial assets	6	19,642	37,005
Infrastructure, property, plant & equipment	7	243,800,343	221,224,945
Other non-current assets	6	3,205,082	3,231,429
<b>Total Non-current Assets</b>		<b><u>247,025,067</u></b>	<b><u>224,493,379</u></b>
<b>Total Assets</b>		<b><u>251,465,936</u></b>	<b><u>228,827,274</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	8	2,151,842	2,359,205
Borrowings	8	109,973	602,295
Provisions	8	2,062,767	1,881,601
<b>Total Current Liabilities</b>		<b><u>4,324,582</u></b>	<b><u>4,843,100</u></b>
<b>Non-current Liabilities</b>			
Borrowings	8	8,165,959	573,847
Provisions	8	1,491,832	1,380,995
<b>Total Non-current Liabilities</b>		<b><u>9,657,791</u></b>	<b><u>1,954,842</u></b>
<b>Total Liabilities</b>		<b><u>13,982,373</u></b>	<b><u>6,797,942</u></b>
<b>NET ASSETS</b>		<b><u>237,483,563</u></b>	<b><u>222,029,332</u></b>
<b>EQUITY</b>			
Accumulated Surplus		30,219,376	30,909,842
Asset Revaluation Reserves	9	205,883,127	189,626,420
Other Reserves	9	1,381,060	1,493,070
<b>TOTAL EQUITY</b>		<b><u>237,483,563</u></b>	<b><u>222,029,332</u></b>

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

# City of Whyalla

## STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2014

	Notes	Accumulated Surplus	Asset Revaluation Reserve	Available for sale Financial Assets	Other Reserves	TOTAL EQUITY
		\$	\$	\$	\$	\$
<b>2014</b>						
Balance at end of previous reporting period		30,909,842	189,626,420	-	1,493,070	222,029,332
Restated opening balance		30,909,842	189,626,420	-	1,493,070	222,029,332
<b>Net Surplus / (Deficit) for Year</b>		<b>(802,475)</b>				<b>(802,475)</b>
<b>Other Comprehensive Income</b>						
Changes on revaluation of infrastructure, property, plant & equipment			16,256,707			16,256,707
Transfers between reserves		112,010			(112,010)	-
<b>Balance at end of period</b>		<b>30,219,376</b>	<b>205,883,127</b>	<b>-</b>	<b>1,381,060</b>	<b>237,483,563</b>
<b>2013</b>						
Balance at end of previous reporting period		29,453,682	189,666,954	-	2,165,914	221,286,550
Adjustment to give effect to changed accounting policies						
Restated opening balance		29,453,682	189,666,954	-	2,165,914	221,286,550
<b>Net Surplus / (Deficit) for Year</b>		<b>783,316</b>				<b>783,316</b>
<b>Other Comprehensive Income</b>						
Changes in revaluation surplus - infrastructure, property, plant & equipment			(40,534)			(40,534)
Transfers between reserves		672,844			(672,844)	-
<b>Balance at end of period</b>		<b>30,909,842</b>	<b>189,626,420</b>	<b>-</b>	<b>1,493,070</b>	<b>222,029,332</b>

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

## City of Whyalla

### STATEMENT OF CASH FLOWS for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Rates - general & other		17,034,384	15,364,251
Fees & other charges		532,905	533,817
User charges		4,783,568	4,160,588
Investment receipts		72,979	122,871
Grants utilised for operating purposes		2,933,197	5,237,520
Reimbursements		107,236	113,132
Other revenues		2,161,889	2,349,129
<u>Payments</u>			
Employee costs		(9,149,998)	(8,413,630)
Materials, contracts & other expenses		(15,234,244)	(11,901,930)
Finance payments		(112,876)	(199,096)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>3,129,040</b>	<b>7,366,651</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		2,277,330	1,098,433
Sale of replaced assets		53,922	115,682
Sale of surplus assets		69,337	49,500
Sale of real estate developments		241,875	-
Repayments of loans by community groups		16,199	27,051
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(10,321,110)	(5,776,953)
Expenditure on new/upgraded assets		(2,714,650)	(1,314,890)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(10,377,097)</b>	<b>(5,801,177)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Proceeds from borrowings		7,702,085	-
<u>Payments</u>			
Repayments of borrowings		(602,295)	(2,256,966)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>7,099,790</b>	<b>(2,256,966)</b>
<b>Net Increase (Decrease) in cash held</b>		<b>(148,267)</b>	<b>(691,492)</b>
Cash & cash equivalents at beginning of period	11	1,879,025	2,570,517
Cash & cash equivalents at end of period	11	1,730,758	1,879,025

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

**THE CORPORATION OF THE CITY OF WHYALLA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**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**

The Corporation of the City of Whyalla is incorporated under the SA Local Government Act 1999 and has its principal place of business at Darling Terrace Whyalla SA 5600. 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.

**THE CORPORATION OF THE CITY OF WHYALLA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Note 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 the month of June in recent years the Federal Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation.

In June 2011, one quarter of the 2011/12 allocation amounting to \$1,193,157 was paid in advance; in June 2012, two quarters of the 2012/13 allocation: \$2,356,369; and in June 2013, two quarters of the 2013/14 allocation: \$2,284,645 was received.

These amounts in advance have now reverted to the normal pattern.

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

**3.1 Construction Contracts**

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

**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.

**THE CORPORATION OF THE CITY OF WHYALLA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Note 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**5.1 Real Estate Assets Developments**

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

**5.2 Other Real Estate held for resale**

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

**6 Infrastructure, Property, Plant & Equipment**

**6.1 Land under roads**

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

**6.2 Initial Recognition**

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

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

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

**THE CORPORATION OF THE CITY OF WHYALLA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Note 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

During the year, Council performed a valuation of the following classes of assets in accordance with AASB 13 and AASB 116.

- Land
- Buildings
- Improvements to Land
- Playgrounds
- Roads & Footpaths
- Runway Assets
- Stormwater

This valuation impacted on the gross value and accumulated depreciation. The valuation adjustments have been processed through the revaluation reserve recorded in Note 9 as determined by the professional judgement of management under AASB 108, and management interpretation and application of the improvements to AASB 116.35(a) as early adopted by Council under Paragraph 24 of AASB 2014-1 Amendments to Australian Accounting Standards.

**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.

**THE CORPORATION OF THE CITY OF WHYALLA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Note 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6.6 Impairment**

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for 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).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

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

**6.7 Borrowing Costs**

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

**7 Payables**

**7.1 Goods & Services**

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

**7.2 Payments Received in Advance & Deposits**

Amounts 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". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

**THE CORPORATION OF THE CITY OF WHYALLA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Note 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**9 Employee Benefits**

**9.1 Salaries, Wages & Compensated Absences**

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

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

Weighted average discount rate	2.9% (2013, 3.1%)
Weighted average settlement period	7 years (2013, 7 years)

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council has recognise amounts have accrued in the past as part of an enterprise incentive aimed at reducing work absences.

**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 18.

**10 Provision for Carbon Taxation**

Council operates a number of small landfill facilities, each of which, and in aggregate, are substantially below the taxation threshold of 25,000 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) gas emissions.

Council considers that it has no current or likely future liability for this tax.

**11 Leases**

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

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

**THE CORPORATION OF THE CITY OF WHYALLA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Note 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**12 Joint Ventures and Associated Entities**

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements are not material.

**13 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.

**14 Pending Accounting Standards**

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2014 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 10	Consolidated Financial Statements
AASB 11	Joint Arrangements
AASB 12	Disclosure of Interests in Other Entities
AASB 127	Separate Financial Statements
AASB 128	Investments in Associates and Joint Ventures
AASB 132	Financial Instruments: Presentation

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2011-7, AASB 2012-2, AASB 2012-3, AASB 2012-5, AASB 2012-6, AASB 2012-10, AASB 2013-3, AASB 2013-8 and AASB 2013-9.

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

Council has not determined if any 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.

The Australian Accounting Standards Board is currently reviewing AASB 1004 Contributions. It is anticipated that the changes resulting from this review may have a material effect on the timing of the recognition of grants and contributions, but the financial consequences cannot be estimated until a revised accounting standard is issued.

# City of Whyalla

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 2 - INCOME

	Notes	2014 \$	2013 \$
<b>RATES REVENUES</b>			
<u>General Rates</u>		13,854,115	13,047,221
Less: Mandatory rebates		(55,684)	(64,477)
Less: Discretionary rebates, remissions & write offs		(139,002)	(136,034)
		13,659,429	12,846,710
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		695,038	687,456
Waste collection		3,046,084	2,114,408
		3,741,122	2,801,864
<u>Other Charges</u>			
Penalties for late payment		95,118	83,847
		95,118	83,847
Less: Discretionary rebates, remissions & write offs		(307,345)	(215,365)
		17,188,324	15,517,056
<b>STATUTORY CHARGES</b>			
Development Act fees		130,883	128,465
Town planning fees		106,957	93,536
Health & Septic Tank Inspection fees		3,226	2,825
Animal registration fees & fines		218,327	221,950
Parking fines / expiation fees		15,344	29,297
Environment control fines		630	2,240
Other licences, fees, & fines		18,317	16,216
		493,684	494,529
<b>USER CHARGES</b>			
Cemetery/crematoria fees		258,526	253,658
Airport charges		658,939	766,686
Marina fees		69,692	66,793
Child care centre		534,256	483,577
Hall & equipment hire		182,641	164,987
Waste fees		1,146,013	1,238,706
Sales - general		227,591	191,185
Subsidies received on behalf of users		217,334	199,462
Sundry		110,462	68,857
		3,405,454	3,433,911
<b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		22,234	48,262
Banks & other		34,456	67,165
Loans to community groups		3,580	5,233
		60,270	120,660

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### NOTE 2 - INCOME (continued)

	Notes	2014 \$	2013 \$
<b>REIMBURSEMENTS</b>			
- for roadworks		3,500	3,500
- for private works		0	35,699
- by joint undertakings		104,235	63,648
		<b>107,735</b>	<b>102,847</b>
<b>OTHER INCOME</b>			
Insurance & other recoupments - infrastructure, property, plant & equipment		107,723	96,694
Management other income		71,248	42,601
Finance debt collection		78,125	74,512
Quarry income		81,640	148,134
Rebates received		689,619	657,680
Sundry		103,381	106,692
		<b>1,131,736</b>	<b>1,126,313</b>
<b>GRANTS, SUBSIDIES, CONTRIBUTIONS</b>			
Amounts received specifically for new or upgraded assets		2,247,330	1,098,433
Clean Energy Future grants etc.		30,000	
Other grants, subsidies and contributions		2,728,555	4,872,112
		<b>5,005,885</b>	<b>5,970,545</b>
<i>The functions to which these grants relate are shown in Note 2.</i>			
<b>Sources of grants</b>			
Commonwealth government		140,000	145,685
State government		2,513,555	4,726,427
Other		2,352,330	1,098,433
		<b>5,005,885</b>	<b>5,970,545</b>

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### NOTE 2 - INCOME (continued)

	2014	2013
Notes	\$	\$
<b>Conditions over grants &amp; contributions</b>		
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>		
<i>Unexpended at the close of the previous reporting period</i>	<b>767,961</b>	1,600,255
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>		
<i>Roads Infrastructure</i>	<b>(12,656 )</b>	(509,810 )
<i>Heritage &amp; Cultural Services</i>	<b>(213,740 )</b>	(385,934 )
<i>Subtotal</i>	<b>(226,396 )</b>	(895,744 )
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
<i>Roads Infrastructure</i>	<b>341,815</b>	12,500
<i>Heritage &amp; Cultural Services</i>	<b>497,680</b>	50,950
<i>Subtotal</i>	<b>839,495</b>	63,450
<i>Unexpended at the close of this reporting period</i>	<b>1,381,060</b>	767,961
 <i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>	<b>613,099</b>	(832,294 )

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 3 - EXPENSES

	Notes	2014 \$	2013 \$
<b>EMPLOYEE COSTS</b>			
Salaries and Wages		6,766,011	6,239,881
Employee leave expense		1,609,726	1,268,121
Superannuation - defined contribution plan contributions	18	407,263	349,107
Superannuation - defined benefit plan contributions	18	346,928	297,388
Workers' Compensation Insurance		375,696	338,088
Less: Capitalised and distributed costs		(110,811)	(67,019)
<b>Total Operating Employee Costs</b>		<b>9,394,813</b>	<b>8,425,567</b>
<b>Total Number of Employees</b>		<b>123</b>	<b>121</b>
<i>(Full time equivalent at end of reporting period)</i>			
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		15,500	14,700
Bad and Doubtful Debts		10,450	9,986
Elected members' expenses		241,464	244,182
Election expenses		5,631	-
Subtotal - Prescribed Expenses		<b>273,045</b>	<b>268,867</b>
<u>Other Materials, Contracts &amp; Expenses</u>			
Contractors		3,141,471	2,527,327
Energy		847,535	825,728
Insurance		336,921	352,792
Maintenance		351,208	635,413
Legal Expenses		68,507	25,679
Levies paid to government - NRM levy		693,443	682,656
Parts, accessories & consumables		2,653,349	2,709,771
Professional services		2,409,270	1,879,224
Sundry		1,478,627	1,127,988
Subtotal - Other Materials, Contracts & Expenses		<b>11,980,331</b>	<b>10,766,578</b>
		<b>12,253,376</b>	<b>11,035,445</b>

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 3 - EXPENSES (cont)

	Notes	2014 \$	2013 \$
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
<b>Depreciation</b>			
Land Improvements		335,008	119,890
Irrigation Systems		57,315	56,086
Buildings Level 2		104,478	236,893
Playgrounds		94,945	59,318
Street Furniture		64,929	62,123
Roads & footpaths		3,201,094	3,166,856
Runway Assets		98,841	98,841
Stormwater drainage		509,576	505,459
Plant & Equipment		353,947	356,980
Furniture & Fittings		182,847	194,477
Landfill assets		165,766	323,793
Other Assets		90,229	189,712
Buildings Level 3		869,484	729,763
		<u>6,128,459</u>	<u>6,100,191</u>
Less: Capitalised and distributed costs		<u>(135,512)</u>	<u>(119,533)</u>
		<u>5,992,947</u>	<u>5,980,658</u>
<b>FINANCE COSTS</b>			
Interest on overdraft and short-term drawdown		121,865	62,526
Interest on Loans		47,227	71,989
		<u>169,092</u>	<u>134,515</u>

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

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

	2014	2013
Notes	\$	\$
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	53,922	115,682
Less: Carrying amount of assets sold	664,212	563,626
<b>Gain (Loss) on disposal</b>	<b>(610,290)</b>	<b>(447,944)</b>
 <i>Assets surplus to requirements</i>		
Proceeds from disposal	69,337	49,500
Less: Carrying amount of assets sold	18,922	7,915
<b>Gain (Loss) on disposal</b>	<b>50,415</b>	<b>41,585</b>
 <b>REAL ESTATE DEVELOPMENT ASSETS</b>		
Proceeds from disposal	241,875	-
Less: Carrying amount of assets sold	67,335	-
<b>Gain (Loss) on disposal</b>	<b>174,540</b>	<b>-</b>
 <b>NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS</b>		
	<b>(385,335)</b>	<b>(406,359)</b>

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 5 - CURRENT ASSETS

	2014	2013
CASH & EQUIVALENT ASSETS	Notes	\$
Cash on Hand and at Bank	1,149,692	385,955
Short Term Deposits & Bills, etc	<u>581,066</u>	<u>1,493,070</u>
	<u>1,730,758</u>	<u>1,879,025</u>
TRADE & OTHER RECEIVABLES		
Rates - General & Other	933,328	780,102
Rates Postponed for State Seniors	6,454	5,740
Accrued Revenues	140,277	152,986
Debtors - General	1,232,426	1,180,082
GST Recoupment	188,588	137,802
Prepayments	80,924	37,508
Loans to Community Organisations	17,363	16,199
Sundry	16,987	6,783
Total	<u>2,616,347</u>	<u>2,317,202</u>
Less: Allowance for Doubtful Debts	<u>70,536</u>	<u>60,650</u>
	<u>2,545,811</u>	<u>2,256,552</u>
<i>Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13.</i>		
INVENTORIES		
Stores & Materials	121,920	146,306
Trading Stock	<u>42,380</u>	<u>52,012</u>
	<u>164,300</u>	<u>198,318</u>

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 6 - NON-CURRENT ASSETS

	Notes	2014 \$	2013 \$
<b>FINANCIAL ASSETS</b>			
<b>Receivables</b>			
Loans to community organisations		<u>19,642</u>	<u>37,005</u>
		<b>19,642</b>	<b>37,005</b>
 <b>OTHER NON-CURRENT ASSETS</b>			
<b>Inventories</b>			
Real Estate Developments		<u>3,153,747</u>	<u>3,221,082</u>
Capital Works-in-Progress		<u>51,335</u>	<u>10,347</u>
		<b>3,205,082</b>	<b>3,231,429</b>
 <b>Real Estate Developments - Current &amp; Non-Current</b>			
<i>Industrial &amp; Commercial</i>		<u>3,153,747</u>	<u>3,221,082</u>
<b>Total Real Estate for Resale</b>		<b><u>3,153,747</u></b>	<b><u>3,221,082</u></b>
 <i>Represented by:</i>			
Acquisition Costs		<u>561,136</u>	<u>573,117</u>
Development Costs		<u>2,414,163</u>	<u>2,465,707</u>
Finance Costs		<u>178,448</u>	<u>182,258</u>
<b>Total Real Estate for Resale</b>		<b><u>3,153,747</u></b>	<b><u>3,221,082</u></b>
 <b>Apportionment of Real Estate Developments</b>			
Current Assets		-	-
Non-Current Assets		<u>3,153,747</u>	<u>3,221,082</u>
		<b><u>3,153,747</u></b>	<b><u>3,221,082</u></b>

**City of Whyalla**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT**

AASB 13 Fair Value Level	2013 \$				2014 \$			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	1,363,938	-	-	1,363,938	1,321,000	-	-	1,321,000
Land	55,742,148	34,443	-	55,776,591	35,460,000	-	-	35,460,000
Land Improvements	6,518,489	1,274,353	(1,726,980)	6,065,862	13,332,204	-	(4,162,672)	9,169,532
Irrigation Systems	-	7,888,406	(388,580)	7,499,826	-	8,113,622	(445,895)	7,667,727
Buildings Level 2	14,150,143	-	(4,445,258)	9,704,885	6,215,000	-	(104,478)	6,110,522
Playgrounds	1,542,965	15,666	(704,325)	854,306	1,707,840	-	(787,885)	919,955
Street Furniture	1,018,357	809,123	(482,025)	1,345,455	920,343	943,984	(541,027)	1,323,300
Roads & footpaths	133,284,813	-	(48,150,246)	85,134,567	225,882,369	-	(97,452,276)	128,430,093
Runway Assets	5,708,260	-	(4,042,197)	1,666,063	9,319,371	-	(3,522,220)	5,797,151
Stormwater drainage	39,719,130	4,066,222	(15,355,814)	28,429,538	34,755,296	-	(13,155,455)	21,599,841
Plant & Equipment	-	4,257,544	(2,789,224)	1,468,320	-	4,529,027	(2,884,782)	1,644,245
Furniture & Fittings	-	3,582,685	(1,998,076)	1,584,609	-	3,958,055	(2,180,923)	1,777,132
Landfill assets	206,507	3,660,262	(2,489,112)	1,377,657	807,863	3,660,262	(2,654,878)	1,813,247
Other Assets	-	3,780,344	(2,683,772)	1,096,572	-	3,775,770	(2,774,001)	1,001,769
Buildings Level 3	40,602,202	5,191,378	(27,936,824)	17,856,756	54,033,066	-	(34,268,237)	19,764,829
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>299,856,952</b>	<b>34,560,426</b>	<b>(113,192,433)</b>	<b>221,224,945</b>	<b>383,754,352</b>	<b>24,980,720</b>	<b>(164,934,729)</b>	<b>243,800,343</b>
<b>Comparatives</b>	<b>298,758,330</b>	<b>25,879,209</b>	<b>(109,100,962)</b>	<b>215,536,577</b>	<b>299,856,952</b>	<b>34,560,426</b>	<b>(113,192,433)</b>	<b>221,224,945</b>

This Note continues on the following pages.

**City of Whyalla**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT**

	CARRYING AMOUNT MOVEMENTS DURING YEAR										2014	
	\$										\$	
	2013	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT	CARRYING AMOUNT	CARRYING AMOUNT	
CARRYING AMOUNT	New/Upgrade	Renewals										
Land	1,363,938	-	-	-	-	-	-	(42,938)	1,321,000	1,321,000		
Land	55,776,591	258,322	-	-	-	-	-	(20,574,913)	35,460,000	35,460,000		
Land Improvements	6,065,862	1,434,277	-	(335,008)	-	2,414,221	-	(409,820)	9,169,532	9,169,532		
Irrigation Systems	7,499,826	225,216	-	(57,315)	-	-	-	-	7,667,727	7,667,727		
Buildings Level 2	9,704,885	-	80,442	(104,478)	-	-	-	(3,570,327)	6,110,522	6,110,522		
Playgrounds	854,306	21,890	-	(94,945)	-	-	-	157,626	919,955	919,955		
Street Furniture	1,345,455	173,589	-	(64,929)	-	(130,815)	-	-	1,323,300	1,323,300		
Roads & footpaths	85,134,567	-	4,392,677	(3,201,094)	-	-	-	42,634,224	128,430,093	128,430,093		
Runway Assets	1,666,063	-	-	(98,841)	-	-	-	4,229,929	5,797,151	5,797,151		
Stormwater drainage	28,429,538	-	847,202	(509,576)	-	-	-	(7,167,323)	21,599,841	21,599,841		
Plant & Equipment	1,468,320	-	663,803	(353,947)	-	-	-	-	1,644,245	1,644,245		
Furniture & Fittings	1,584,609	-	375,370	(182,847)	-	-	-	-	1,777,132	1,777,132		
Landfill assets	1,377,657	601,356	-	(165,766)	-	-	-	-	1,813,247	1,813,247		
Other Assets	1,096,572	-	47,379	(90,229)	-	(51,953)	-	-	1,001,769	1,001,769		
Buildings Level 3	17,856,756	-	4,008,761	(869,484)	-	(2,231,453)	-	1,000,249	19,764,829	19,764,829		
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>221,224,945</b>	<b>2,714,650</b>	<b>10,415,634</b>	<b>(683,134)</b>	<b>(6,128,459)</b>	<b>-</b>	<b>-</b>	<b>16,256,707</b>	<b>243,800,343</b>	<b>243,800,343</b>		
<b>Comparatives</b>	<b>215,536,577</b>	<b>6,504,148</b>	<b>5,896,485</b>	<b>(571,541)</b>	<b>(6,100,191)</b>	<b>-</b>	<b>-</b>	<b>(40,534)</b>	<b>221,224,945</b>	<b>221,224,945</b>		

This Note continues on the following pages.

# THE CORPORATION OF THE CITY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### 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.

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

**Fair value hierarchy level 2 valuations:** 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.

# THE CORPORATION OF THE CIY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 7 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

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

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Buildings - new construction/extensions	\$10,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$2,000
Drains & Culverts	\$5,000
Reticulation extensions	\$5,000
Sidelines & household connections	\$5,000
Artworks	\$5,000

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

Plant, Furniture & Equipment	
Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years
Buildings & 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 30 years
Sealed Roads – Structure	55 to 80 years
Unsealed Roads	10 to 20 years
Paving & Footpaths, Kerb & Gutter	15 to 65 years
Drains	70 to 100 years
Culverts	70 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	70 to 100 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	15 to 25 years
Other Assets	
Library Books	10 to 15 years
Artworks	indefinite

#### Land & Land Improvements

Council being of the opinion that it is not possible to attribute a value sufficiently reliably to qualify for recognition, have not recognised land under roads 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 replacement cost basis.

# THE CORPORATION OF THE CIY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 7 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Council's land and land improvements assets were independently valued by Opteon Pty Ltd and Tonkin Consulting as at 30 June 2014.

Level 3 classified land and land improvements assets relate to properties where there is an inability or restriction on Council to sell this asset on the open market.

Depreciation during the year ending 30 June 2014 has been provided as part of this revaluation.

#### Buildings

The asset class of buildings was revalued by Tonkin Consulting and Opteon Pty Ltd as at 30 June 2014. Depreciation during the year ending 30 June 2014 has been provided as part of this revaluation.

Buildings have been disclosed as either Fair Value hierarchy Level 2 valuations or as Fair Value hierarchy Level 3 valuations, in accordance with AASB 13 Fair Value Measurement.

Building valuations, disclosed as Level 2, 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.

Building valuations, disclosed as Level 3 have been determined to have 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. 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.

Assets acquired since last valuation have been valued at cost.

#### Roads, Footpaths & Runway

Transportation assets were valued by Tonkin Consulting at depreciated current replacement cost during the reporting period ended 30 June 2014.

#### Stormwater Drainage

Stormwater drainage infrastructure was valued by Tonkin Consulting as at 30 June 2014 at depreciated current replacement cost.

#### Plant, Furniture & Equipment

These assets are recognised on the cost basis.

#### All Other Assets

These assets are recognised on the cost basis. Library books and other lending materials are capitalised in bulk, and written out when fully depreciated.

#### Investment Property

The basis of valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing but not anxious parties in an arms length transaction, based on current prices in an active market for similar parties in the same location and subject to similar leases.

Investment Properties were revalued as at 30 June 2014 by Tonkin Consulting and Opteon Pty Ltd.

Most investment properties are leased to tenants under long term operating leases with rentals payable monthly (Note 18). Contractual obligations relating to the properties are disclosed in Note 14.

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 8 - LIABILITIES

	Notes	2014		2013	
		Current	Non-current	Current	Non-current
<b>TRADE &amp; OTHER PAYABLES</b>					
Goods & Services		1,580,650	-	1,944,383	-
Payments received in advance		59,195	-	48,496	-
Accrued expenses - employee entitlements		375,862	-	317,050	-
Accrued expenses - other		72,859	-	16,643	-
Deposits, Retentions & Bonds		27,557	-	-	-
Other		35,719	-	32,633	-
		<u>2,151,842</u>	<u>-</u>	<u>2,359,205</u>	<u>-</u>

Amounts included in trade & other payables that are not expected to be settled within 12 months of reporting date.

#### BORROWINGS

Short term draw down facility		-	7,702,085	-	-
Loans		109,973	463,874	602,295	573,847
		<u>109,973</u>	<u>8,165,959</u>	<u>602,295</u>	<u>573,847</u>

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

#### PROVISIONS

Employee entitlements (including oncosts)		2,062,767	105,832	1,881,601	100,995
Landfill Capping and Closure Provision		-	1,386,000	-	1,280,000
		<u>2,062,767</u>	<u>1,491,832</u>	<u>1,881,601</u>	<u>1,380,995</u>

#### Movements in Provisions - 2014 year only (current & non-current)

	Carbon Tax	Insurance Losses	Future Reinstatement	Other Provision
Opening Balance	-	-	-	1,280,000
Add (Less) Remeasurement Adjustments	-	-	-	106,000
Closing Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,386,000</u>

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2013	Net Increments (Decrements)	Transfers, Impairments	30/6/2014
Notes	\$	\$	\$	\$
Land	42,413,242	(20,574,913)		21,838,329
Land	1,343,938	(42,938)		1,301,000
Land Improvements	4,229,889	(409,820)		3,820,069
Playgrounds	826,624	157,626		984,250
Buildings Level 2	6,643,031	(3,570,327)		3,072,704
Roads & footpaths	91,664,111	42,634,224		134,298,335
Runway Assets	5,853,488	4,229,929		10,083,417
Stormwater drainage	24,324,995	(7,167,323)		17,157,672
Street Furniture	1,168,279			1,168,279
Buildings Level 3	11,158,823	1,000,249		12,159,072
<b>TOTAL</b>	<b>189,626,420</b>	<b>16,256,707</b>		<b>205,883,127</b>
<i>Comparatives</i>	<i>189,666,954</i>	<i>(40,534)</i>		<i>189,626,420</i>

OTHER RESERVES	1/7/2013	Transfers to Reserve	Transfers from Reserve	30/6/2014
Committed Funds Reserve	1,493,070	3,249,587	(3,361,597)	1,381,060
<b>TOTAL OTHER RESERVES</b>	<b>1,493,070</b>	<b>3,249,587</b>	<b>(3,361,597)</b>	<b>1,381,060</b>
<i>Comparatives</i>	<i>2,165,914</i>	<i>5,635,616</i>	<i>(6,308,460)</i>	<i>1,493,070</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).

##### **Committed Funds Reserve**

The committed funds reserve is used to record amounts committed for brought forward projects, unexpended grant funds and developer contributions.

City of Whyalla

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

**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.

	Notes	2014 \$	2013 \$
<b>CASH &amp; FINANCIAL ASSETS</b>			
Unexpended amounts received from Federal Government		0	0
Unexpended amounts received from State Government		319,748	20,782
Unexpended amounts received from Developers		1,061,312	747,179
		<u>1,381,060</u>	<u>767,961</u>
<b>TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS</b>		<u>1,381,060</u>	<u>767,961</u>

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### 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	2014 \$	2013 \$
Total cash & equivalent assets	5	<u>1,730,758</u>	<u>1,879,025</u>
Balances per Cash Flow Statement		<u>1,730,758</u>	<u>1,879,025</u>

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

Net Surplus (Deficit)	(802,475)	783,316
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	5,992,947	5,980,658
Net increase (decrease) in unpaid employee benefits	244,815	11,937
Change in allowances for under-recovery	9,886	(19,562)
Grants for capital acquisitions treated as Investing Activity	(2,277,330)	(1,098,433)
Net (Gain) Loss on Disposals	<u>385,335</u>	<u>406,359</u>
	<u>3,553,178</u>	6,064,275
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(297,981)	550,383
Net (increase) decrease in inventories	34,018	(20,729)
Net increase (decrease) in trade & other payables	(266,175)	772,722
Net increase (decrease) in other provisions	<u>106,000</u>	-
<b>Net Cash provided by (or used in) operations</b>	<u>3,129,040</u>	<u>7,366,651</u>

**(c) Financing Arrangements**

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

Bank Overdrafts	250,000	250,000
Corporate Credit Cards	37,000	37,000
LGFA Cash Advance Debenture facility	12,000,000	12,000,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Council also has immediate access to a short-term draw-down facility, and variable interest rate borrowings under a cash advance facility, both from the the Local Government Finance Authority of SA.

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### 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	2014	2013	2014	2013
	2014	2013	2014	2013	2014	2013	\$	\$	\$	\$
	\$	\$	\$	\$	\$	\$				
Council Administration	20,201,071	20,494,453	5,059,276	4,921,115	15,141,795	15,573,338	1,879,293	3,855,552	40,526,576	40,416,660
Public Order & Safety	223,195	227,162	290,450	233,658	(67,255)	(6,496)	-	-	-	-
Health	54,006	33,978	156,617	138,168	(102,611)	(104,190)	19,800	16,080	-	-
Social Security & Welfare	1,015,886	943,665	1,434,355	1,715,048	(418,469)	(771,383)	253,855	248,685	-	-
Housing & Community	1,636,762	1,649,038	5,971,200	5,191,392	(4,334,438)	(3,542,354)	30,552	-	73,897,100	99,135,755
Environment	50,298	14,045	864,798	516,034	(814,500)	(501,989)	147,042	-	1,813,247	1,377,657
Sport & Recreation	355,431	371,194	4,094,163	4,015,420	(3,738,732)	(3,644,226)	348,898	952,071	1,001,769	1,096,572
Agriculture	-	-	21,484	12,221	(21,484)	(12,221)	-	-	-	-
Minining & Manufacturing	223,423	284,077	564,921	502,538	(341,498)	(218,461)	-	-	-	-
Transport & Communications	1,109,962	1,458,221	6,120,953	5,829,249	(5,010,991)	(4,371,028)	2,326,445	898,157	134,227,244	86,800,630
Economic Affairs	196,485	159,929	733,973	726,173	(537,488)	(566,244)	-	-	-	-
Other Purposes	49,239	31,665	2,498,038	1,775,169	(2,448,799)	(1,743,504)	-	-	-	-
<b>TOTALS</b>	<b>25,115,758</b>	<b>25,667,427</b>	<b>27,810,228</b>	<b>25,576,185</b>	<b>(2,694,470)</b>	<b>91,242</b>	<b>5,005,885</b>	<b>5,970,545</b>	<b>251,465,936</b>	<b>228,827,274</b>

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

# THE CORPORATION OF THE CITY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 12 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

#### **Council Administration**

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

#### **Public Order & Safety**

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control, Dog and Cat Control, Building Control, Town Planning, Clean Air/Pollution Control, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

#### **Health**

Health, Immunisation, preventative Health services, Other Health Services.

#### **Social Security & Welfare**

Community Support, Home Assistance Scheme, Child Care Centre, Community Assistance, Other Community Support, Community

#### **Housing & Community Amenities**

Child Care Centre, Community Amenities, Bus Shelters, Cemeteries / Crematoria, Public Conveniences, Car Parking – non-fee paying, and Other Community Amenities, Library Services, Mobile Libraries and housebound Services, Static Libraries, Other Library Services, Cultural Services, Cultural Venues, Heritage and Museums.

#### **Environment**

Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, Other Environment, Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

#### **Sport & Recreation**

Jetties, Other Marine Facilities, Parks and Gardens, Marina's & Boat Harbours, Sports Facilities – Indoor, Sports and Recreation Halls, Indoor Swimming Centre, Outdoor Recreation Facilities and Outdoor Sporting Fields.

#### **Agriculture**

Pest Eradication Services

#### **Mining & Manufacture**

Gravel Pits/Quarries, Development of Land for Resale, and Private works

#### **Transport & Communication**

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

#### **Economic Affairs**

Employment Creation Programs, Regional Development, support to Local Businesses, Tourism, and Other Economic Development.

#### **Other Purposes**

Infrastructure Support Services

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 13 - FINANCIAL INSTRUMENTS

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

##### Accounting Policies - Recognised Financial Instruments

<b>Bank, Deposits at Call, Short Term Deposits</b>	<b>Accounting Policy:</b> Carried at lower of cost and net realisable value; Interest is recognised when earned.
	<b>Terms &amp; conditions:</b> Deposits are returning fixed interest rates between 2.75% and 3% (2013: 2.25% and 4%). Short term deposits have an average maturity of 60 days and an average interest rates of 3.34% (2013: 60 days, 5%).
	<b>Carrying amount:</b> approximates fair value due to the short term to maturity.
<b>Receivables</b> - 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.	<b>Accounting Policy:</b> Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.
	<b>Terms &amp; conditions:</b> Secured over the subject land, arrears attract interest of 2% (2013: 2%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.
	<b>Carrying amount:</b> approximates fair value (after deduction of any allowance).
<b>Receivables</b> - Fees & other charges	<b>Accounting Policy:</b> Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.
	<b>Terms &amp; conditions:</b> 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.
	<b>Carrying amount:</b> approximates fair value (after deduction of any allowance).
<b>Receivables</b> - other levels of government	<b>Accounting Policy:</b> Carried at nominal value.
	<b>Terms &amp; conditions:</b> 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.
	<b>Carrying amount:</b> approximates fair value.
<b>Liabilities</b> - Creditors and Accruals	<b>Accounting Policy:</b> Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.
	<b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.
<b>Liabilities</b> - Interest Bearing Borrowings	<b>Accounting Policy:</b> Carried at the principal amounts. Interest is charged as an expense as it accrues.
	<b>Terms &amp; conditions:</b> secured over future revenues, borrowings are repayable when due; interest is charged at fixed and variable rates between 4.75% and 7.98% (2013: 5.33% and 7.98%)
	<b>Carrying amount:</b> approximates fair value.
<b>Liabilities</b> - Finance Leases	<b>Accounting Policy:</b> accounted for in accordance with AASB 117.

**City of Whyalla**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Note 13 (cont) - FINANCIAL INSTRUMENTS**

**Liquidity Analysis**

2014	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash & Equivalents	1,730,758			1,730,758	1,730,758
Receivables	1,659,199			1,659,199	1,696,207
Other Financial Assets	20,377	21,667		42,044	37,005
<b>Total</b>	<b>3,410,334</b>	<b>21,667</b>	-	<b>3,432,001</b>	<b>3,463,970</b>
<b>Financial Liabilities</b>					
Payables	1,703,121			1,703,121	1,703,121
Current Borrowings	139,249		-	139,249	109,973
Non-Current Borrowings	-	8,223,294		8,223,294	8,165,959
<b>Total</b>	<b>1,842,370</b>	<b>8,223,294</b>	-	<b>10,065,664</b>	<b>9,979,053</b>

2013	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash & Equivalents	1,879,025			1,879,025	1,879,025
Receivables	1,568,365			1,568,365	1,568,365
Other Financial Assets	19,779	42,044		61,823	53,204
<b>Total</b>	<b>3,467,169</b>	<b>42,044</b>	-	<b>3,509,213</b>	<b>3,500,594</b>
<b>Financial Liabilities</b>					
Payables	2,042,155		-	2,042,155	2,042,155
Current Borrowings	652,372		-	652,372	602,295
Non-Current Borrowings	-	530,156	130,302	660,458	573,847
<b>Total</b>	<b>2,694,527</b>	<b>530,156</b>	<b>130,302</b>	<b>3,354,985</b>	<b>3,218,297</b>

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

	30 June 2014		30 June 2013	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Overdraft	8.97	-	9.22	-
Other Variable Rates	4.75	7,702,085	5.25	-
Fixed Interest Rates	7.98	573,847	6.65	1,176,142
		<b>8,275,932</b>		<b>1,176,142</b>

**Net Fair Value**

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

**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.

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 14 - COMMITMENTS FOR EXPENDITURE

	2014	2013
	Notes	
	\$	\$
<b>Capital Commitments</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land Improvements	-	-
Roads & Footpaths	<u>1,048,234</u>	<u>1,183,691</u>
	<u>1,048,234</u>	<u>1,183,691</u>
These expenditures are payable:		
Not later than one year	<u>1,048,234</u>	<u>1,183,691</u>
	<u>1,048,234</u>	<u>1,183,691</u>

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 15 - FINANCIAL INDICATORS

	2014	2013	2012
--	------	------	------

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.

#### **Operating Surplus Ratio**

<u>Operating Surplus</u>	(16%)	0.62%	17%
Rates - general & other less NRM levy			

*This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.*

#### **Adjusted Operating Surplus Ratio**

	(2%)	1.10%	8%
--	------	-------	----

*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>	40%	11%	11%
Total Operating Revenue less NRM levy			

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

#### **Asset Sustainability Ratio**

<u>Net Asset Renewals</u>	169%	107%	238%
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.. In the past depreciation has been used as the denominator, however renewal needs are based on the condition of the assets, in any one year this renewal cost may be more or less than depreciation expense in any one year. For this reason our renewal needs are spelt out in our Asset Management Plans, therefore this measure looks at "what we did" in a financial period and compares it to "what we should have done " in order to renewal assets at the optimum time.*

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### 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

	2014	2013
	\$	\$
Income		25,667,427
less Expenses	25,115,758	25,576,185
<b>Operating Surplus / (Deficit)</b>	<b>27,810,228</b> <b>(2,694,470)</b>	<u>91,242</u>
<b>less Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	10,321,110	5,776,953
Depreciation, Amortisation and Impairment	(5,992,947)	(5,980,658)
Proceeds from Sale of Replaced Assets	<u>(53,922)</u>	<u>(115,682)</u>
	4,274,241	(319,387)
<b>less Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property &amp; real estate developments)</i>	2,714,650	1,314,890
Amounts received specifically for New and Upgraded Assets	(2,277,330)	(1,098,433)
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	(311,212)	(49,500)
	<u>126,108</u>	<u>166,957</u>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(7,094,819)</b>	<u>243,672</u>

## City of Whyalla

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

#### Note 17 - OPERATING LEASES

##### *Leases providing revenue to the Council*

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

##### Investment Property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also disclosed in Note 2. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable.

Lessees commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:

	2014	2013
	\$	\$
Not later than one year	64,963	62,624
Later than one year and not later than 5 years	31,174	25,005
Later than 5 years		16,670
	<u>96,137</u>	<u>104,299</u>

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

Contingent rental payments exist in relation to the lease of one grader if utilisation exceeds 250 hours during any month. No contingent rentals were paid during the current or previous reporting periods.

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

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

No lease contains any escalation clause.

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

# THE CORPORATION OF THE CITY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 18 – 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 Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

#### **Marketlink (Accumulation Fund) Members**

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9.25% in 2013/14; 9% in 2012/13). 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 Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2012/13) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of salary for Salarylink members to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in 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 Fund'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 Scheme's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2011. 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.

# THE CORPORATION OF THE CITY OF WHYALLA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2014

### Note 19 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

The following assets and liabilities do not qualify for recognition in the Balance Sheet but knowledge 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 348 km of road reserves of average width 20 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 \$37,005 (2013: \$53,204) at reporting date.

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

#### 4. ENVIRONMENT

Council is responsible for the operations of the Mount Laura and previously the Newton Street landfill sites. The costs of Council's obligations in relation to the Mount Laura site have been included in Note 8. Newton Street Site is monitored and costs are expensed on an annual basis. Requirements for future restorations have not been identified as at 30 June 2014. If applicable once identified the amount will be included and amortised on an annual basis.

#### 5. "CARBON" TAX

From 1 July 2012 a new tax on emissions of certain 'greenhouse' gases commenced operation. The Council operates a landfill facility which emits, and will continue to emit gases of this type. Information currently available provides assurances that 'legacy emissions' from garbage placed in landfills prior to the commencement of the tax will not become liable to the tax.

As at the time of preparing the Financial Statements, the Carbon Tax was abolished on 17 July 2014 with it being effective as from 1 July 2014. As greenhouse emissions from the landfill site prior to 1 July 2014 did not exceed minimum levels to cause the Council to be liable to pay a tax, there is therefore no liability for this tax to be recorded.

**THE CORPORATION OF THE CITY OF WHYALLA**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2014**

**Note 20 - EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

There are no events occurring after balance date that impact on the contents of these statements

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CITY OF WHYALLA

We have audited the accompanying financial report of the City of Whyalla, which comprises the Statement of Financial Position as at 30 June 2014, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Certification of Financial Statements statement.

### The Responsibility of the Chief Executive Officer for the Financial Report

The Chief Executive Officer of the City of Whyalla is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

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

### Independence

In conducting our audit, we have complied with the independence requirements of the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011 and the Australian professional ethical pronouncements.

### Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the City of Whyalla as of 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and the Australian Accounting Standards (including Australian Accounting Interpretations).

**DEAN NEWBERY & PARTNERS**  
**CHARTERED ACCOUNTANTS**

  
**JIM KEOGH**  
**PARTNER**

Signed on the 12<sup>th</sup> day of November 2014,  
at 214 Melbourne Street, North Adelaide, South Australia 5006.


# THE CORPORATION OF THE CITY OF WHYALLA

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2014

### CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The Corporation of the City of Whyalla for the year ended 30 June 2014, the Council's Auditor, Dean Newbery & Partners Chartered Accountants., 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*.

  
.....  
Peter Peppin  
**CHIEF EXECUTIVE OFFICER**

  
.....  
Cr Raj Rajamani  
**PRESIDING MEMBER  
AUDIT COMMITTEE**

Date:

04.11.14  
.....

## Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of The Corporation of the City of Whyalla for the year ended 30 June 2014, 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 10<sup>th</sup> day of October 2014



# EPLGA

## ANNUAL REPORT 2013/14



Re-developed Whyalla Airport  
*Photography courtesy City Council of Whyalla*



## THE PRESIDENTS REPORT

EPLGA continues to actively represent member councils, undertake programs and reform that assist local government and provide a forum in which to engage with each other and wider stakeholders.

In reviewing 2013/14, I am pleased to record that the Outreach Services Pilot Program has proven successful providing Eyre Peninsula councils with the opportunity to take part in regional training thereby reducing costs, and to participate in regional strategies/programs that would not have otherwise been available. EO Tony Irvine is to be commended for his drive and enthusiasm to ensure this region took full advantage of this LGA funded pilot program.

As part of this initiative and flow-on from the successful Mining Round Table held in Port Lincoln in November the establishment of a Regional Mining Taskforce is now being pursued.

Other projects undertaken to assist member councils include developing a Regional Road Database; Infrastructure & Asset Management Plan and Long Term Financial Plans regional audit; Procurement Road Map Project; investigating and forming a CWMS Regional Users Group and developing an EP Waste Management strategy.

As the regional representative body EPLGA provided significant input to the LGA's election strategy documents and campaigns for both the Federal and State Government elections, particularly the "Making Regions Matter" platform. Tony and I also met and lobbied politicians when and wherever possible, including travelling to Canberra with the LGA Group in March 2014 where Supplementary Road Funding was a hot topic.

The issue of Councils providing resources to emergency response operations (particularly bushfires) has been long and difficult. However it is a crucial issue and after a concerted effort by the LGA, SAFECOM and LGRS the 'i-Responda' framework was developed and in December the three lower EP Councils participated in a pilot program aimed at ensuring Council's response to emergency situations is undertaken safely and in the best interest of the community. I commend DCLEP CEO Rod Pearson and Tony for their commitment to try and resolve this critical issue. Further work is still being finalised to ensure the State Government meets the mutually agreed obligations in such emergency situations.

Our partnership with RDAWEP has continued to strengthen and during the year an internal review, as requested by EP Councils, was undertaken by Dr Kristine Peters. The EP Regional Statement being developed by RDA will be an important document for all EP Councils, assisting with lobbying and future funding for regional projects and initiatives in addition to individual council projects.

Two other activities EPLGA is involved in are the Eyre Peninsula Integrated Climate Change Adaptation (EPICCA) Group and Zone Emergency Management Committee (ZEMC).

The role of a ZEMC is to work within the Zone Emergency Risk Management Framework to identify, analyse and evaluate emergency risks that could impact the Zone. The Eyre and Western Zone ZEMC, comprising local government representatives SAPOL, SAFECOM, CFS, SES and State Recovery Office reconvened in July and initially met monthly to gain momentum. Seven meetings and 3 Risk Assessment and 3 Treatment Option Workshops were held in 2013/14. Following on from this work, ZEMC in partnership with EPLGA is purchasing risk management software and engaging an experienced consultant to work with member councils to undertake emergency management risk assessment for this region. This will be funded from Natural Disaster Mitigation grant funding and EPLGA and council funds secured in 2012.

EPICCA's Regional Climate Change Adaptation Plan for Eyre Peninsula was released at the SA Climate Change Adaptation Showcase in February. The innovative EP Regional Adaptation Plan provides a practical benchmark-planning process to assist decision-makers, peak bodies and leaders in our communities to begin the process of addressing the climate challenges that science tells us we are facing. It was interesting to be involved in the process and to see the commitment from all involved, including 'non-believers' through the series of workshops.

The Agrifoods Skills Australia Regional Skills Initiatives supported by the EPLGA with the Executive Officer sitting on the Advisory Committee was a positive for the region. The 'Work Place of Choice' and 'Tuna to Grain Cross-Industry Skilling' Pilot projects were well received. While the funded program has finished it has transferred to RDA.

Local government will continue to discuss and debate the Local Government Expert Panel's paper "The Council of the Future" and its conclusion that future operations of councils will be very different from today. Likewise the State Government's Expert Panel's "Our Ideas for Reform" paper will be discussed and debated during the coming year.

Locally a Boundary Adjustment between Cleve and Franklin Harbour councils was instigated during the year and a Public Initiated Boundary Adjustment submission presented to the City of Port Lincoln and Lower Eyre Peninsula councils.

It would therefore appear that local government is indeed facing a time of change and I believe the EPLGA will play an important role in providing support for EP councils and its community and in providing a voice at the LGA and at State and Federal Government levels.

Member councils therefore need to seriously think about the future role of the Executive Officer, and in parallel consider whether continued support for the Outreach Services program should continue and if so, how it will be funded.

I thank member councils for their support and participation during the year and I thank EO Tony Irvine for his support, professionalism and endless positiveness.

**MAYOR JULIE LOW**

## THE REGION

The area is a coastal and rural environment with approximately one third of South Australia's coastline stretching over 2,000 kilometres. The landscape features a rugged and relatively undeveloped coastline, particularly on the western side of the Eyre Peninsula. The coastal and marine environment includes marine and conservation parks and encompasses approximately 250 islands ranging in size from about 180 to 40,000 square metres.



A large proportion of the region has been cleared for agricultural production; but significant areas of native vegetation remain. Vegetation clearance for agricultural purposes ranges from 14% in the far west to 72% in the south. About 15% of the region's grazing area is covered with scattered vegetation.

## Population and Local Government

The region has eleven Local Government Authorities (LGA's) as well as remote unincorporated areas of the state serviced by the Outback Communities Authority.

In 2011 the regional population of 55,651 comprised 3.5% of the South Australian population. The eleven LGA's collectively occupy 43,778.6km<sup>2</sup>. Most of the population (64.1% or 36,174 people) lives in the regional cities of Whyalla and Port Lincoln.

LOCAL GOVERNMENT AREA	LAND AREA		POPULATION	
	Km <sup>2</sup>	% of Region	No.	% of Region
Whyalla	1,032.5	0.44	22,088	39.16
Port Lincoln	30.4	0.01	14,086	24.98
Ceduna	5,427.1	2.33	3,480	6.17
Cleve	4,506.7	1.94	1,733	3.07
Elliston	6,500.0	2.79	1,046	1.85
Franklin Harbour	3,283.0	1.41	1,273	2.26
Kimba	3,986.2	1.71	1,088	1.93
Lower Eyre Peninsula	4,771.0	2.05	4,916	8.72
Streaky Bay	6,232.0	2.68	2,102	3.73
Tumby Bay	2,615.9	1.12	2,586	4.58
Wudinna	5,393.8	2.32	1,253	2.22
<b>Collective Local Government (11 LGA's)</b>	<b>43,778.6</b>	<b>18.8</b>	<b>55,651</b>	<b>98.7</b>

**RDAWP Local Government Land Areas and Population 2011.**

It should be noted that the land areas and populations of Cleve and Franklin Harbour changed on 1<sup>st</sup> July 2014 due to an adjustment of the Council boundaries. The Boundary Adjustment Facilitation Panel supported the transfer of 492km<sup>2</sup> of land from Franklin Harbour to Cleve to address the concerns of residents living in the Hundreds of Mangalo and Heggaton. Approximately 62 residents live in the area.

In 2011 the region had 3,225 Aboriginal people comprising 5.7% of the regional population. This is notably above the proportions for South Australia (1.9%) and Australia (2.6%). 80% of the region's Aboriginal people (2,572) live in the local government areas of Whyalla, Port Lincoln and Ceduna. The greatest concentration is in Ceduna, where Aboriginal people comprise 24.9% of the Council population.

Since 2001, the regional population has grown by 4.5% but this is not consistent across the region as a whole. The District Councils of Elliston, Wudinna and Kimba experienced population decline of -15.2%, -13.7% and -8.5% respectively, but the District Council of Lower Eyre Peninsula experienced growth of 17.2%. Population growth was also experienced in the coastal Councils of Streaky Bay, Tumby Bay and Port Lincoln.

The demographic change is caused by several factors, with the desire for a sea change lifestyle being a key reason. Streaky Bay and Tumby Bay are very desirable coastal locations and new estate developments

have been established to cater for growing housing demand, notably by retirees from the agricultural sector. Population growth in the District Council of Lower Eyre Peninsula stems from several locational and lifestyle advantages including numerous coastal townships and proximity to the regional city of Port Lincoln and Port Lincoln Airport.

Kimba and Wudinna are the only Councils without a coastline and this impacts their appeal and tourism development potential.

## Population Ageing

The regional population is ageing. In 2011, the region's median age was 39, an increase from 38 in 2006. People aged 65 years and over comprised 15.5% of the regional population, which is above the 14.0% rate for Australia, but below the rate of 16.2% for South Australia.

PEOPLE 65 YEARS OF AGE AND OVER	Region	%	South Australia	%	Australia	%
2006 ABS Census	7,758	14.3	233,127	15.4	2,644,374	13.3
2006 Median Age	38		39		37	
2011 ABS Census	8,727	15.5	257,551	16.2	3,012,289	14.0
2011 Median Age	39		39		37	

People 65 Years of Age and Over. (ABS Census 2006 & 2011).

The population 65 years and over grew by 1.2% from 2006, exceeding the growth rate of 0.8% for South Australia and 0.7% for Australia.

Almost half of the regional population (49.6%) was 40 years of age and over in 2011 with 21.5% over 60 years of age. The District Council of Tumby Bay has the oldest population profile with 60.1% over the age of 40 and 32.1% over 60 years of age. Similar results for the over 40 age sector were recorded for Kimba (55.9%), Franklin Harbour (55.7%), Cleve (55.3%) and Elliston (54.5%).

Conversely, young people 15-24 years of age comprise the smallest sector of the regional population at 12.1% and this is consistent in all local government areas.

Tumby Bay (8.0%), Kimba (8.5%), Cleve (9.1%), Wudinna (9.3%) and Streaky Bay (9.9%) have the smallest proportion of 15-24 year olds, whereas Whyalla (13.4%), Port Lincoln (13.2%) and Ceduna (12.4%) are the only areas where the 15-24 aged sector exceeds the regional average.

Projections indicate that South Australia's population aged 65 and over will increase to 22.6% in 2020 and to 25.7% by 2030. It is also known that approximately 30% of young people leave the region each year for employment and study in metropolitan Adelaide. The combination of a growing aged sector and diminishing numbers of young people is not sustainable and has serious implications for future workforce provision.

Retirements will diminish the labour force of skilled and experienced labour and create employment openings for young people. It is estimated that over 11,000 workers (about 40% of the regional workforce) will leave their jobs within 20 years if they all retire at 65 years of age. But there will be limited choice with the provision of a capable replacement pool.

The regional population is too small to provide the workforce for anticipated future development needs, with the consequence that approximately 3,800 workers will need to be recruited from elsewhere by 2020.

## Industries and Services Overview

The region is well positioned to facilitate and support a broad range of significant developments. The economy is extremely diverse with world-leading companies in agriculture, manufacturing, fishing and aquaculture, and fast growing mining and tourism industries.

Based on employment, the main industries are primary production (agriculture, fishing and aquaculture), health and social care, manufacturing, retail trade, education and training, and construction. Tourism and mining are the region's fastest emerging industries and have significant potential for future growth.

INDUSTRY	EMPLOYMENT 2001	EMPLOYMENT 2011	% CHANGE
Agriculture, Fishing and Forestry	4,012	3,338	-16.8
Health Care and Social Assistance	2,111	2,996	29.5
Manufacturing	2,786	2,890	3.6
Retail Trade	2,481	2,669	7.0
Education and Training	1,764	1,967	10.3
Construction	1,340	1,813	26.1
Accommodation and Food Services	1,356	1,595	15.0
Transport, Postal and Warehousing	999	1,260	20.7
Public Administration and Safety	1,152	1,172	1.7
Mining	199	957	79.2

**RDAWEP Top Ten Industries by Employment, 2011.** (ABS Census 2011 from [www.myregion.gov.au](http://www.myregion.gov.au)).

Primary production (agriculture, fishing and aquaculture) is the largest industry employing 3,338 people or 13.1% of the regional workforce. Employment in primary production declined by 16.8% during the last decade (from 4,012 people in 2001 to 3,338 in 2011), largely due to the rationalisation of farming properties which reduced employment opportunities in the agricultural sector. Primary production is nevertheless the main industry in the region and is integral to business growth and development in other industry sectors.

The health care and social assistance sector is the largest employer in South Australia and second largest industry in the region. In 2011 the health and social care sector employed 2,996 people or 11.8% of the regional workforce. Most employees are based in Whyalla (1,153 people or about 38.5% of the health care workforce), with 790 employees (26.4% of the workforce) based in Port Lincoln. This is a fast growing industry with a 29.5% growth in employment from 2,111 people in 2001 to 2,996 in 2011 and business growth of 36.9% since 2007 (from 122 businesses in 2007 to 167 in 2011).

Agriculture, fishing and aquaculture are key economic and employment generating industries. But if they are identified as separate industries - rather than being amalgamated as primary production activity - the health care and social assistance sector would become the region's main industry by employment. This can largely be attributed to the ageing of the regional population.

Manufacturing and resource processing is the region's third largest industry employing 2,890 people or 11.3% of the regional workforce. The manufacturing sector has experienced modest employment growth of 3.6% since 2001 but numerous growth opportunities are pending, particularly at Whyalla where several new industrial initiatives are either in progress or planned.

The retail trade industry is an integral part of all townships and has experienced steady employment growth of 7.0% since 2001. Collectively, the retail sector is the region's fourth largest industry employing 2,669 people in 2011 or 10.5% of the regional workforce. Most employees are based in Whyalla (1,016 people, 37.8% of the retail workforce) and Port Lincoln (840 people, 31.2% of the workforce).

The region has a diverse range of educational facilities including specialised training centres in the secondary and tertiary education sectors. The education and training industry employs 1,967 people or 7.7% of the regional workforce. Most employees are based in Whyalla (739 people) and Port Lincoln (513 people), collectively comprising 65% of the education and training workforce.

The construction industry is the sixth largest regional industry by employment and has grown by 26.1% from 1,340 employees in 2001 to 1,813 in 2011.

The region's mining sector is small in comparison with other industries. In 2011 mining employed 954 people or 3.8% of the regional workforce. Most of the mining employees were based in Whyalla (611), Port Lincoln (91), Franklin Harbour (85) and Ceduna (56). The relatively large number of employees in the District Council of Franklin Harbour is due to people living in Cowell and doing drive-in-drive-out to Arrium's Iron Duke Mine, approximately 50km from both Cowell and Whyalla.

But mining is the region's fastest growing industry with a substantial 79.2% growth in employment during 2001-2011. This growth is largely the result of unprecedented mining exploration activity in the Lower Eyre Peninsula, which has large resources of iron ore, graphite and kaolin along with uranium and gold prospects

Tourism is also a fast growing industry with considerable development potential due to the region's rapidly growing reputation for unique and diverse nature based visitor experiences and premium seafood products. Tourism is becoming an important sector for the regional economy with visitor expenditure exceeding \$277 million in 2011-2012 from 700 businesses. The region is being positioned as a culinary tourism destination.

## A Region of Quality

Diversity is one of the region's greatest attributes and underpins its comparative advantage and competitiveness. Industrial diversity is important for economic growth and sustainability because it gives the region resilience through not being reliant on a single industry or single product for its prosperity.

But the concept of quality is emerging as a distinctive regional attribute. The region is renowned for its premium seafood, high quality grains and the pristine, unblemished nature of its landscapes, seascapes and conservation parks. The region is being lauded for high quality and different nature based tourism experiences – such as swimming with tuna, cage diving with Great White sharks and whale watching at the Head of the Bight. But other qualitative characteristics are becoming apparent as distinguishing features.

- **High quality magnetite** – the magnetite from Iron Road's Central Eyre Iron Project at Warrambo is high quality at 67% iron with few impurities. This is of considerable interest in China because the ore does not need pelletisation which expedites the smelting process and reduces environmental emissions. The magnetite is expected to attract a quality premium differential of \$US18 per tonne over the market price for iron ore and this expectation is included in Iron Road's Definitive Feasibility Study for the project.
- **High quality graphite** – the graphite mines at Uley (Valence Industries), Kookaburra Gully (Lincoln Minerals), Campoona and Waddikee (Archer Exploration) are reputed to contain the largest flake and best quality deposits in the world with the capacity for manufacturing graphene products which have increasing world demand for advanced technological and medical applications.
- **High quality kaolin** – Minotaur Exploration's Carey's Well kaolin mine near Poochera is reputed to contain the brightest and whitest kaolin in the world (at ISO brightness of 80) and is much sought after for high quality paints, inks, plastics and ceramic finishes.

- **High quality zircon** - Iluka Resources' Jacinth Ambrosia mine north of Yalata is arguably the largest deposit of the highest quality zircon the world. It is also anticipated that other heavy mineral sand deposits in the far west of the region are likely to produce similar quality product.

These qualitative attributes are complemented with escalating growth of innovative approaches and processes to economic and product development.

Collaborative problem solving approaches to economic development have been adopted region wide through industry based Target Teams and other stakeholder engagement. The region's educational institutions are pursuing research for sustainable farming and renewable technologies. Pilot and demonstration projects are being progressed for the production of biofuels from algae and other feed stocks and the application of wind hydro technology for power generation. Best practice environmentally sustainable production technologies are being pursued by the region's aquaculture industry and world class, advanced technology graphene and interpretive initiatives are being progressed to tap new and emerging international markets.

Coupled with significant and growing capex investment in recent years and yet to be realised export potential in the resources sector, the region is well positioned for long term, sustainable economic growth into the future.

The region's doors are not only open for business but they are marked by branding in big letters stating 'enter here if you want the best'.

## MEMBER COUNCILS 2013 / 14

- City of Whyalla
- City of Port Lincoln
- DC Ceduna
- DC Cleve
- DC Elliston
- DC Franklin Harbour
- DC Kimba
- DC Lower Eyre Peninsula
- DC Streaky Bay
- DC Tumby Bay
- Wudinna DC

## THE REPRESENTATIVES

### Executive

**PRESIDENT:** Mayor Julie Low (DC Lower Eyre Peninsula)  
**DEPUTY PRESIDENT:** Mayor Eddie Elleway (DC Franklin Harbour.)  
**MAYOR:** Mayor John Schaefer (DC Kimba)  
**CHIEF EXECUTIVE OFFICER:** Mr Rob Donaldson

The President and Deputy President are our nominated representatives to SAROC and State Executive Forums. The Executive Officer is also a SAROC delegate.

### Other Regional:

#### **RDA Whyalla and EP BOARD:**

Mayor Jim Pollock (City of Whyalla) (Presiding member)  
Cr Jack Velthuisen (City of Whyalla)  
Cr Colin Carter (City of Whyalla)  
Mayor Allan Suter (DC Ceduna)  
Cr Bryan Trigg (DC Cleve)  
Cr Malcolm Catt (City of Pt Lincoln)

#### **EYRE PENINSULA NATURAL RESOURCES MANAGEMENT BOARD**

Mayor Laurie Collins (District Council of Tumby Bay)

#### **ZONE EMERGENCY MANAGEMENT COMMITTEE**

President Julie Low (Presiding Member)  
Executive Officer – Tony Irvine  
Chief Executive Officer – Rod Pearson  
General Manager Operations – Grant Drummond  
Works Manager – Ivan Noble

#### **UPPER SPENCER GULF WORKING GROUP**

Executive Officer – Tony Irvine

#### **AGRIFOODS ADVISORY COMMITTEE**

Executive Officer – Tony Irvine

#### **EYRE PENINSULA INTEGRATED CLIMATE CHANGE ADAPTATION COMMITTEE**

President Julie Low  
Executive Officer – Tony Irvine

## EPLGA Board Members 2013/14

Under the terms of our Charter, the following Board appointments were current as at June 30<sup>th</sup>, 2014.

<b>MEMBER COUNCIL</b>	<b>BOARD MEMBER</b>	<b>DEPUTY BOARD MEMBER</b>
Ceduna	Allan Suter (Mayor)	Lynton Brown (D/Mayor)
Cleve	Roger Nield (Mayor)	Jodie Jones (D/Mayor)
Elliston	Pat Clark (Chairperson)	Kym Callaghan (Dep Chair)
Franklin Harbour	Eddie Elleway (Mayor)	Gavin Jackson (D/Mayor)
Kimba	John Schaefer (Mayor)	Dean Johnson (D/Mayor)
Lower Eyre Peninsula	Julie Low (Mayor)	Paul Pedler (D/Mayor)
Port Lincoln	Bruce Green (Mayor)	Neville Starke (D/Mayor))
Streaky Bay	Rob Stephens (Mayor)	Dean Whitford (D/Mayor)
Tumby Bay	Laurie Collins (Mayor)	Murray Mason (D/Mayor)
Whyalla	Jim Pollock (Mayor)	Merton Hodge (Cr)
Wudinna	Eleanor Scholz (Chair)	Neville Scholz(D/Chair)

## ANNUAL MEETING SCHEDULE

A highlight on the EPLGA calendar is the Annual Conference, hosted each year by a member Council. To assist in host Council planning, the following schedule is included:

2015 City of Whyalla  
2016 DC Ceduna  
2017 DC Lower Eyre Peninsula  
2018 City of Port Lincoln  
2019 DC Kimba  
2020 Wudinna DC  
2021 DC Franklin Harbour  
2022 DC Cleve  
2023 DC Streaky Bay  
2024 DC Elliston  
2025 DC Tumby Bay

The 2015 conference will be held on Monday 23rd February 2015 at Whyalla.

## REPORT OF ACTIVITIES 2013/14

Our core activities always include reacting to legislation and policy changes that are likely to negatively affect our region. This year ongoing concerns and/or participation have been with the following matters:

- State and Federal Marine Parks
- Natural Resources Management – joint partnership planning, delivery of services
- Regional Development Australia Funding & organisation review
- Regional Recognition/Lobbying – Regions Matter Strategy
- Mining & Impacts – development of a Taskforce
- Emergency Management – regional planning & Council planning
- Regional Job creation & co-ordination (Agrifoods)
- Development Act Reform
- Coastal Access issues
- Independent Commission Against Crime implantation – public integrity
- Various roads and waste issues – regional strategy & Zero Waste cessation
- Regional Strategy for LGA
- The Councils of the Future
- Birdseye Memorial relocation
- Television reception & servicing – interstate services
- Mobile Phone hotspots
- Water Planning – state of the resource etc.
- Regional planning – RDAWEP, NRM, DPTI etc.
- Financial Assistance & Supplementary Road Funding reductions/freezing impacts
- Health – state of the regions health services report
- EPLGA Charter Review
- CFS/MFS Workplace Safety – same conditions for both volunteers & paid workers
- Outreach Services:
  - Regional Procurement
  - CEO's Committee established
  - CWMS Users Group established
  - Regional Training & Seminars delivery
  - Shared Services – EBA & Award consolidation – LEP Councils
  - Assets Management & Long Term Financial Planning
  - Internal Controls Group establishment
- Bushfires – Councils responses & liabilities
- Native Vegetation – Offsets issues
- Recognition in the Australian Constitution
- Regional Climate Change Adaptation Plan finalisation
- EP Grain Growers Funds – surplus re-distribution
- Tourism – restructure to sub-regional groups, Food & Tourism prospectus, RV & Caravan Strategy
- Speed Limits review – reduction from 110kph to 100kph
- Aged Care at the local council level – Councils role
- EPLGA Subscription review
- Media Policy development – meeting wraps to Councils & media rather than newsletter
- Regional Public Health Plans – a legislative requirement – sub regional approach
- Road Train access to non-commodity routes & NHVR impacts on farm machinery movements
- Oil & gas exploration in the Great Australian Bight
- Port Lincoln Airport opening
- Work Health & Safety & Injury Management system implemented for EPLGA
- Reduction in rail services – seeking stakeholder meetings
- Joint submissions with RDAWEP on various issues

## PROJECTS 2013/14

### Regional Training

The LGA and other training providers have delivered many more training sessions in the region to reduce costs for Councils. Training undertaken in the last year includes:

Council Development Panels  
Cemeteries Management  
Code of Conduct  
Intro to Local Government  
Leadership  
Workplace Health & Safety  
Rating  
Records Management  
Volunteering  
Various legal seminars on different issues such as planning & development, ICAC etc.

The LGA has developed a training program relevant to the region & this will be further enhanced with Councils submitting training plans to the EPLGA for co-ordination or the LGA undertakes a regional training needs analysis.

TAFE & RDAWEP have been working closely with the EPLGA to delivery more civil training on site at Councils.

### Emergency Planning

Funding is continuing to be held over until regional emergency planning is completed then individual Council Emergency Plans will be reviewed or renewed with the funding to align with the regional planning.

The regional zone emergency planning requires the following:

- EPLGA to engage with the ZEMC (Zone Emergency Management Committee) to avoid duplication of work
- The project used the ZONE Risk assessments as a basis for work performed to date and in the future
- a commitment to compliance for the zone plans with NERAG and ISO310000. The Project engaged and incorporated NERAG (National Emergency Risk Management Guideline) components
- CERMS (Council Emergency Management Plans) are to be NERAG Compliant..

A series of bushfire risk assessment workshops were held during August and Sept 2013 to assist the Councils and other regional stakeholders in their emergency planning.

### Regional Collaboration

A "Regions Matter Too" strategy was developed for the March 2014 State Election. Rural and Regional Councils from across South Australia, sought the following commitments from all political parties and independent candidates as part of the March 2014 state election:

#### 1. GROWING REGIONAL CENTRES

Commitment to 30% of South Australia's population to be based outside Greater Adelaide, with a particular focus on growing our regional service centres.

#### 2. STRENGTHENING REGIONAL INVESTMENT

Commitment to a 'Regional Investment' program to support infrastructure development in regional South Australia.

### 3. RECONNECTING WITH REGIONAL COMMUNITIES

Commitment to at least 30% of the State Government public service to be based in regional South Australia.

This was the outcome of a regional forum held between the Central & EP LGA's. The success can only be measured by the support received from the Department of State Development & other State agencies to allow the targets to be met.

#### Outreach Services Pilot Program

The pilot program includes:

- Assisting with the preparation of LGA policy on regional development;
- Preparing a profile of the region with a focus on what it contributes to the economic growth of the State & nationally;
- Governance needs of each council;
- Legislative compliance in assets management and long term financial planning;
- Skills assessment in areas such as IT, planning, environmental health etc and develop a regional training plan;
- Short term employment requirements rather than full time employees;
- Shared services arrangements to assist in meeting the short/long term skills needs and other needs;
- Opportunities arising from the Local Excellence Program – trialling new ways of doing things. Eg. improving performance, systems & processes that sustain good performance, raising the image of Local Government, effective engagement across the region & State as a whole (i.e. political clout) with other spheres of government, seeking financial arrangements to support the programs required;
- Positioning Local Government & the region for the State 2014 elections by gathering evidence of the needs of the sector and possible solutions that could be an “ask” in an election environment;
- Identify any ‘centre of excellence’ that may exist within the region;
- Developing CEO, Works Manager & any other forums to assist in the sharing of resources and information – save the same thing being undertaken 11 times;
- Managing local issues for the member councils – advocacy, lobbying, problem solving etc.

The LGA and the EPLGA centred the two year pilot on:

- Preserving the current important role of the Executive Officer of the EPLGA;
- Enhancing the connections between the work of the EPLGA and that of the LGA where it is mutually beneficial to do so;
- Enhancing the services of the LGA to be an ‘outreach’ service but targeted to needs identified by the EPLGA/ Region;
- Appointment of a resource that is made jointly between the LGA & EPLGA to deliver on the ground services to Councils;
- Agreeing on a program of works/activity and the funding model required;
- Address other issues deemed important to the success of the pilot.

Many regional projects have commenced or been completed which addresses the requirements of the pilot.

#### EPLGA CEO COMMITTEE

On 28th June 2013, the Eyre Peninsula Local Government Association (EPLGA) established a Chief Executive Officer Committee to ‘meet from time to time to consider issues of relevance to Eyre Peninsula Councils, and to provide advice to the EPLGA Board on those issues’.

The Committee's role is:-

1. To provide high level strategic advice to the EPLGA about its identified priority issues.
2. To arrange and coordinate reports to the EPLGA on those priority issues.

3. To initiate reports and advice to the EPLGA on other matters identified by the Committee to be of strategic regional significance.
4. To assist and advise the EPLGA about the development and implementation of its Management Plan and other plans.
5. To share operational information and expertise amongst the committee members and other agency Chief Executive Officers.

The membership of the Committee comprises the Chief Executive Officers of all Councils which are members of the EPLGA. Other regional CEO's & the Regional Risk Coordinators are invited to the meetings. These meetings allow the sharing of information and expertise which mutually benefits clusters of councils or the region as a whole. The agendas reflect the EPLGA agendas to a degree with other day to day operational matters included which are in the domain of the role of a CEO.

Other working groups have been established to assist with specific regional tasks or take advantage of opportunities eg. CWMS users, WHS Groups, Roads Working Party & Internal Controls Development Group.

## Regional Roads Priorities

At the June 2013 EPLGA Board Meeting a resolution was passed to undertake a review of the criteria used to prioritise regional roads to be submitted for funding from the Special Local Roads Funding Program.

A discussion paper was released to seek support for the methodology to be used in the review. Stakeholders were in agreement with the discussion paper and from this the project was scoped for the consultants to carry out the work required. A desired outcome is a roads database for the entire region.

SMEC are nearing the end of this project which has taken considerable effort in the collection of road data. Once the database is complete then the next phase is a regional transport strategy.

## EP Integrated Climate Change Adaptation

The Executive Officer and President sit at the Eyre Peninsula Integrated Climate Change Adaptation (EPICCA) Committee table.

Under the State Climate Change Adaptation Framework, areas across the State, including the Eyre Peninsula, are required to develop a Regional Climate Change Adaptation Plan. EPICCA facilitated the development of the Regional Climate Change Adaptation Plan for the Eyre Peninsula.

EPICCA's goal was to develop and implement practical, regionally-appropriate and sensitive measures to address the likely impacts of climate change.

The plan has now been completed for the region.

## Regional Skills Initiative ( Agrifoods)

The Executive Officer was appointed to a position on the Agrifoods Advisory Committee which was established to develop and implement workforce development strategies and industry nationally endorsed qualifications to meet the current and emerging needs of enterprises, employees and students throughout regional and urban Australia.

The Committee worked with a vast array of stakeholders at all levels:

- on the ground with enterprises, regional communities and research organisations to drive adoption of new and better workforce planning and skills development;
- with schools, Registered Training Organisations (RTOs) and the tertiary sector more broadly to drive high quality delivery and assessment of skills;
- with industry peaks and key bodies to build their voice as advocates and change agents of the national skills and workforce development agenda;
- with the three tiers of government to drive evidentiary-based policy formation which supports the needs of agrifood sectors and the challenges facing regional Australia's workforce.

The District Council of Cleve held a round table and follow up meetings to address their sub-regional needs and the three Lower Eyre Peninsula Councils were involved in workforce planning through the Agrifoods initiative.

This federally funded project concludes December 2014.

## **Regional Water Re-use Planning & Funding**

In June 2013 a funding submission was lodged to establish a Regional CWMS Users Group with a view to improving regional skills in this area plus having a forum for the sharing of information. The bid was successful and hence a users group has been established.

The Eyre Peninsula Council's jointly own and operate 13 community wastewater management schemes servicing 5,775 property connections.

Eyre Peninsula Council's are acutely aware of the potential impact of the Water Industry Act and the increasing regulatory and reporting environment surrounding CWMS operations due to their classification as an essential service.

The following desired outcomes of a CWMS User's group were identified:

- Establishment of a users group to facilitate knowledge sharing across Council's operating CWMS'
- Identification of regional capacity and skills gaps to provide for the efficient and compliant ongoing operation and maintenance of existing and new Community Wastewater Management Schemes
- Promote regional training to maintain skill sets required to ensure sustainability
- Development and implementation of standardised recording and reporting mechanisms
- Facilitated development of up-to-date, user friendly operation, maintenance, monitoring and contingency plans
- Schematic mapping of existing schemes to assist with understanding of catchment capacities and constraints
- Development and implementation of standardised accounting systems to assist in comparisons between schemes and Council's
- Identify opportunity for shared resources, including platforms for remote access
- Identification of potential shared procurement opportunities in areas such as spare parts inventories, septic tank desludging and drain flushing.

It was proposed that the initial development of an EPLGA CWMS User Group be facilitated by an external third party, a model which proved successful in the South East Council's User Group.

The member Council's of a CWMS User Group committed both management and operational resources to this project and it is intended that this initial commitment will continue through to the ongoing operations of the User Group as a recognised working group of the EPLGA.

The group has met and commenced its work with regular reporting to be tabled at EPLGA Board meetings.

## **Regional Training**

An increase in Council participation has been witnessed through the Executive Officer of the EPLGA being a link and encouraging Councils to participate in LGA sponsored training programs and other training sessions or seminars. This is also contributed to the Executive Officer giving advice to the LGA on where and when to hold such training so as to avoid clashes with regional seasonal events (e.g. harvest) and other events. Further work is being undertaken on a regional training needs analysis to include civil training etc.

## **Management Plan Review**

At the June 2014 EPLGA Board meeting the EPLGA Board considered and adopted the reviewed EPLGA Management Plan 2013 -16.

To avoid some confusion between the Business Plan prepared by a Council, the EPLGA uses the term 'Management Plan'. This 'Management Plan' is for the period - 2013 to 2016 but will be reviewed annually and has an updated annual work plan & budget included for the current year. It also includes the strategic directions the EPLGA wishes to take for the period 2013-16.

## **MANAGEMENT PLAN PERFORMANCE**

### **1. ACTIVELY ASSIST MEMBERS BY REPRESENTING THEIR COMBINED INTERESTS.**

1 Seek invitation to provide responses to legislative and policy changes that materially impact our region.

1.2 Seek the mandated preparation of regional impact statements prior to any state legislated changes likely to affect our region

*Comment: RDAWEP is assisting to prepare a regional statement. The EPLGA plans to have all regions do the same so a high level state regional statement can be prepared.*

1.3 Prepare coordinated submissions to relevant inquiries and proposals on behalf of members.

*Comment: RDAWEP & EPLGA prepare regional submissions in partnership e.g Agriculture white paper response, mobile phone hot spots, trade waste meetings attendance etc..*

1.4 Take an active interest in regional waste management, water planning, marine parks, mining, food security, climate change, local workforce planning and any activities that could impose changes to our region.

*Comment: President &/or Executive Officer are actively involved in regional committees and/or meetings dealing with regional waste management, water planning, marine parks, mining, food security, climate change, local workforce planning and other activities that may impose change upon the region.*

1.5 Continue to advocate for roads funding opportunities.

*Comment: The development of a roads database for all EP roads and to be used as a tool for prioritising regional roads is nearing completion. Member for Grey attended EPLGA Board Meeting.*

1.6 Develop a coordinated approach to the Commodity Freight Routes across the region, being mindful of divergent needs between Councils.

*Comment: Comments in 1.5 will apply to this as freight roads will be weighted to assist in the prioritisation of regional roads seeking funding assistance.*

### **2 BUILDING STRONG PARTNERSHIPS FOR THE PROMOTION OF OUR SECTOR AND OUR REGION**

2.1 Ensure we are represented at SAROC, State Executive Committee meetings and the General meetings of the LGA.

*Comment: The President & Executive Officer attend these meetings when held.*

2.2 Ensure regular information flows to our member Councils via newsletters, website updates, media announcements and personal contacts.

*Comment: After each EPLGA Board meeting a wrap of the meeting is prepared and forwarded to all regional media outlets. It is also posted on the EPLGA website. The media are used as and when needed and are also sent the meeting agendas & minutes.*

- 2.3 Seek reports from regional partners at EPLGA Board Meetings and forums.  
*Comment: Regional partners have a standing agenda item at each Board meeting to present to the constituent Councils. They are also invited to CEO Committee meetings.*
- 2.4 Actively seek direct engagement with state government partners in order to allow bottom up, and more streamlined, planning and engagement.  
*Comment: The EPLGA has been a strong advocate for state government partners to visit the region on planning & engagement matters. E.g. Planning reform, Ministers visiting regional functions & openings etc.*
- 2.5 Seek opportunities to partner with industry and community groups to promote the economic and social prosperity of Eyre Peninsula.  
*Comment: The partnering with Agrifoods to develop workforce planning & cross qualifications & training is a great example of this action being undertaken. The Executive Officer sits at the Agrifood Advisory Committee table. RDAWEP's CEO & Staff meet regularly with the Executive Officer on a range of economic matters. The EO also meets with NGO's during social functions in the region.*
- 2.6 Work with member Councils to facilitate economic expansion by coordinating the approach to structure planning, ensuring consistency with the principles contained in the Eyre and Western Plan.  
*Comment: The Executive Officer has been involved in the Tumby Bay & Port Neill Structure Planning sessions and sits at their advisory group tables. He has also been involved in the Greater Port Lincoln Structure Plan consultation and spoken the District Council of Wudinna on the issue. The Mining Taskforce is expected to have a focus on this functional role for Councils.*
- 2.7 Work with state departments and regional partners to better coordinate Infrastructure Planning consistent with the principles in the Eyre and Western Plan.  
*Comment: The Executive Officer along with Council representatives have been involved in the Integrated Transport & Land Use planning undertaken by the state government. The plan is for the region to develop its own infrastructure plan to feed into state government plans. The region is also involved in RDAWEP Infrastructure planning. Further work in regional strategic planning is required and planned for the near future.*
- 2.8 Investigate ways to encourage the state government to streamline its regional consultation processes to avoid multiple meetings that duplicate effort.  
*Comment: This has been an issue discussed at the SAROC level and continues to be pursued.*

### **3 RAISE THE PROFILE OF THE ASSOCIATION BY GREATER MEDIA PRESENCE.**

- 3.1 Issue a media release after each Board meeting and at any occasion where deemed appropriate.  
*Comment: Media used as and when appropriate. Agenda & minutes of the Board are distributed to regional media to seek interest. The meeting wrap is also distributed to the media outlets.*
- 3.3 Consider the nomination of media representatives to present a coordinated and endorsed approach to all media.  
*Comment: Still managing media in house.*

#### 4 ASSIST MEMBER COUNCILS BY COORDINATING REGIONAL INVESTIGATIONS OF OPERATIONAL ISSUES

- 4.1 Actively participate in meetings that promote Continuous Improvement activities in Councils.

*Comment: The Outreach Services Pilot Program is about the continuous improvement of activities in Councils. This is a 2 year program funded by the LGA of SA & is 0.4 FTE of the Executive Officer's time.*

- 4.2 Continue to promote regional training opportunities to assist Councils to up-skill their workforce.

*Comment: The Executive Officer has been assisting with this through better co-ordination of the type of training required, when it could be held & the most suitable location for training. Councils response has been excellent, highlighting the success of this effort.*

- 4.3 Facilitate Shared services investigations and discussions at either the regional or sub regional level, where appropriate.

*Comment: The Executive Officer has maintained his role in the Lower Eyre Peninsula Councils shared service project. The consolidation of awards & EBA's project has been completed and can be shared with other Councils. The Public Health Planning legislation was managed at a Council cluster (sub-regional) level. Other works undertaken by the various groups and committees is an example of shared services & resources eg. Regional Procurement, CWMS, CEO's Committee, Internal Control and RRC's WHS meetings.*

- 4.4 Liaise with the LGA program managers to assist in linking funding opportunities to Council activities.

*Comment: As an example of this working, funding has been gained for the Outreach Services Pilot, Lower EP Councils shared services, EP CWMS Users Group, Mining Taskforce and Regional Procurement.*

- 4.5 Review our Charter.

*Comment: A reviewed charter was presented to the Sept 2013 EPLGA Board meeting.*

- 4.6 Coordinate a regional or sub regional approach to road upgrades required for resource sector expansion.

*Comment: A Mining Roundtable was held in October 2014 to assist with this type of planning. A report from the SA Centre for Economic Studies was part funded by the EPLGA & LGA to assist with these issues. A Taskforce terms of reference has been developed along with appointing a Coordinator to manage the process.*

- 4.7 Review the methodology of preparing the Eyre Peninsula Road Strategy.

*Comment: The Roads Strategy was re-worked in 2013. Following this a database was developed to include all EP roads with a methodology prioritisation tool inbuilt to give better road prioritisation. Data is being collected to finalise the database to allow better planning & prioritisation. This is expected to be completed in the last quarter of 2014.*

- 4.8 Prepare regional submissions to fund combined approaches to governance activities required of Councils, where agreed by Members.

*Comment: Working Groups and shared services will lead to this occurring on a more regular basis e.g. CWMS Group has commenced.*

**5 DEVELOP WAYS TO DIRECTLY ENGAGE WITH BOTH STATE AND FEDERAL GOVERNMENTS TO ASSIST IN REGIONAL PROMOTION**

- 5.1 Include funding in the Annual Business Plan to allow deputation to both State and Federal parliaments on key issues that arise.

*Comment: Funding included in the 2013/14 budget.*

- 5.2 Liaise with other regional LGA and RDAs where combined lobbying best represents our interests.

*Comment: The Executive Officer meets bi-monthly with other regional LGA's Executive Officers to manage such issues as joint collaboration & lobbying. The Executive Officer is located in the RDAWEP Port Lincoln Offices and has a good connection to RDAWEP lobbying efforts.*

- 5.3 Seek opportunities to strengthen working relationships with the senior levels of state government.

*Comment: The Executive Officer has good political connections and uses these when needed.*

**6 UNDERTAKE A TWO YEAR "OUTREACH SERVICES" PILOT PROGRAM IN PARTNERSHIP WITH THE LGA OF SA .**

- 6.1 Establish a funding agreement for \$70k per year with the LGA of SA.

*Comment: Established in July 2013 and concludes 30 June 2015.*

- 6.2 Establish a work plan for the pilot program in consultation with member councils and the LGA of SA.

*Comment: Established as per 6.1 & reported against to EPLGA & LGA of SA.*

- 6.3 Prepare a case study of the pilot program for future reference.

*Comment: Pursuant to 6.1 - Being prepared as the program advances.*

## Key Performance Indicators

While the measurement of performance is a key component of planning, the nature of the workload for the Executive Officer has typically made KPI setting and measuring difficult. Much of the day-to-day operational activity remains reactive and in response to legislated and policy changes that routinely emerge. However, the following measurement may be an indication of performance for each year.

KPI	MEASURED BY	TARGET SCORE
Member General Satisfaction	Number of formal complaints	Zero complaints from members  Actual: Zero complaints received
Member attendance at meetings, workshops, training	Number of members who are represented	All members  Actual: Usually all 11 Councils represented.
Competitive funding secured	Dollars secured	Equal to membership (\$140K)  Actual: Outreach Program \$70k Lower EP Shared Services \$14k EP CWMS Group \$30k Regional Capacity \$38k Regional Procurement LGA Rebate \$10
Achieved annual work plan		All items either achieved or timeframes for completion, and process, in place. Some subject to external funding.  Actual: On target
EPLGA is represented at LGA regions meetings	Number of meetings attended	100%  Actual: 100%
Co-ordinate regional training activities on EP	Number of days training per year	At least 6  Actual: target exceeded
Annual review of Executive Officer	Final achievement score	Average Rating of 3/5 for personal evaluation undertaken by EPLGA Executive  Actual: Review occurred in Feb 2014. Verbal report of satisfactory performance by President.
Greater media activity	Number of interviews and media releases	At least one interview per month. Media releases at least every 2 months.  Actual: Meeting target

## **USE OF FINANCIAL RESOURCES**

The following audited statement indicates another year of solid financial performance.

### **EYRE PENINSULA LOCAL GOVERNMENT ASSOCIATION**

#### **FINANCIAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014**

#### **CONTENTS**

Statement of Income & Expenditure

Balance Sheet

Notes to the Accounts

Board Certificate

Audit Report

## EYRE PENINSULA LOCAL GOVERNMENT ASSOCIATION

### STATEMENT OF INCOME & EXPENDITURE FOR THE YEAR ENDED 30TH JUNE, 2014

		2014	2013
	NOTE	\$	\$
<b><u>INCOME</u></b>			
Grants Received	2	107,225	36,424
Interest Received		8,950	15,571
Project Income - EP Councils	3	86,276	21,788
Membership Fees	4	145,600	140,000
Reimbursable Expenses		1,485	1,967
		<hr/>	<hr/>
<b><u>TOTAL INCOME</u></b>		349,536	215,750
<b><u>EXPENDITURE</u></b>			
Administration		9,339	11,768
Audit Fees		1,530	1,940
Bank Charges & Taxes		531	798
Computer Expenses		707	2,210
Consultants Fees		-	1,560
Employee Expenses		134,831	77,898
Insurance		5,429	5,281
Marketing & Promotion		-	64
Meeting Expenses		3,719	2,125
President's Expenses		1,750	1,500
Project Expenditure	5	220,736	58,212
Secretarial Services		17,000	17,000
Sundry Expenses		644	60
Telephone		909	702
Travel & Accommodation		10,016	7,054
		<hr/>	<hr/>
<b><u>TOTAL EXPENDITURE</u></b>		407,141	188,172
		<hr/>	<hr/>
<b><u>TOTAL SURPLUS/(DEFICIT)</u></b>		\$ 57,605	\$ (27,578)

# EYRE PENINSULA LOCAL GOVERNMENT ASSOCIATION

## STATEMENT OF INCOME & EXPENDITURE FOR THE YEAR ENDED 30TH JUNE, 2014

	2014	2013
	NOTE	
	\$	\$
Net Surplus/(Deficit)	(57,605)	27,578
Extraordinary Items	-	-
	<u>57,605</u>	<u>(27,578)</u>
<b><u>TOTAL SURPLUS/(DEFICIT)</u></b>		
Surplus Funds at July 1	<u>241,200</u>	<u>213,622</u>
SURPLUS/(DEFICIT)	<u>183,595</u>	<u>241,200</u>
<b><u>ACCUMULATED SURPLUS/(DEFICIT)</u></b>		
<b><u>AT 30TH JUNE, 2014</u></b>	<b><u>\$ 183,595</u></b>	<b><u>\$ 241,200</u></b>

**EYRE PENINSULA LOCAL GOVERNMENT ASSOCIATION**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE, 2014**

		2014	2013
	NOTE	\$	\$
<b><u>EQUITY</u></b>			
Accumulated Surplus		\$ <u>183,595</u>	\$ <u>241,200</u>
REPRESENTED BY			
<b><u>CURRENT ASSETS</u></b>			
Cash at Bank	6	249,210	277,382
Debtors		3,850	-
Income Accrued		2,670	4,958
GST Receivable		15,049	4,623
Prepayments		<u>1,180</u>	<u>-</u>
<b><u>TOTAL ASSETS</u></b>		<b>271,959</b>	<b>286,963</b>
<b><u>CURRENT LIABILITIES</u></b>			
Sundry Creditors	7	11,131	8,652
Trade Creditors		5,034	2,397
Unspent Project Funds	8	59,519	32,092
Provision for Holiday Pay		2,610	2,622
Prov'n for Long Service Leave	9	<u>10,070</u>	<u>-</u>
		<u>88,364</u>	<u>45,763</u>
<b><u>NET ASSETS</u></b>		\$ <u>183,595</u>	\$ <u>241,200</u>

# EYRE PENINSULA LOCAL GOVERNMENT ASSOCIATION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2014

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. This financial report is a special purpose financial report prepared for use by Board and members of the association. The Board has determined that the association is not a reporting entity.
2. The financial report has been prepared on historical cost basis and does not take into account changing money values or except where stated current valuations of non-current assets. The statements are prepared on an accruals basis.
3. Provision is made in respect of the association's liability for annual and long service leave at balance date. Long service leave is accrued from an employee's start date. Leave provision is based on current wages as at reporting date, and does not include on-costs.

	2014	2013
	\$	\$

### NOTE 2 - Grants Received

LGA of SA - Outreach Service	70,000	-
LGA of SA - Regional Capacity	37,225	36,424
	\$ 107,225	\$ 36,424

### NOTE 3 - Project Income - EP Councils

Assets Management	12,500	-
Cert IV Training	9,776	13,686
CORES - EP	-	8,102
Procurement Roadmap	35,000	-
Shared Services EBACC Project	29,000	-
	\$ 86,276	\$ 21,788

### NOTE 4 - Membership Fees

District Council of Ceduna	14,144	13,600
District Council of Cleve	10,589	10,182
District Council of Elliston	8,972	8,627
District Council of Franklin Harbour	9,280	8,923
District Council of Kimba	8,939	8,596
Wudinna District Council	9,360	9,000
District Council of Lower Eyre Peninsula	15,897	15,286
District Council of Streaky Bay	10,863	10,445
District Council of Tumby Bay	11,960	11,500
City of Whyalla	26,416	25,400

# EYRE PENINSULA LOCAL GOVERNMENT ASSOCIATION

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2014

	2014	2013
	\$	\$
City of Port Lincoln	19,180	18,441
	<u>\$ 145,600</u>	<u>\$ 140,000</u>

### NOTE 5 - Project Expenditure

Unspent Funds at 1 July	(32,092)	(31,011)
Asset & Long Term Finance Plan	23,954	-
Birdseye Memorial	8,000	-
Cert IV Group	600	9,668
Charter Review	7,901	-
CWMS Users Group	3,595	-
Emergency Management Planning	205	-
EP Regional Statements	20,000	-
Procurement Roadmap	70,869	-
RDAWEP Internal Review-301/13	15,000	-
Regional Capacity Building	-	12,400
Regional Roads Strategy	9,885	35,063
Shared Services EBACC Project	26,000	-
Special Local Roads		
Prioritisation (LGTAP)	7,300	-
Unspent Funds at 30 June	59,519	32,092
	<u>\$ 220,736</u>	<u>\$ 58,212</u>

### NOTE 6 - Cash at Bank

BankSA Society Cheque Account	34,955	24,122
Bendigo Bank Term Deposit	142,691	137,254
LGFA	63,174	107,904
LGFA - Cores EP	8,390	8,102
	<u>\$ 249,210</u>	<u>\$ 277,382</u>

### NOTE 7 - Sundry Creditors

	-	8,652
PAYG Withheld	8,652	-
Superannuation	1,181	-
WorkCover	1,298	-
	<u>\$ 11,131</u>	<u>\$ 8,652</u>

**EYRE PENINSULA LOCAL GOVERNMENT ASSOCIATION**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE, 2014**

	2014	2013
	\$	\$
<b><u>NOTE 8 - Unspent Project Funds</u></b>		
Regional Capacity Building	16,129	14,963
EP Coastal Development Strategy	-	654
Human Resource Consultancy	-	(548)
Road Assessor Training	-	(256)
Cert IV Training	-	(823)
Project - Other	-	10,000
Cores - EP	8,390	8,102
Outreach Service	35,000	-
	<u>          </u>	<u>          </u>
	\$ 59,519	\$ 32,092
	<u>          </u>	<u>          </u>
<b><u>NOTE 9 - Prov'n for Long Service Leave</u></b>		
District Council of Tumby Bay	6,562	-
Eyre Peninsula Local Govt. Association	3,508	-
	<u>          </u>	<u>          </u>
	\$ 10,070	\$ -
	<u>          </u>	<u>          </u>

EYRE PENINSULA LOCAL GOVERNMENT ASSOCIATION


BOARD CERTIFICATE

The Board have determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The Board of the association declares that:

- 1 the financial statements and notes present fairly the association's financial position as at 30th June 2014 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
- 2 in the Board's opinion there are reasonable grounds to believe that the association will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board:

signed  .....

position President .....

Dated this .....16..... day of .....October..... 20..14

INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
EYRE PENINSULA LOCAL GOVERNMENT ASSOCIATION

4 Tasman Terrace, PO Box 2180  
Port Lincoln, SA 5606  
Telephone: (08) 8682 1899  
Facsimile: (08) 8682 1408  
Email: gpk@gpk.com.au  
ABN 64 945 523 972  
ACN 007 909 382

To the members of Eyre Peninsula Local Government Association,

*Report on the financial report*

We have audited the accompanying financial reports, being a special purpose financial report, of Eyre Peninsula Local Government Association, for the year ended 30<sup>th</sup> June 2014.

*The responsibility of the members of the Board for the financial report*

The members of the Board are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the financial reporting requirements of the Local Government Act 1999 and are appropriate to meet the needs of the members. The Board's responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian auditing standards. These auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of Board, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the Board's financial reporting responsibilities under the Local Government Act 1999. We

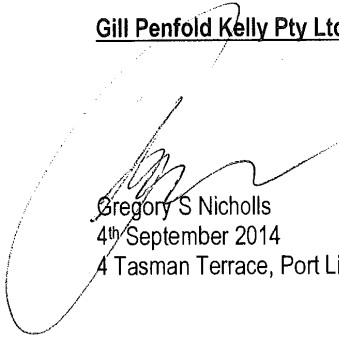
*Liability limited by a scheme approved under Professional Standards Legislation*

disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Auditor's opinion*

In our opinion the financial report of the Eyre Peninsula Local Government Association presents fairly the operations and financial position of the association for the year ended 30<sup>th</sup> June 2014.

**Gill Penfold Kelly Pty Ltd**



Gregory S Nicholls  
4<sup>th</sup> September 2014  
4 Tasman Terrace, Port Lincoln SA 5606