



City of Mount Gambier

Reference: AF11/861 TLG

8th October, 2014

MEMBERS

NOTICE is hereby given that the Corporate and Community Services Committee will meet in the following Meeting Room on the day, date and time as follows:

Corporate and Community Services Committee
(Committee Room - Level 4):

Tuesday, 14th October, 2014 at 6.00 p.m.

An agenda for the meeting is enclosed herewith.

Mark McSHANE
CHIEF EXECUTIVE OFFICER

CORPORATE AND COMMUNITY SERVICES COMMITTEE

Meeting to be held on Tuesday, 14th October, 2014 at 6.00 p.m.

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7. CORPORATE AND COMMUNITY SERVICES REPORT NO. 66/2014 - City Development Framework – Futures Paper

MOTIONS WITH NOTICE

MOTIONS WITHOUT NOTICE

CORPORATE AND COMMUNITY SERVICES COMMITTEE

Meeting to be held at the Committee Room, Level 4, Civic Centre, 10 Watson Terrace, Mount Gambier on Tuesday 14th October, 2014 at 6.00 p.m.

AGENDA

PRESENT: Cr J A Maher (Presiding Member)
Cr P G Richardson, Cr A Lee, Cr A T Smith and Cr H Persello

APOLOGY: moved that the apology from
be received.

seconded

COUNCIL OFFICERS: Chief Executive Officer, Mark McShane
Director - Corporate Services, Grant Humphries
Governance Officer, Michael McCarthy
Finance Manager, Gary Button
Manager Community Services and Development, Barbara Cernovskis
Administration Officer, Tracey Gritton

COUNCIL MEMBERS
AS OBSERVERS:

WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR INDIGENOUS PEOPLES HAVE WITH THIS LAND.

MINUTES: moved that the minutes of the previous meeting
held 9th September, 2014 be taken as read and confirmed.

seconded

QUESTIONS:

(a) With Notice - Nil received

(b) Without Notice -

1. FINANCIAL STATEMENT – as at 30th September, 2014

Goal: Governance

Strategic Objective: Demonstrate innovative and responsive organisational governance.

moved it be recommended the financial statement as at 30th September, 2014 be received.

seconded

2. STRATEGIC MANAGEMENT - Internal - Corporate and Community Services Committee - Business Arising Table - Ref. AF11/1900

Goal: Governance

Strategic Objective: Develop an improved means of communication and engagement between Council and the community (including vulnerable communities) in the building of community capacity.

moved it be recommended that the Business Arising Schedule be recorded for information.

Corporate and Community Services Committee Agenda, Tuesday 9th September, 2014 cont'd...

Date of Motion	Subject Matter	Action Required	Responsibility	Status	Comments
CORPORATE AND COMMUNITY SERVICES					
20/11/2012	Establishment of City Development Framework		Chief Executive Officer	In Progress	<ul style="list-style-type: none"> • City Development Framework Sub-Committee established December 2013 to oversee project. • Professor John Martin engaged by Council • Draft Futures Paper being prepared, Professor John Martin in Mount Gambier 12 - 16th May, 2014. • May/June 2014 - consultation to commence to develop strategies. • Final Draft completed in July and desktop published for community consultation commencing 1st August - 29th August. • Integration of community feedback and completion of final document for Council endorsement October 2014.
20/08/2013	Umpherston Sinkhole	<ul style="list-style-type: none"> • Expressions of Interest Process • Council Report 	Governance Officer	In Progress	Negotiations continuing with potential operator.
17/09/2013	China Relationship	Further investigations/members workshop	Chief Executive Officer	In Progress	<ul style="list-style-type: none"> • Initial workshop held • Regional workshop scheduled on 5th December • Members Informal workshop on 6th December • Further workshop scheduled for 19th February 2014. • Council Report and resolution in March to proceed to further investigation. • Members Workshop with Sean Keenihan - 12th June, 2014
17/09/2013	Smoke Free areas	Implementation of	Operational Services, Governance Officer, Manager Community Services and Development	In Progress	Internal Review and report to be developed.
18/3/2014	Men's Shed	Convene Project Group to finalise arrangements for Men's Shed at Council Depot Site.	Chief Executive Officer, Governance Officer, Director - Operational Services	Completed	<ul style="list-style-type: none"> • Project Group convened. • Lease document finalised. • Work to commence July pending 2014/2015 Budget. • Work completed September, 2014.

Corporate and Community Services Committee Agenda, Tuesday 14th October, 2014 cont'd...

OPERATIONAL SERVICES					
17/09/2013	Regional Development Assessment Panels	Support the focus of the proposal and review the recommendations at a later date	Strategic Project Officer	Ongoing	Waiting for outcomes of investigation by SELGA
18/03/2014	South East Animal Welfare League	Enter into a joint funding agreement with South East Animal Welfare League and District Council of Grant for a five (5) year term	Director - Operational Services	In Progress	Joint Funding Agreement Drafted - with SEAWL
17/06/2014	Civic Centre maintenance - external cladding	Release Expression of Interest (in conjunction with Country Arts SA)	Director - Operational Services	In Progress	Not started as yet
12/08/2014	Request for alterations to on-street parking - Bailey Street	Advise Courtney Jones of parking amendments, arrange for installation of amended parking restrictions	Team Leader - General Inspector	Completed	Linemarking completed and signage has been installed
12/08/2014	Request for alterations to on-street parking - Subway - Mitchell Street	Advise Subway of parking amendments, arrange for installation of amended parking restrictions	Team Leader - General Inspector	Completed	Signage has been installed
09/09/2014	Street Tree Planting Program 2015	Invite comment from residents and utilities affected by the plantings	Engineering Technical Officer	In Progress	Letters will be issued in November and a report provided at the December Council Meeting
09/09/2014	Railway Lands - Artistic Balustrade Design	Advise successful (Laura Wills) and unsuccessful submissions	Manager - Regulatory Services	Completed	Correspondence emailed on 18/09/2014

seconded

3. FINANCIAL MANAGEMENT – Audit – End of Year Audited Financial Statements 2013/2014 – Letter from Galpins – Ref. AF13/15

Goal: Governance

Strategic Objective: Demonstrate innovative and responsive organisational governance

The Director – Corporate Services reported:

(a) Councils Audit Committee resolved on 30th September, 2014:

- (i) In accordance with Section 126(4)(a) of the Local Government Act 1999 the Audit Committee advises that it has reviewed the annual financial statements of the Council for the year ended 30 June 2014 and is satisfied they present fairly the state of affairs of Council;
- (ii) The Chief Executive Officer and Presiding Member of the City of Mount Gambier Audit Committee sign the statement to certify the independence of the Council Auditor, Galpins.

(b) Together with the audited Annual Financial Statements, Council's Auditor has also provided his Independent Auditor's Report (http://www.mountgambier.sa.gov.au/council_financial_annual.asp?qid=8&p=1).

(c) An internally prepared analyses of the 2013/2014 Audited Annual Financial Statements has been prepared for Members information.

moved it be recommended:

Corporate and Community Services Committee Agenda, Tuesday 14th October, 2014 cont'd...

- (a) the Independent Auditor's Report be received;
- (b) the internally prepared Analyses of the 2013/2014 Annual Financial Statements be received;
- (c) the audited Annual Financial Statements for the year ended 30th June, 2014 be adopted.

seconded

4. GOVERNANCE – Committees – Audit (Section 41) Committee – Minutes of Meeting held 30th September, 2014 – Ref. AF11/863

Goal: Governance

Strategic Objective: Demonstrate innovative and responsive organisational governance

moved it be recommended:

- (a) the minutes of the City of Mount Gambier Audit Committee meeting held on 30th September, 2014 be received;
- (b) recommendations (numbered 1 to 8) of the Audit Committee meeting held on Tuesday, 30th September, 2014 be adopted by Council.

1. REPORTS FOR INFORMATION

The above reports be received.

2. EXTERNAL AUDITOR – END OF YEAR REPORT

- (a) the letter be received and contents noted;
- (b) the Audit findings and recommendations be referred to the Council administration for attention and to the Audit Committee for ongoing monitoring;
- (c) Councils External Auditor be advised of this course of action.

3. AUDIT WORK PROGRAM 2007 – 2014

The report be received.

4. ADOPTION OF AUDITED FINANCIAL STATEMENTS

- (a) the report be received;
- (b) in accordance with Section 126(4)(a) of the Local Government Act 1999 the Audit Committee advises that it has reviewed the annual financial statements of the Council for the year ended 30 June 2014 and is satisfied they present fairly the state of affairs of Council;
- (c) the Chief Executive Officer and Presiding Member of the City of Mount Gambier Audit Committee sign the statement to certify the independence of the Council Auditor, Galpins.

5. COUNCIL ANNUAL REPORT

- (a) the report be received.
- (b) the draft Audit Committee, Annual Report entry be endorsed.

6. LONG TERM FINANCIAL PLAN (LTFP)

The report be received.

7. FINANCIAL INTERNAL CONTROLS

The report be received.

8. TREASURY MANAGEMENT – ANNUAL REVIEW 2014

The report be received.

5. **GOVERNANCE – Committees – City of Mount Gambier Junior Sports Assistance Fund (Section 41) – Minutes of Annual General Meeting held 17th September, 2014 – Ref. AF11/725**

Goal: Governance

Strategic Objective: Demonstrate innovative and responsive organisational governance

moved it be recommended:

- (a) the minutes of the City of Mount Gambier Junior Sports Assistance Fund Annual General Meeting held on 17th September, 2014 be received;
- (b) the following recommendation (numbered 1 to 9) of the City of Mount Gambier Sports Assistance Fund be adopted by Council;

1. STATEMENT OF INCOME AND EXPENDITURE - for period ended 30th June 2014

The Statement of Income and Expenditure for the period ended 30th June 2014 detailing payments to or payments from the Fund with a 30th June 2014 audited cash balance of \$51,044 be received and adopted.

2. GENERAL DEVELOPMENTS SINCE TWENTY EIGHTH ANNUAL MEETING

The above reports be received.

3. GENERAL MATTERS

The report be received.

4. SUB COMMITTEE APPOINTMENTS – authority to make decisions on applications

The report be received.

Corporate and Community Services Committee Agenda, Tuesday 14th October, 2014 cont'd...

5. APPLICATIONS FOR FINANCIAL ASSISTANCE - Discretionary Assistance

The report be received.

6. APPLICATIONS FOR ASSISTANCE - Denied

The report be received.

7. MEMBER ORGANISATION CONTRIBUTIONS 2014/15

- (a) that the report be received;
- (b) the Member Organisation contributions for the 2014/15 financial year continue to be based on the funding formula as adopted at the Annual Meeting of members held on 2nd August 2005 and as attached to this agenda/minutes (in respect of the required 2014/15 contributions);
- (c) the "previous five (5) year annual average" be interpreted and calculated on a rolling basis i.e. the previous five (5) year annual average include the then financial year just ended so that the Member Organisation contributions reflect the most current figures and the new minimum payment be \$400 and the maximum payment be retained at \$800 apply for the 2014/15 financial year

8. COMMERCIAL CLUB EXCEPTIONAL JUNIOR AWARD - Annual Grant Initiative

The report be received.

9. FINANCIAL SUPPORT TO JUNIORS - NOT ABLE TO ATTEND THE NATIONAL EVENT DUE TO INJURY OR ILLNESS

The report be received.

seconded

6. CORPORATE AND COMMUNITY SERVICES REPORT NO 64/2014 - Investment Review Yearly Report - 1st July 2013 - 30th June, 2014 - Ref: AF11/684

Goal: Governance
Strategic Objective: Fully integrate long term asset and financial plans with the annual business plan and annual budget

moved it be recommended Corporate and Community Services Report No. 64/2014 detailing the Yearly Investment Review report for 2013/2014 be received.

seconded

7. CORPORATE AND COMMUNITY SERVICES REPORT NO. 66/2014 - City Development Framework – Futures Paper - Ref: AF13/125

Goal: Securing Economic Prosperity

- Strategic Objective:*
- (i) Foster the expansion of commerce and industry in a sustainable manner, considering industry, employment and climate change impacts, and enhance our positioning as the major centre for the region.*
 - (ii) Support the development of our local economy, our unique local experiences and our capacity to grow visitation to our City.*
 - (iii) Develop and implement a dynamic planning process to meet emerging economic, social and environmental conditions.*

moved it be recommended:

- (a) Corporate and Community Services Report No. 66/2014 be received.
- (b) The Futures Paper now be received and endorsed.
- (c) The Futures Paper be published and copies be made available for all people who participated and general availability via hard copy and Council’s website.
- (d) The Futures Paper will be a component of the incoming Council’s induction program, a base for the development of the new Strategic Plan and provides a reference point to assist the citizens of Mount Gambier to achieve their collective future.
- (e) The Members of the City Development Framework Sub Committee and Associate Professor John Martin be thanked for their facilitation of this project and to achieve the development of a document that reflects the aspirations of the community and guides the future long term development of the City of Mount Gambier.

seconded

MOTIONS WITH NOTICE

MOTIONS WITHOUT NOTICE

Meeting closed at _____ p.m.
MJT/TLG

as at 31/08/2014 \$	FINANCIAL STATEMENT - Monthly Bank Reconciliation	as at 30/09/2014 \$
	<u>GENERAL ACCOUNT (Westpac)</u>	
381,301.66 CR	OPENING BALANCE	1,071,373.38 CR
1,691,581.45	<u>PLUS</u> Receipts -	
1,397,068.88	Rates & Arrears	4,039,793.97
-	General	1,366,733.05
800,000.00	Receipt of Cash Advance Funds	
-	Transfer from CAD Loan 103	0.00
0.00	Transfer from Investment Funds	0.00
3,888,650.33	Transfer from Reserve Funds	-
		<u>5,406,527.02</u>
4,269,951.99 CR		6,477,900.40 CR
(618,735.13)	<u>LESS</u> Direct Debits to Bank Account -	
-	Payroll - 2 Pays processed in September (5/9 & 19/9)	(613,925.13)
-	Sundry	
(800,000.00)	Transfer to Investment Funds	
(1,418,735.13)	Transfer to CAD Loan 103	<u>(3,913,167.73)</u>
		<u>(4,527,092.86)</u>
2,851,216.86 CR		1,950,807.54 CR
(1,779,843.48)	<u>LESS</u> Expenditure Statement - \$	(1,801,937.50)
<u>\$1,071,373.38 CR</u>	<u>CASH BALANCE</u>	<u>\$148,870.04 CR</u>
	<u>BANK RECONCILIATION</u>	
1,066,820.09 CR	Balance as per Bank Statement	394,960.00 CR
59,584.35	<u>PLUS</u> Deposits not yet credited	25,968.35
(40,358.88)	<u>LESS</u> Deposits not yet reconciled	(28,869.55)
-	<u>LESS</u> Deposits not yet updated	0.00
-	<u>PLUS</u> Payments not yet reconciled	
<u>1,086,045.56 CR</u>		<u>392,058.80 CR</u>
(14,672.18)	<u>LESS</u> Unpresented Cheques & EFT's	(243,188.76)
<u>\$1,071,373.38 CR</u>	<u>CASH BALANCE</u>	<u>\$148,870.04 CR</u>
	Current Interest Rate on Bank Account Balance is	0.01%
	<u>LGFA CAD LOAN 103</u>	
(4,562,743.00) DR	OPENING BALANCE	(4,562,743.00) DR
800,000.00	<u>PLUS</u> Deposits	4,562,743.00
(800,000.00)	<u>LESS</u> Withdrawals (Transfer to General Account)	
-	Sundry	
<u>\$ (4,562,743.00) DR</u>	<u>CASH BALANCE</u>	<u>- DR</u>
	Current Interest Rate on CAD Loan Balance is	4.75%

as at 31/08/2014 \$	<u>FINANCIAL STATEMENT continued.....</u>	as at 30/09/2014 \$
	INVESTMENT FUNDS (Local Government Finance Authority)	
906.27 CR	Opening Balance	649,575.27 CR
648,669.00	PLUS Deposits	0.00
-	PLUS Accrued interest	
-	LESS Withdrawals (Transfer to Westpac)	
-	Withdrawals (Transfer to CAD Loan 103)	(649,575.27)
<u>\$649,575.27 CR</u>	CLOSING BALANCE	<u>\$0.00 CR</u>
	RESERVE FUNDS (Local Government Finance Authority)	
0.00 CR	OPENING BALANCE	0.00 CR
-	PLUS Deposits	
-	LESS Withdrawals (Transfer to CAD Loan 103)	
<u>\$0.00 CR</u>	CLOSING BALANCE	<u>\$0.00 CR</u>

INVESTMENT OF FUNDS

Investment Funds - all invested - 'At Call' at 2.50%
 Reserve Funds - all invested - 'At Call' at 2.50%

as at 31/08/2014 \$	<u>LOAN FUNDS OWING (Local Government Finance Authority)</u>	as at 30/09/2014 \$
Opening Bal	Loan Purpose	Closing Bal
16,310.52	091 Blue Lake Golf Centre	16,310.52
23,776.98	094 Old Gaol/TAFE/Reidy Pk	23,776.98
158,489.66	101 RSL Bowls - Artificial Rink	144,359.28
3,390,197.37	102 Library	3,390,197.37
4,562,743.00	103 CAD - Variable Int Only	0.00
0.00	104 CAD - Variable Int Only	0.00
<u>\$8,151,517.53 DR</u>		<u>\$3,574,644.15 DR</u>

Prepared by:



Finance Manager

Reviewed by:



Chief Executive Officer



INDEPENDENT AUDITOR'S REPORT

To the members of City of Mount Gambier

Report on the Financial Report

We have audited the accompanying financial report of City of Mount Gambier (the Council), which comprises the balance sheet as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of City of Mount Gambier.

Council's Responsibility for the Financial Report

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

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. Those 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 Council'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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

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

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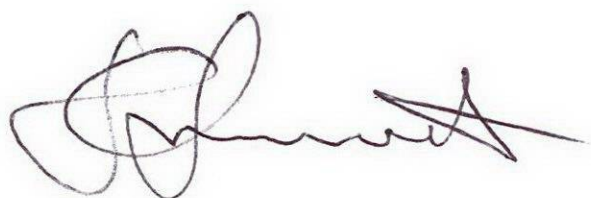
w www.galpins.com.au

Independence

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

Opinion

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

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTSA handwritten signature in black ink, appearing to read 'Simon Smith', with a stylized flourish at the end.

Simon Smith FCPA, Registered Company Auditor
Partner

30 / 09 / 2014



TO: CHIEF EXECUTIVE OFFICER
 DIRECTOR – CORPORATE SERVICES
 DIRECTOR – OPERATIONAL SERVICES
 FINANCE MANAGER

REF: AF13/15

RE: **END OF YEAR FINANCIAL STATEMENTS AND ANALYSIS**

The City of Mount Gambier end of year processes for 2013/14 have been finalised and audited by Council's external auditor Galpins Accountants Auditors & Business Consultants. This report provides detail of actual results compared year to year and results compared to the revised budget position. The annual financial statements have been reviewed by the Audit Committee and they are satisfied that they present fairly the state of affairs of the Council.

1. BACKGROUND

- 1.1 Regulation 10 of the Local Government (Financial Management) Regulations 2011 requires the Council to prepare and consider a report showing the audited financial results of the Council for the previous financial year, compared with the estimated financial results as set out in the budget and consistent with the model financial statements.

2. CONSULTATION / COMMUNICATION

2.1 Internal

- 2.1.1 This report provides the mechanism for consultation and communication with Council regarding the City of Mount Gambier's Annual Financial Statements for the year ending 30th June 2014.

2.2 External

- 2.2.1 No external communication has occurred.

3. REPORT

- 3.1 The City of Mount Gambier Financial Statements for the 2013/14 Financial Year have been prepared in accordance with the Local Government Act, the Local Government (Financial Management) Regulations 2011, the Australian Accounting Standards and the Model Financial Statements.
- 3.2 The Audit Committee has reviewed the Annual Financial Statements to ensure they present fairly the state of affairs of the Council. The external auditors, Galpins Accountants Auditors & Business Consultants, have conducted their review and have provided an unqualified audit opinion.
- 3.3 The following comments are provided with respect to the 2013/14 Annual Financial Statements, with commentary highlighting significant movement's year on year.

4. FINANCIAL STATEMENT ANALYSIS

4.1 **Statement of Comprehensive Income**

- 4.1.1 The Statement of Comprehensive Income shows an Operating Deficit before capital amounts and other comprehensive income of \$668k.

4.1.2 As in previous financial years, impacting on this result is the timing of payments of the Commonwealth's Financial Assistance Grant, with two quarters of the 2013/14 grant being received in 2012/13 \$1,267k. When adjusting for the early payment the Operating Surplus for 2013/14 would be \$599k. It should be noted that these payments in advance did not occur this financial year and it would appear that this will no longer occur in the future. At this stage however, it is not known what the current Federal Government plans for the timing of future payments.

5. INCOME STATEMENT ANALYSIS

5.1 The Operating Deficit of \$668k compares to the previous year's Operating Surplus of \$299k, with the main variations between the two financial years being:

5.1.1 Rates Revenue has increased by 6.68% from \$15,772k in 2012/13 to \$16,826k in 2013/14. This is a reflection on Council's decision to increase rates by 6.1% via the budget process, together with development growth in the city leading to a higher number of rateable properties.

5.1.2 Statutory Charges increased by 5.88% from \$357k in 212/13 to \$378k in 2013/14 and was influenced by an increase in Development Act Fees, Parking Fines and Expiation fees.

5.1.3 User Charges increased by 4.04% from \$3,393k in 2012/13 to \$3,530k in 2013/14 largely due to increases in Waste Management and Sundry Revenue income streams.

5.1.4 Grants, Subsidies and Contributions have decreased by 42.74% largely due to the cessation of the Commonwealth's program of paying grant funding in advance. This process was introduced in 2009 and was continued until 2013. The impact in this financial year was reflected in the Operating Deficit of \$668k would have been reported as an Operating Surplus of \$599k.

5.1.5 Investment Income was in line with the previous year with a slight increase of 3.23% to \$32k in 2013/14. Investments are only for short periods of time due to the Financial Assistance Grants being directly paid into our LGFA 24 hour investment account until funds are transferred to our Cash Advance Debenture loan to minimise Council's interest expense.

5.1.6 Reimbursements increased by 19.90% from \$191k in 2012/13 to \$229k in 2013/14 with the significant factor being the DEPTI private works completed at Pick Avenue.

5.1.7 Other Income experienced a slight decrease of 1.89% from 476k in 2012/13 to \$467k in 2013/14.

5.1.8 Employee Costs have increased by 5.46% from \$8,318k in 2012/13 to \$8,772 in 2013/14 generally as a result of the Enterprise Bargaining Agreement wage increase of 4.0%. There was the creation of new positions (FTE + 2.0) and an increase in employee leave provisions during 2013/14.

5.1.9 Materials, Contracts and Other expenses increased by 8.04% from \$7,837k in 2012/13 to \$8,467k in 2013/14. The use of contactors increased during 2013/14 along with a less labour intensive capital program were the primary contributors to this increase. Increased utility expenses, insurance and government levies also played their part.

5.1.10 Depreciation expenses increased by 4.33% from \$5,662k in 2012/13 to \$5,907k in 2013/14 reflecting the capital expenditure program from the previous year. This expense was in line with budgeted estimations.

5.1.11 Finance Costs reduced by 22.02% from \$336k in 2012/13 to \$262k in 2013/14 due to the full implementation of Treasury Management last year. Two loans held with the LGFA were finalised in November 2013 and March 2014 and there were no new loans established in 2013/14.

6. BALANCE SHEET ANALYSIS

6.1 The Balance Sheet as at 30th June 2014 shows that Net Assets (Total Assets less Total Liabilities) or 'Equity' has decreased by 0.44% or \$831k from \$189,053k in 2012/13 to \$188,222k in 2013/14.

6.1.1 Current Assets increased by 25.64% from \$1,864k in 2012/13 to \$2,342k in 2013/14 due to the receipt of funds into Council's bank account late in June 2014 pending transfer to LGFA Cash Advance Debenture.

6.1.2 Infrastructure, Property, Plant and Equipment increased by 0.58% from \$194,011k in 2012/13 to \$195,144k in 2013/14 reflecting a year where there were no asset revaluations. An Infrastructure revaluation is planned for 2014/15 effective from 1 July 2014.

6.1.3 Trade and Other Payables increased by 136.83% from \$1,116k in 2012/13 to \$2,643k in 2013/14. This has been influenced by the major capital projects occurring over the end of the financial year (Railway Lands and Caroline Landfill) and also Plant & Equipment purchases.

6.1.4 Borrowings increased by 20.31% from \$3,974k in 2012/13 to \$4,781k in 2013/14 to fund Council's major projects (Railway Lands, Hospital Demolition, CBD Redevelopment and the new waste cell at Caroline Landfill). Due to costs coming in under budget, delays in some projects and the use of Treasury Management our borrowing for 2013/14 has come under budget.

6.1.5 Asset Sustainability ratio has continued it's trending upwards and is now at 107% in 2013/14 higher than 85% in 2012/13. This is a reflection of the higher net expenditure Council has undertaken over the past few years on the renewal and replacement of existing assets.

7. CASH FLOW STATEMENT

7.1 The Cash Flow Statement shows a net increase of \$1,057k (+73.78%) in Cash and Cash Equivalents from \$675k at 30 June 2013 to \$1,173k at 30 June 2014.

7.1.1 Cash Flows from Operating Activities were \$6,768k compared with \$5,711k in 2012/13 with the major factor being the increase in rate revenue receipts.

7.1.2 Cash Flows from Investing Activities increased from \$4,879k in 2012/13 to \$7,077k in 2013/14 due to increases in expenditure on asset renewal and new assets. This has been off-set by an increase in the receipt of funds for new and upgraded assets.

7.1.3 Cash Flows from Financing Activities increased from (\$1,138k) in 2012/13 to \$807k in 2013/14 reflecting the higher level of expenditure in the repayment of loan borrowings.

8. BUDGET / ACTUAL ANALYSIS

The analysis below is based on the comparison between the actual for the year ended 30th June 2014 and the revised budget for that period. The commentary on the Statement of Comprehensive Income is designed to explain the variations appropriate to this 'view'. Comment is made only to variances greater than \$50k unless there are significant issues that need to be brought to the members' attention.

City of Mount Gambier Statement of Comprehensive Income For the Period Ending 30 June 2014

	Full Year to 30 June 2014			2013
	Actual	Orig Bud	Varian ce	Actual
	\$,000	\$,000	\$,000	\$,000
INCOME				
Rates	16,826	16,272	554	15,772
Statutory Charges	378	361	17	357
User Charges	3,530	2,623	907	3,393
Grants, Subsidies & Contributions	1,278	3,253	(1,975)	2,232
Investment Income	32	10	22	31
Reimbursements	229	229	-	191
Other	467	-	467	476
Share of Profit – Joint Venture & Associates	-	-	-	-
Total Income	22,740	22,748	(8)	22,452
EXPENSES				
Employee Costs	8,772	8,491	281	8,318
Materials, Contracts & Other Expenses	8,467	7,683	784	7,837
Finance Costs	262	369	(107)	336
Depreciation, Amortisation & Impairment	5,907	6,232	(325)	5,662
Total Expenses	23,408	22,775	633	22,153
Operating Surplus/(Deficit) before Capital Amounts	(668)	(27)	641	299
Net gain (loss) on disposal of revaluation of assets	(3,227)	-	(3,227)	(1,838)
Amounts specifically for new or upgraded assets	3,064	27	3,037	835
Physical resources received free of charge	-	-	-	-
Net Surplus/(Deficit) transferred to Equity	(831)	-	(831)	(704)
Other Comprehensive Income				
Changes in revaluation surplus – infrastructure, property, plant and equipment	-	-	-	-
Total Comprehensive Income	(831)	-	(831)	(704)

9. INCOME ANALYSIS

9.1 Rates – Favourable variance \$554k

9.1.1 The favourable variance derives from development growth in the number of rateable properties that are not budgeted for and the collection of previous year's arrears amounts.

9.2 User Charges – Favourable variance \$907k

9.2.1 The favourable variance has largely occurred due to greater than budgeted growth in income from Council's Waste Management activities and Sundry revenue.

9.3 Grants, Subsidies and Contributions – Unfavourable variance \$1,975k

9.3.1 The unfavourable variance is largely attributed to the cessation of the forward payment of Financial Assistance Grants by the Commonwealth. The last payment of \$1,267 was made in June 2013 which was for the 2013/14 financial year.

9.4 Other Income – Favourable variance \$467k

9.4.1 The favourable variance is due to Council's decision during the budget process not to place any reliance on income from this source.

Overall, the original budget projected \$22,748k in income, which was only \$7k less than the \$22,740k income that was generated during 2013/14.

10. EXPENDITURE ANALYSIS

10.1 Employee Costs – Unfavourable variance \$281k

10.1.1 The unfavourable variance can be attributed to less labour intensive capital expenditure program resulting in employee costs being retained in operating accounts.

10.2 Materials, Contracts and Other Expenses – Unfavourable variance \$784k

10.2.1 The unfavourable variance was due to the increase in the use of contractors to assist in completing our works program during 2014. Utility charges, consultants, insurance and levies increased at a rate greater than expectations.

10.3 Depreciation, Amortisation and Impairment – Favourable variance \$325k

10.3.1 The favourable variance has resulted from further refinement in our assets management and records registers. The delays in some major projects have resulted in less depreciation being charged vs the original budget figures.

10.4 Finance Costs – Favourable variance \$107k

10.4.1 The favourable variance was due to surplus funds being applied to Council's Cash Advance Debenture facility during the year reducing the amount of interest that was budgeted for.

11. CAPITAL AMOUNTS

11.1 The unfavourable amount of \$831k is comprised of variances within the following categories:

11.1.1 Net Gain/(Loss) on disposal of assets had an unfavourable variance of \$3,227k as a result of the disposal of the remediation work at the Railway Lands and the demolition costs associated with the Old Hospital site.

11.1.2 Amounts specifically received for new or upgraded assets had a favourable variance of \$3,037k as a result of a budget line integrity issue. Further refinement will take place to minimise the impact of this in future reports.

12. OTHER COMPREHENSIVE INCOME ANALYSIS

12.1 There were no asset revaluations undertaken during the past two financial years, therefore no activity is available for commentary. Effective 1 July 2014 all Infrastructure Assets will be valued by Council officers as a result of our Asset Revaluation strategy implemented in May 2013.

13. CONCLUSION / PROPOSAL

13.1 The Annual Financial Statements have been audited by Council's external auditor Galpins Accountants Auditors & Business Consultants and reviewed by the Audit Committee, and both are satisfied that they present fairly the affairs of Council for 2013/14.

13.2 It is apparent that the end of year results for the 2013/14 financial year are unfavourable when compared to budget and this is primarily the result of timing of external grant funding being received from previous years.

13.3 This document should be read in conjunction with the Financial Statements for the Year Ended 30 June 2014, available from the Council web site http://www.mountgambier.sa.gov.au/council_financial_annual.asp?qid=8&p=1



Gary BUTTON
FINANCE MANAGER

2nd October, 2014
MT

CORPORATE AND COMMUNITY SERVICES REPORT NO. 64/2014

SUBJECT: INVESTMENT REVIEW – YEARLY REPORT
1st July 2013 - 30th June 2014

REF: AF11/684

Goal: Governance
Strategic Objectives: Fully integrate long term asset and financial plans with the annual business plan and annual budget

Background

In accordance with Section 140 of the Local Government Act and Council's Investment Policy, the following is a report on Council's investments for the period 1st July 2013 - 30th June 2014.

Review

The official Reserve Bank of Australia (RBA) cash interest rate decreased from 2.75% in July 2013 to 2.50% in August 2013. There has been no change in this rate now for over twelve months.

On 2nd September, 2014, the RBA Board stated that inflation is expected to be within the 2 - 3 per cent range over the next 2 years.

The Local Government Finance Authority of SA has decreased interest rates to Councils in line with the movement in the RBA cash rate. The LGFA continues to provide competitive returns and there is no change at this stage in Council's investment strategy, with all funds continuing to be invested with the LGFA. In addition to competitive rates of return, the LGFA continues to pay a yearly bonus to Council, based on funds invested and loan borrowings. The payment received on 25th October 2013 was \$5,110.

Grants Commission funds are automatically invested at call, returning a rate of 2.51% in 2014. Once receipt is confirmed the funds are transferred to Council's Cash Advance Debenture Loans in accordance with our Treasury Management policy. In addition to these rates, Council's general working account at Westpac returned a rate of 0.01% for the period.

Budget 2013/2014

Council's adopted Budget for 2013/2014 estimated the following investment returns:

Working funds	\$10,000
LGFA bonus	\$0
Reserve Funds	\$0

Actual returns for the year were:

Working funds	\$11,997
LGFA bonus	\$5,111
Reserve Funds	\$0

Corporate and Community Services Report No. 64/2014 cont'd...Investments as at 30th June 2014

Amount	Funds	Invested with	Term	Interest Rate (excludes bonus)
\$0	Surplus Working	LGFA	At call	2.50%
\$0	Reserve Funds	LGFA	At call	0.00%
\$396,755	Working Account	Westpac	At call	0.01%

Future Outlook

Funds will continue to be off-set against our Cash Advance Debentures held with the LGFA as per Council's Treasury Management policy to minimise our interest on borrowings.

RECOMMENDATION

Corporate and Community Services Report No. 64/2014 detailing the Yearly Investment Review report for 2013/2014 be received.



Gary BUTTON
FINANCE MANAGER



Mark McSHANE
CHIEF EXECUTIVE OFFICER

15th September, 2014
MJT

CORPORATE AND COMMUNITY SERVICES REPORT NO. 66/2014**SUBJECT: CITY DEVELOPMENT FRAMEWORK – FUTURES PAPER****REF: AF13/125****Goal:** *Securing Economic Prosperity*

Strategic Objective: (i) *Foster the expansion of commerce and industry in a sustainable manner, considering industry, employment and climate change impacts, and enhance our positioning as the major centre for the region.*

(ii) *Support the development of our local economy, our unique local experiences and our capacity to grow visitation to our City.*

(iii) *Develop and implement a dynamic planning process to meet emerging economic, social and environmental conditions.*

BACKGROUND

The need and benefits in establishing (and implementing) a long term vision and framework for the City was highlighted in the City of Mount Gambier Strategic Plan – Beyond 2015 (2007 and 2011). The matter has also been identified in a number of Council reports and resolutions, gaining particular focus during the State Government's decision to forward sell the harvesting rights for Forestry SA plantations.

The need for the framework was also highlighted due to our regional location, the seemingly limited support from other tiers of government and the inability of strategies from elsewhere to deliver meaningful regional results for the community and to actively combine community, social, economic and sustainability objectives.

In November 2012 Council endorsed a number of recommendations regarding the development framework including:

- The establishment of a Steering Committee (Mayor, Standing Committee Presiding Members, the Economic Development Portfolio holder and the Chief Executive Officer) to guide the process; and
- The engagement of a suitably qualified person/organisation to assist the Steering Committee in distilling existing strategic documents, scoping and increasing our understanding of regional development in Australia and providing a sound basis to move forward towards a City Development framework.

The South Australian Centre for Economic Studies (SACES) was engaged to undertake a number of initial activities and assist the Steering Committee. This process commenced in March 2013 and a report was provided to the Steering Committee by SACES in May 2013. This report as developed by SACES formed Stage 1 of this project.

Some important key points that influenced Council's thinking during 2013 were:

- the City Development Framework must be locally owned and based
- the raft of existing plans and road maps from other organisations do not necessarily provide a way forward for the long term
- Local Government must be the driver
- a strength based approach is important that reflects current and future expected strengths in our City

Corporate and Community Services Report No. 66/2014 cont'd...

- The framework needs to integrate social, economic, community and environmental considerations.

Council further considered the City Development Framework project at its meetings on October 2013 and November 2013. The resolutions of these two meetings are as follows.

Council at it's meeting in October 2013 determined:

- “(a) the report on the status of the City Development Framework – Corporate and Community Services Report No. 60/2013 be received;*
- (b) Council endorses the progress and outcomes to this time and the proposed structure and process underpinning Stage Two;*
- (c) Council allocates an additional \$45,000 in the 2013/2014 budget to support the continued development of the City Development Framework.”*

Council at it's meeting in November 2013 determined:

- “(a) Corporate and Community Services Report No. 71/2013 be received;*
- (b) Council engage Professor John Martin, Director – Sustainable Regional Communities, Latrobe University to assist Council in Stage Two of the City Development Framework to a maximum direct cost of up to \$45,000;*
- (c) The City Development Framework Committee become a formal Sub-Committee of the Corporate and Community Services Committee.”*

DISCUSSION

Stage 2 of the City Development Framework project commenced upon the appointment of Professor John Martin in December, 2013.

A series of four initial community workshops were held in early February, 2014 with each of the workshops focussing on one of the four key strategic areas as follows:

- Our People
- Our Location
- Our Diverse Economy
- Our Climate, Natural Resources and Heritage

Participation in these workshops were by invitation with 164 people attending and the purpose was to identify what issues and aspirations were important to people in respect to themselves, their family and the community now and into the future.

A second series of workshops was held in March, 2014 and focused upon building on the issues and aspirations that were identified at the previous workshops in February.

Additional consultation was also undertaken during this period with various community groups and organisations, schools (secondary and primary), general library patrons, Retirement Villages and the general community in 'pop up' sessions. Approximately an additional 600 people were involved in the consultation process to identify the issues and aspirations which formed the basis of the development of the Futures Paper.

Corporate and Community Services Report No. 66/2014 cont'd...

The draft Futures Paper was prepared and launched on Thursday 5th June, 2014. At this launch the Futures Paper was provided to all people invited to participate in the project. All people and organisations involved in the project to date were requested to identify how their work in the community, organisational goals and objectives contribute towards the specific aspirations identified within the draft Futures Paper.

The draft Futures Paper was then finalised and prepared for whole of community consultation and engagement which commenced on 1st August until Friday 29th August, 2014. At this conclusion of this consultation period fifty three (53) submissions were received.

The Futures Paper has now been reworked and redrafted to take in consideration the issues raised within the submissions received. It is important to highlight that the development of the Futures Paper has been based upon all of the ideas, aspirations which were identified as being important to the community by people within the community throughout all of the community workshops and consultation processes.

The City Development Framework Sub Committee was responsible for overseeing Stage 2 of the City Development Framework project. All of the stages and steps involved in the preparation of the Futures Paper have been regularly reported to Council through the City Development Framework Sub Committee agendas and minutes.

Council Members have also been invited and encouraged to meet with Professor John Martin, the project facilitator, as well as to be actively involved throughout Stage 2 of this Project, the development of the Futures Paper and in community participation and engagement.

CONCLUSION

Stage 2 of the City Development Framework project has now been completed with the finalisation of the Futures Paper.

The Futures Paper has been developed and prepared based upon all of the submissions and comments made by people invited to participate in the project and the general community as a whole.

As such the document is a guide for the future direction of the development of the City based upon the ideas and aspirations of the community.

The directions and aspirations identified within the Futures Paper will be able to be implemented by Council, other organisations and the community into the future. Further, the Futures Paper provides a solid platform and a range of comprehensive community engagement activities that will assist in the direction and formation of the Council's next Strategic Plan.

RECOMMENDATION

- (a) Corporate and Community Services Report No. 66/2014 be received.
- (b) The Futures Paper now be received and endorsed.
- (c) The Futures Paper be published and copies be made available for all people who participated and general availability via hard copy and Council's website.
- (d) The Futures Paper will be a component of the incoming Council's induction program, a base for the development of the new Strategic Plan and provides a reference point to assist the citizens of Mount Gambier to achieve their collective future.

Corporate and Community Services Report No. 66/2014 cont'd...

- (e) The Members of the City Development Framework Sub Committee and Associate Professor John Martin be thanked for their facilitation of this project and to achieve the development of a document that reflects the aspirations of the community and guides the future long term development of the City of Mount Gambier.



Tracy TZIOUTZIOUKLARIS
STRATEGIC PROJECT OFFICER

Sighted:



Mark McSHANE
CHIEF EXECUTIVE OFFICER

7th October, 2014
MTT / TLG