



FLEURIEU REGIONAL
WASTE AUTHORITY

Annual Report 2016-2017



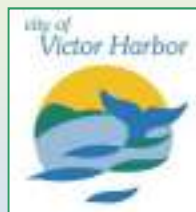
CONSTITUENT COUNCILS:

Alexandrina Council

City of Victor Harbor

District Council of Yankalilla

Kangaroo Island Council



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About The Authority

WHO WE REPRESENT

The Fleurieu Regional Waste Authority (FRWA) was formed by the member councils of the Fleurieu Peninsula in South Australia in order to manage their waste and recycling. The member councils are:

- Alexandrina Council
- City of Victor Harbor
- Kangaroo Island Council
- District Council of Yankalilla

WHAT WE DO

FRWA provides waste and recycling services on behalf of the four member councils. This includes:

- The operation of four Waste and Recycling Depots;
- The provision of waste, recycling and green waste kerbside collection services;
- Public litter bin collections;
- Event bin provision and collection; and
- The provision of community information and education.

These services are covered by a Service Level Agreement with each Council setting out the Key Performance Indicators that must be achieved and the agreed budgets to deliver the services.

The services are benchmarked against comparable services provided by Local Government and the Private Sector.

OUR HISTORY

In 2007 the Constituent Councils of the Fleurieu Region unanimously adopted the Fleurieu Peninsula Waste Strategy. A key recommendation of the strategy was that if Councils decided to own and operate common assets, then they should establish a Regional Subsidiary pursuant to Section 43 of the SA Local Government Act, 1999.

The Fleurieu Regional Waste Authority (FRWA) was subsequently established as a regional subsidiary.

The FRWA Charter was approved in January 2010 and the second revision was completed and gazetted in November 2016.

THE FUTURE

An important factor going forward for FRWA is to ensure the region has the necessary strategy, infrastructure and planning in place to meet the legislative requirements under the EPA's Environment Protection (Waste to Resources Policy) and the region's population growth.

Education and promotional programs within the community will continue to remain a high priority with community education being based around:

- Waste avoidance and reduction;
- Recycle right and recycle more
- Composting; and
- Hazardous waste management.

Technologies that are in sync with the available waste streams are key to sustainable solutions, including of energy from waste, in vessel composting and material recovery. The Authority will continue the cooperation beyond the Fleurieu Region and pursue the implementation of modern waste treatment technologies that meet the needs of our communities and are financially affordable for now and in the future.

The Authority commits to its continued support of local and regional businesses and services as their preferred suppliers where possible.

Chairperson's Message

The Fleurieu Regional Waste Authority (FRWA) is responsible for providing sustainable waste and recycling services for the communities of our Constituent Councils. This includes the operation of four Waste and Recycling Depots (WRD) and the kerbside collections of general waste, recyclables and green waste, public litter as well as event bin services across the region.



FRWA is also responsible for the delivery of waste education and community information across the region, including conducting education programs for kindergartens and primary schools and delivered 25 sessions over the last financial year.

During the past year we continued our work to improve the sustainability and cost effectiveness of kerbside collection service for our Constituent Councils and implemented the change to a new collection system in Alexandrina Council from 1 July 2016. Through the new system we achieved a benchmark diversion rate of 53% which means that over half of Council's kerbside waste was diverted to beneficial reuse.

The leadership role of Alexandrina Council and the Fleurieu Regional Kerbside Collection Working Group was recognized at the 16th Leadership Excellence Awards where the Group was announced the Winner of the 2016 Excellence in Leadership Award.

The Board considered future directions in waste and recycling innovation in the FRWA region and formulated policy positions to future-proof waste and recycling services for our Member Councils.

Board members attended Country Cabinet meetings on Kangaroo Island, Victor Harbor and in Yankalilla and discussed first hand with the Premier and Cabinet Ministers opportunities and limitations in regional waste and recycling operations.

Through its grant programs SA State Government supported a several FRWA initiatives, aiming to reduce waste to landfill, reduction of transport cost through local processing as well as increased transport efficiencies.

FRWA has further strengthened its professional links to the WMAA, KESAB, other local government authorities and state government agencies in addressing ongoing challenges in the waste industry.

On behalf of the Board of Fleurieu Regional Waste Authority, it is my pleasure to present the Annual Report for the 2016/17 financial year and to confirm that the Fleurieu Regional Waste Authority continues to meet its responsibilities under the FRWA Charter in a manner which is both fiscally and environmentally responsible.

I would like to thank my fellow Board members for their continued support and encouragement and I particularly congratulate the Executive Officer, FRWA staff, drivers and Waste and Recycling Depot operators for their hard work and contribution to placing the Authority on such a sound strategic and financial footing to meet the challenges ahead.

The FRWA Board

FRWA is governed by a nine member Board comprising an Independent Chair to govern and lead the Authority and eight other members, made up of an Elected Member and one Officer from each Constituent Council.



Catherine Cooper
Independent Chairperson



Simon Grenfell
General Manager
Infrastructure and Assets



Jim Davis
Councillor
Alexandrina Council



Glenn Sanford
Director Environment &
Infrastructure
City of Victor Harbor



Tim Glazbrook
Councillor
City of Victor Harbor



Andy Baker
Chief Operating Officer
Operations
District Council of Yankalilla



Glen Rowlands
Mayor
District Council of Yankalilla



Ted Botham
Deputy Chief Executive Officer
Kangaroo Island Council



Peter Denholm
Councillor
Kangaroo Island Council

BOARD MEETINGS

During the 2016/17 financial year the Board met seven times with each council taking turns in hosting the proceedings. All Board members complied with the statutory requirements.

Executive Officer's Message

The 2016/17 Annual Report highlights the Authority's main achievements and I would like to thank all FRWA Staff and the FRWA Board for their hard work, dedication and excellent support.



BEST PRACTICE SERVICES

Over the last 12 months total waste generated across the region showed an upward trend in Alexandrina Council and DC Yankalilla and Kangaroo Island, a slight decrease for City of Victor Harbor and a steady state for Kangaroo Island Council.

Through its best practice services FRWA achieved a 64% diversion of waste from landfill across the region which follows the trend of previous years and is a 3% increase to the previous financial year

The Authority continued to work with neighboring councils and other regional authorities on issues of common interest, including furthering sustainable waste management solutions beyond regions, cost effective e-waste management, emerging energy from waste technologies and the development of regional markets for recycled products.

FRWA represented its member councils on relevant state and national industry stakeholder working groups and forums and is an active member of the Waste Management Association of Australia/SA Branch. FRWA senior staff attended state and national conferences on topical matters in waste and resources management, landfill and transfer station design and management as well as latest developments in energy from waste technologies.

KERBSIDE COLLECTIONS

The Authority is providing a sustainable and cost effective kerbside waste collection service for over 50,000 residential premises across its four Constituent Councils in accordance with council approved collection schedules and frequencies.

Over the last 12 months we provided about 1.77 million bin pickups across our region and collected 12,374t of general waste, 4,480t of greenwaste and 4,340t of comingled dry recyclables.

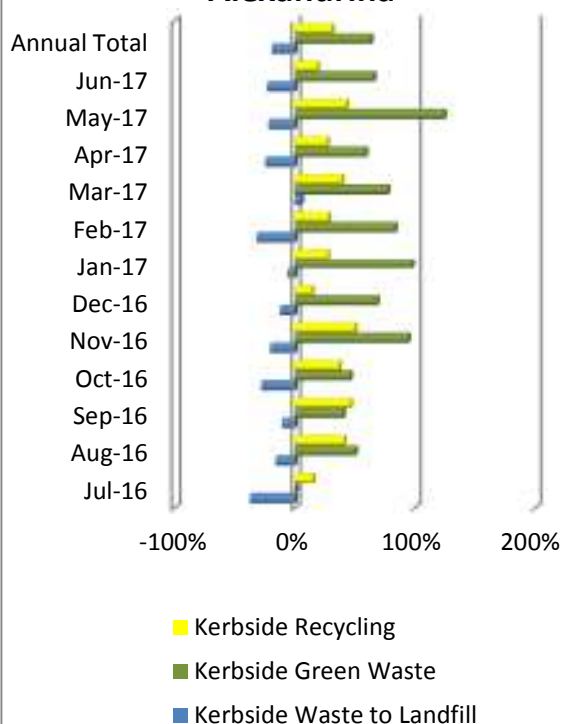
Individual results for each Council confirmed that the three bin kerbside system (operated in two of the four FRWA Member Councils) achieved at least twice the diversion rate of waste from landfill compared to the two bin system.

Member Councils continued to prepare for improvements to their respective kerbside systems in order to reduce waste to landfill, capture valuable resources and reduce the impact from the solid waste levy increases.

Alexandrina Council was the first Council to introduce the fortnightly collection of all three waste streams. The new system started on 1 July 2016 and achieved a benchmark diversion rate 53% which means that over half of Council's kerbside waste is being diverted to beneficial reuse.

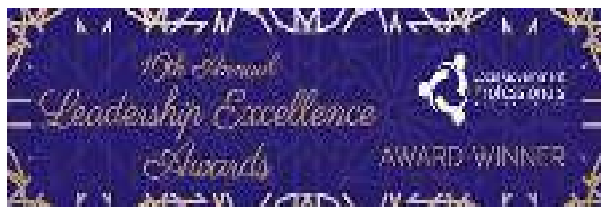


Comparison 2015/16 to 2016/2017 of Kerbside Waste Streams by Percentage - Alexandrina



Compared to the previous financial year kerbside collected general waste reduced by 19%, kerbside collected increased by 31% and greenwaste by 63%.

The leadership role of Alexandrina Council and the Fleurieu Regional Kerbside Collection Working Group was recognized at the 16th Leadership Excellence Awards and the Group was announced the Winner of the 2016 Excellence in Leadership Award.



COMMUNITY CONSULTATION SESSIONS

On Kangaroo Island -Fortnightly Kerbside Waste Collection

Kangaroo Island Council will follow with the change to the three bin kerbside system and the introduction of fortnightly collections in the new financial year. Council and the Authority consulted on these important policy decisions with the KI

community which shaped the final design of the new system.



PUBLIC PLACE RECYCLING TRIAL

The Fleurieu Peninsula attracts more and more visitors each year and FRWA is working with its Member Councils on introducing effective recycling system in public places.

A three months Public Place Recycling Trial was undertaken in three A-grade tourist areas, including the Goolwa Wharf, the Nature Play Space and the Goolwa Beach carpark area. Bins for 10cents container deposit items were placed alongside public litter bins, encouraging visitors to place their empty drink containers in the blue bins for collection by the Goolwa Surf Life Saving Club. The project report will be available in August 2017.



Terry Silcox (Goolwa SLSC), Shen Mann (Alexandrina Council), David Reynolds (Foodland), Marina Wagner (FRWA)

WASTE AND RECYCLING DEPOTS (WRDs) continued to play a key role to efficiently manage waste and recycling needs for our Member Councils. 57% of all waste generated in the regions is managed through WRDs and 80% diversion rate of waste from landfill and into various recycling streams is testimony to continuous improvement and new initiatives.

That included:

- 5,275t of greenwaste,
- 1475 mattresses,
- 27,525 litres of waste oil,
- 364 kg of light globes
- 13t of Drum Muster containers,
- 8t batteries and many other recyclables.

Each year FRWA is processing over 10,000t of inert construction and demolition material into valuable crushed rock.



The crushed material is very popular and a fine example for beneficial re-use of products.



FRWA continued to offer **E-WASTE** drop off services as a hybrid of free campaign events and fees for service, in line with the framework set out under the National Scheme.

A total of about 89 tonnes of e-waste were collected under the National Computer and Television Scheme across three regional drop off centers, a decrease of 17.6 % compared to the tonnages collected during the previous year.

COMMUNITY INFORMATION AND EDUCATION

The Authority continued its successful **EDUCATION AND INFORMATION PROGRAM** to community groups, kindergartens and primary schools. Through the year we delivered a total of 25 presentations to children in childcare centres, kindies and primary schools.

Our FRWA Education Officer attended 2 local markets and 4 events during National Recycling Week, delivered 8 presentations to various community groups on best practice for recycling and waste reuse and was involved in organizing the first waste-less events.



Tess Sapia, FRWA Education Officer during Recycling Week December 2016

FRWA project officer assisted with the implementation of the Fortnightly Kerbside Collection in Alexandrina Council and the preparation for Kangaroo Island's change to fortnightly collection in late 2017.



Jane Brook at the Community Consultation Session in Alexandrina Council's Strathalbyn Community Centre

WITH ASSISTANCE OF ZWSA FUNDING FRWA was able to purchase a small material handler to undertake waste sorting of the commercial and industrial waste stream in order to reduce the amount of waste going to landfill.



FRWA'S PEOPLE

FRWA employs 38 staff of which 34% work in kerbside collections, 45% in WRDs and 21% in community education and corporate services.

FINANCE AND GOVERNANCE

The Authority is committed to meeting the highest standards in governance, financial and human resources management.

FRWA CHARTER

FRWA's Charter must be reviewed at least once in every four years and Revision 2 of the Charter was gazette on 17 November 2016.

INTERNAL AUDIT COMMITTEE

The Committee conducted seven meetings during the 2016/17 financial year and provided advice and recommendations to the FRWA Board on the Authority's financial performance, the review of core financials controls and asset management matters.

EXTERNAL MANAGEMENT REVIEW

UHY Haines Norton Chartered Accountants completed quarterly external finance reviews during the financial year.

FINANCIAL STATEMENTS

Nexia Edward Marshall audited the 2016/17 Financial Statements which were provided to all Constituent Councils.

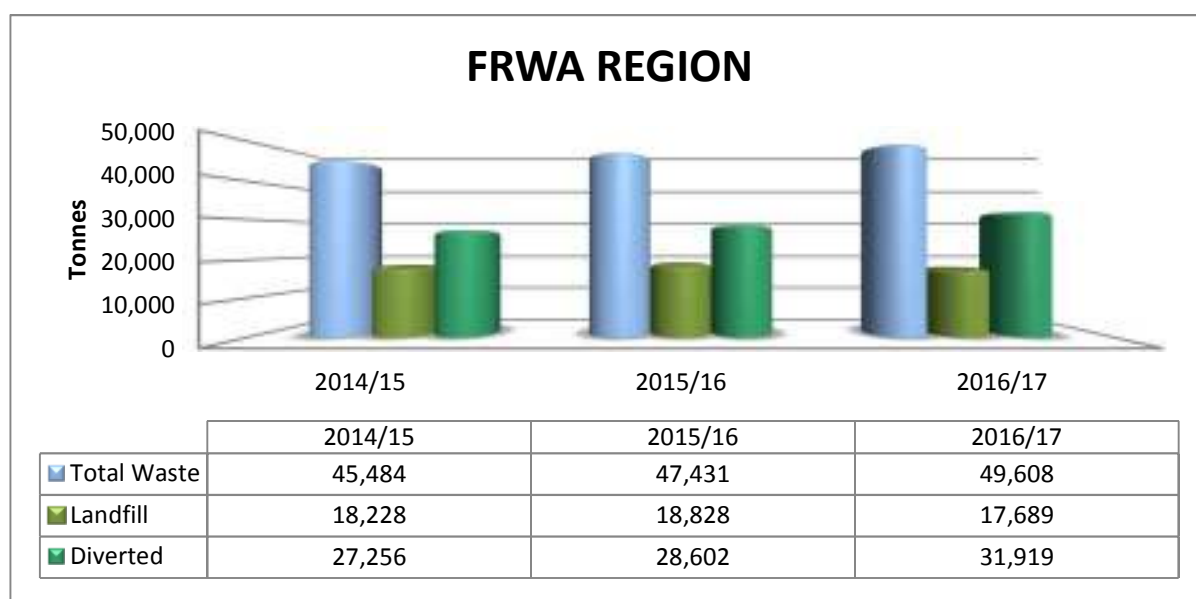
I am pleased to report that the overall performance of the Authority during the 2016/17 financial year meets budget expectations and the Audited Financial Statements for the year have confirmed FRWA's expected results and performance.

A complete copy of the Audited Financial Statement 2017 forms part of this report.

MARINA WAGNER
EXECUTIVE OFFICER

FRWA Region Waste Statistics 2016/17

Annual Regional Waste by Type	FRWA Region	Alexandrina	City of Victor Harbor	DC Yankalilla	KI Council
	Kerbside & WRDs (t)	3 Bin Kerbside & WRDs (t)	3 Bin Kerbside only (t) **	2 Bin Kerbside & WRD (t)	2 Bin Kerbside & WRD (t)
Waste to Landfill	17,689	9,781	3,653	2,184	2,071
Waste Diverted from Landfill	31,919	26,933	2,474	1,172	1,340
Total 2016/17 (MSW, Greenwaste, Recycling Kerbside and WRDs)	49,608	36,714	6,127	3,356	3,411



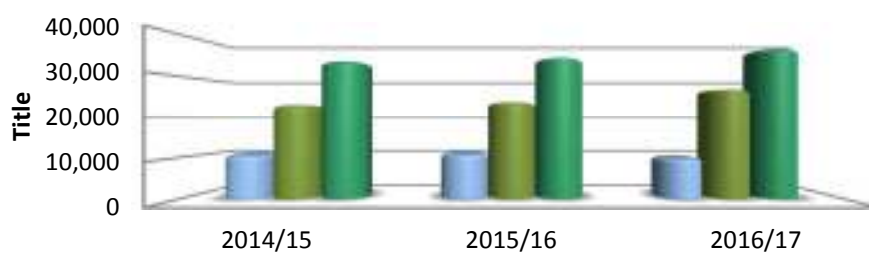
FRWA Region	14/15 to 15/16	15/16 to 16/17
- Landfill	3.29% ↑	-6.05% ↓
- Diverted	4.94% ↑	11.60% ↑
Total	4.28% ↑	4.59% ↑

Waste Statistics 2016/17 per Member Council

	FRWA Region 2016/2017	Alexandrina Council 2016/17	City of Victor Harbor 2016/17	District Council of Yankalilla 2016/17	Kangaroo Island Council 2016/17
Subtotal Kerbside Waste to Landfill	12,374	4,944	3,653	1,739	2,038
Kerbside Greenwaste	4,480	3,122	1,358		
Kerbside Recyclables	4,340	2,512	1,116	402	310
Subtotal Kerbside Waste Diverted from Landfill	8,820	5,634	2,474	402	310
Grand Total Kerbside Waste	21,194	10,578	6,127	2,141	2,348
Subtotal WRD Waste to landfill	5,315	4,837		445	33
Subtotal WRD Waste Diverted from Landfill	23,099	21,299		770	1,030
Grand Total WRD Waste	28,414	26,136		1,215	1,063
Total Waste to Landfill	17,689	9,781	3,653	2,184	2,071
Total Waste Diverted from Landfill	31,919	26,933	2,474	1,172	1,340
Grand Total all Waste Streams	49,608	36,714	6,127	3,356	3,411

*The tables above only includes waste streams that are weighed; there are a large range of waste products diverted from landfill not included in the table above which are managed per item, including: mattresses, lounges, fluoro lights, paint, tyres, x-rays, mobile phones and a wide range of salvage items.

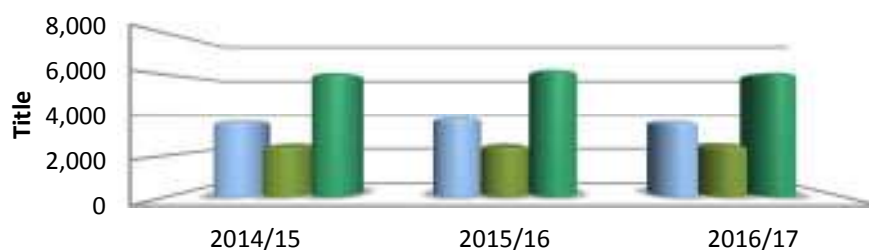
ALEXANDRINA



	2014/15	2015/16	2016/17
Landfill	10,635	10,833	9,781
Diverted	23,107	23,777	26,933
Total Waste	33,742	34,610	36,714

Alexandrina Council	14/15 to 15/16	15/16 to 16/17
- Landfill	1.86% ↑	-9.71% ↓
- Diverted	2.90% ↑	13.27% ↑
Total	2.57% ↑	6.08% ↑

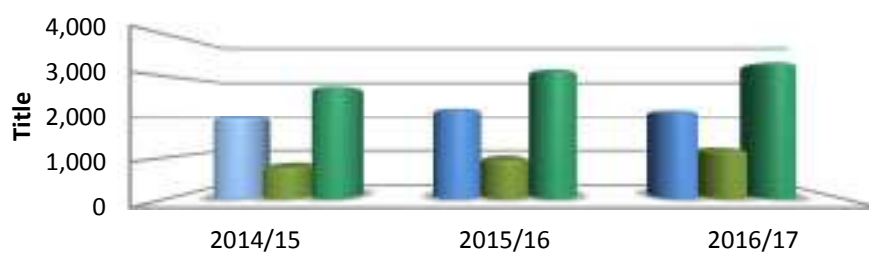
VICTOR HARBOR



	2014/15	2015/16	2016/17
Landfill	3,670	3,838	3,653
Diverted	2,447	2,442	2,474
Total Waste	6,117	6,279	6,127

City of Victor Harbor	14/15 to 15/16	15/16 to 16/17
- Landfill	4.57% ↑	-4.82% ↓
- Diverted	-0.21% ↓	1.35% ↑
Total	2.66% ↑	-2.42% ↓

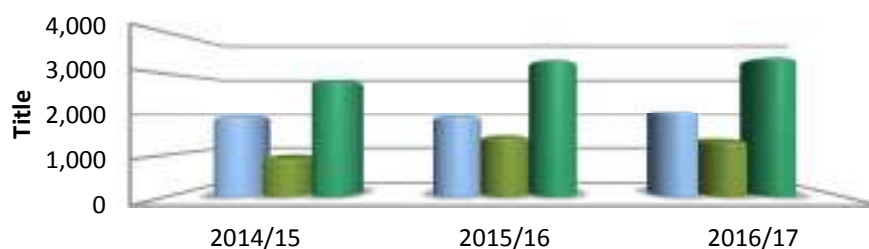
YANKALILLA



	2014/15	2015/16	2016/17
Landfill	1,988	2,225	2,184
Diverted	777	961	1,172
Total Waste	2,765	3,186	3,356

District Council of Yankalilla	14/15 to 15/16	15/16 to 16/17
- Landfill	11.94% ↑	-1.86% ↓
- Diverted	23.59% ↑	21.94% ↑
Total	15.22% ↑	5.32% ↑

KANGAROO ISLAND

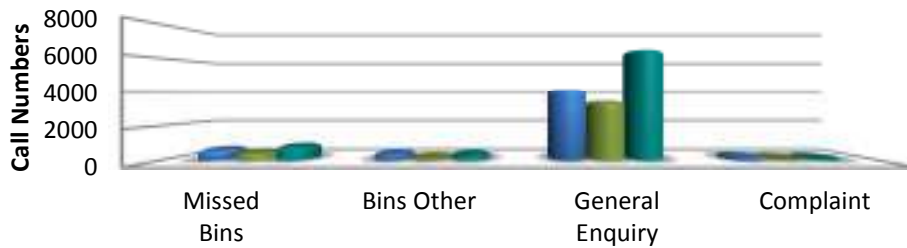


	2014/15	2015/16	2016/17
Landfill	1,935	1,933	2,071
Diverted	925	1,423	1,340
Total Waste	2,860	3,355	3,411

Kangaroo Island Council	14/15 to 15/16	15/16 to 16/17
- Landfill	-0.14% ↓	7.12% ↑
- Diverted	53.81% ↑	-5.83% ↓
Total	17.31% ↑	1.66% ↑

FRWA Customer Service Contact (Calls, Emails and Letters) (By Category)

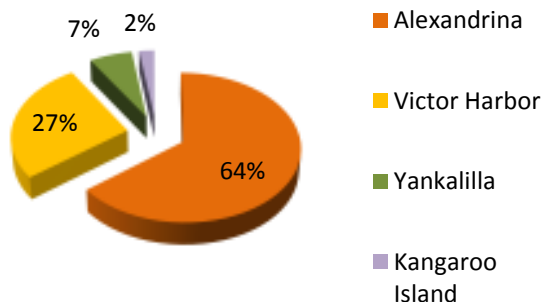
FRWA Customer Service by Category - 2014/15 to 2016/17



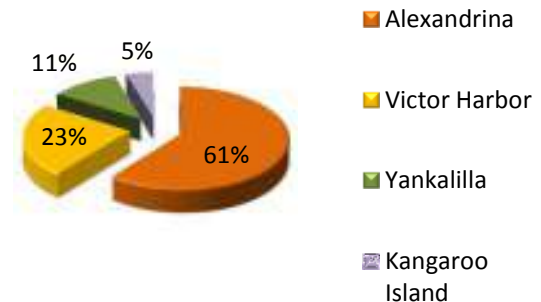
	Missed Bins	Bins Other	General Enquiry	Complaint
2014/15	593	368	4120	203
2015/16	444	148	3414	107
2016/17	791	319	6533	111

FRWA Customer Service Contact by Council Area

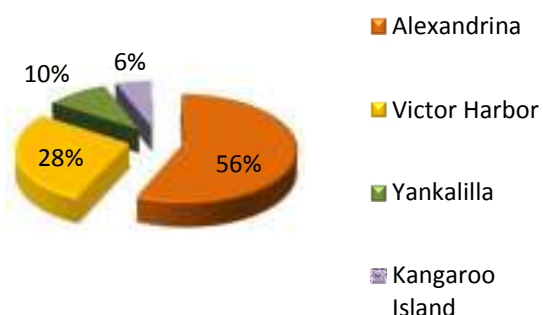
FRWA Customer Service Calls by Council Area - 2016/17



FRWA Customer Service Calls by Council Area - 2015/16



FRWA Customer Service Calls by Council Area - 2014/15



Financial Statements

2016-2017

FLEURIEU REGIONAL WASTE AUTHORITY

General Purpose Financial Reports for the year ended 30 June 2017

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FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2017****CERTIFICATION OF FINANCIAL STATEMENTS**

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

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2017 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.

Peter Denholm
ACTING CHAIR OF THE BOARD

Marina Wagner
EXECUTIVE OFFICER

Date: 27 Sep 2017

FLEURIEU REGIONAL WASTE AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
INCOME			
User charges	2	7,498,687	7,086,423
Grants, subsidies and contributions	2	23,000	-
Investment income	2	7,539	17,082
Reimbursements	2	13,416	14,219
Other income	2	4,619	16,055
Total Income		7,547,261	7,133,779
EXPENSES			
Employee costs	3	2,757,828	2,610,704
Materials, contracts & other expenses	3	3,959,033	3,731,962
Depreciation, amortisation & impairment	3	699,586	640,231
Finance costs	3	103,666	135,296
Total Expenses		7,520,113	7,118,193
OPERATING SURPLUS / (DEFICIT)		27,148	15,586
Asset disposal & fair value adjustments	4	20,909	13,843
NET SURPLUS / (DEFICIT)		48,057	29,429
transferred to Equity Statement			
Other Comprehensive Income			
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		48,057	29,429

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

FLEURIEU REGIONAL WASTE AUTHORITY

STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	937,241	1,155,141
Trade & other receivables	5	204,944	297,070
Inventories	5	7,528	30,168
Total Current Assets		1,149,713	1,482,379
Non-current Assets			
Infrastructure, property, plant & equipment	6	2,357,347	2,633,790
Total Non-current Assets		2,357,347	2,633,790
Total Assets		3,507,060	4,116,169
LIABILITIES			
Current Liabilities			
Trade & other payables	7	839,595	920,540
Borrowings	7	602,029	567,006
Provisions	7	235,278	208,854
Other current liabilities	8	37,372	110,020
Total Current Liabilities		1,714,274	1,806,420
Non-current Liabilities			
Borrowings	7	980,200	1,582,230
Provisions	7	90,203	53,196
Total Non-current Liabilities		1,070,403	1,635,426
Total Liabilities		2,784,677	3,441,846
NET ASSETS		722,383	674,323
EQUITY			
Accumulated Surplus		722,380	674,323
TOTAL EQUITY		722,380	674,323

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

FLEURIEU REGIONAL WASTE AUTHORITY

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2017

	Accumulated Surplus	TOTAL EQUITY
2017	Notes	\$
Balance at end of previous reporting period		674,323
Net Surplus / (Deficit) for Year		48,057
Other Comprehensive Income		
Balance at end of period		722,380
2016		\$
Balance at end of previous reporting period		644,894
Net Surplus / (Deficit) for Year		29,429
Other Comprehensive Income		
Balance at end of period		674,323

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

FLEURIEU REGIONAL WASTE AUTHORITY

STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
User charges		7,516,040	7,376,045
Investment receipts		5,867	17,082
Grants utilised for operating purposes		23,000	-
Reimbursements		13,415	14,219
Other revenues		4,619	16,055
<u>Payments</u>			
Employee costs		(2,689,955)	(2,610,704)
Materials, contracts & other expenses		(4,002,637)	(3,875,638)
Finance payments		(119,009)	(134,926)
Net Cash provided by (or used in) Operating Activities		751,340	802,133
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Sale of replaced assets		20,909	32,727
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(362,951)	(1,237,594)
Expenditure on new/upgraded assets		(60,191)	(9,500)
Net Cash provided by (or used in) Investing Activities		(402,233)	(1,214,367)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from borrowings		-	678,378
<u>Payments</u>			
Repayments of borrowings		(567,007)	(493,143)
Net Cash provided by (or used in) Financing Activities		(567,007)	185,235
Net Increase (Decrease) in cash held		(217,900)	(226,999)
 Cash & cash equivalents at beginning of period	9	1,155,141	1,382,140
Cash & cash equivalents at end of period	9	937,241	1,155,141

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

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 27th September 2017.

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 Authority accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

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

2 The Local Government Reporting Entity

The Fleurieu Regional Waste Authority is incorporated under the SA Local Government Act 1999 and has its principal place of business at 25B Hutchinson Street Goolwa SA 5214. These financial statements include the Authority's direct operations and all entities through which the Authority controls resources to carry on its functions. In the process of reporting on the Authority as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

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

Fleurieu Regional Waste Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 1 - Significant Accounting Policies (cont)

4 Cash, Cash Equivalents and other Financial Instruments

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

5 Inventories

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

Revenue received from gate takings associated with rock to be crushed at a later date is quarantined as an other liability until such time as it is ready for crushing. When crushed rock is ultimately processed, any revenue quarantined is offset against the cost of production so as to reflect the actual cost to the Authority of the crushed rock inventory.

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

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

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. 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.

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of the Authority, 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.

Fleurieu Regional Waste Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 1 - Significant Accounting Policies (cont)

6.5 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets carried at fair value whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if the Authority were deprived thereof, are not assessed for impairment.

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

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

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, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

No accrual is made for sick leave as Authority 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. The Authority does not make payment for untaken sick leave.

9.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to the employees nominated superannuation fund. No changes in accounting policy have occurred during either the current or previous reporting periods.

Fleurieu Regional Waste Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

Note 1 - Significant Accounting Policies (cont)

10 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

11 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2017 reporting period and have not been used in preparing these reports.

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

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

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

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

Accounting Standard AASB 1058 *Income of Not-for-Profit Entities* may have an effect on the amounts disclosed in these reports, but does not commence until the 2019/20 financial period, and it is not the Authority's intention to adopt this Standard early.

AASB 16 *Leases* is applicable to the 30 June 2020 financial period. The new standard introduces a single accounting model for leases, eliminating the distinction between operating and finance leases. This standard will require the Authority to recognise an asset and liability for all leased items with a term of more than 12 months, unless the underlying asset is of low value.

As at 30 June 2017 the Authority has operating lease commitments of \$26,000 as disclosed in Note 14. This is currently a short term lease (i.e. a lease of 12 months or less) and therefore does not fall within the scope of AASB 16.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 2 - INCOME

	Notes	2017 \$	2016 \$
USER CHARGES			
Waste Disposal Operations		<u>7,498,687</u>	<u>7,086,423</u>
		<u>7,498,687</u>	<u>7,086,423</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		1,672	306
Banks & other		<u>5,867</u>	<u>16,776</u>
		<u>7,539</u>	<u>17,082</u>
REIMBURSEMENTS			
- other		<u>13,415</u>	<u>14,219</u>
		<u>13,415</u>	<u>14,219</u>
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		-	4,703
Sundry		<u>4,619</u>	<u>11,352</u>
		<u>4,619</u>	<u>16,055</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Other grants, subsidies and contributions		<u>23,000</u>	-
		<u>23,000</u>	-
<i>The functions to which these grants relate are shown in Note 12.</i>			
Sources of grants			
Commonwealth government		-	-
State government		<u>23,000</u>	-
		<u>23,000</u>	-

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 3 - EXPENSES

	Notes	2017 \$	2016 \$
EMPLOYEE COSTS			
Salaries and Wages		2,328,205	2,195,138
Employee leave expense		63,675	73,583
Superannuation		215,621	198,202
Workers' Compensation Insurance		108,248	104,166
Other		42,079	39,615
Total Operating Employee Costs		2,757,828	2,610,704
Total Number of Employees		35	32
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		9,870	11,770
Board members' expenses		24,857	30,661
Operating Lease Rentals - non-cancellable leases			
- minimum lease payments		26,887	26,292
Subtotal - Prescribed Expenses		61,614	68,723
<u>Other Materials, Contracts & Expenses</u>			
Contractors		822,294	689,157
Energy		564,382	501,671
Waste Disposal		1,527,724	1,477,110
Maintenance		371,108	409,320
Legal Expenses		27,846	26,400
Parts, accessories & consumables		134,209	77,012
Professional services		60,329	96,620
Sundry		389,527	385,949
Subtotal - Other Materials, Contracts & Expenses		3,897,419	3,663,239
		3,959,033	3,731,962
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Plant, Machinery & Equipment		699,586	640,231
Office Equipment, Furniture & Fittings		-	-
		699,586	640,231
FINANCE COSTS			
Interest on Loans		103,666	135,296
		103,666	135,296

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2017 \$	2016 \$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		20,909	32,727
Less: Carrying amount of assets sold		-	18,884
Gain (Loss) on disposal		<u>20,909</u>	<u>13,843</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		<u>20,909</u>	<u>13,843</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 5 - CURRENT ASSETS

	2017	2016
	\$	\$
CASH & EQUIVALENT ASSETS		
Cash on Hand and at Bank	261,421	134,855
Deposits at Call	675,820	1,020,286
	<u>937,241</u>	<u>1,155,141</u>
 TRADE & OTHER RECEIVABLES		
Debtors - general	154,460	228,337
Prepayments	50,484	59,945
Other Debtors	-	8,788
	<u>204,944</u>	<u>297,070</u>
 <i>Amounts included in receivables that are not expected to be received within 12 months of reporting date.</i>	-	-
 INVENTORIES		
Stores & Materials	7,528	30,168
	<u>7,528</u>	<u>30,168</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	Fair Value Level	2016 \$				2017 \$			
		AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Buildings & Other Structures		-	3,181	(3,181)	-	-	3,181	(3,181)	-
Plant, Machinery & Equipment		-	5,204,722	(2,570,932)	2,633,790	-	5,512,719	(3,155,272)	2,357,347
Office Equipment, Furniture & Fittings		-	20,634	(20,634)	-	-	20,634	(20,634)	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		-	5,228,537	(2,594,747)	2,633,790	-	5,536,534	(3,179,187)	2,357,347
Comparatives			4,934,647	(1,988,837)	2,945,810	-	5,228,537	(2,594,747)	2,633,790

This Note continues on the following pages.

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FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 6 (cont.) - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2016	CARRYING AMOUNT MOVEMENTS DURING YEAR								2017
	\$	\$								\$
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers		Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals				In	Out		
Plant, Machinery & Equipment	2,633,790	68,814	362,951	(323)	(896,886)	-	-	-	-	2,357,347
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	2,633,790	68,814	362,951	(323)	(896,886)	-	-	-	-	2,357,347
Comparatives	2,045,810	9,500	1,237,594	(18,863)	(640,231)					2,633,790

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FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 6 (cont.) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Buildings & Other Structures

Buildings and other structures are recognised on a cost basis.

Plant, Furniture & Equipment

These assets are recognised on a cost basis.

Capitalisation thresholds used by the Authority 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	\$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	3 to 20 years
Building & Other Structures	30 to 80 years

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 7 - LIABILITIES

	Notes	2017		2016	
		\$		\$	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		390,483	-	420,406	-
Accrued expenses - employee entitlements		311,310	-	278,559	-
Accrued expenses - other		91,599	-	110,071	-
Other		46,203	-	111,504	-
		<u>839,595</u>	<u>-</u>	<u>920,540</u>	<u>-</u>
BORROWINGS					
Loans		602,029	980,200	567,006	1,582,230
		<u>602,029</u>	<u>980,200</u>	<u>567,006</u>	<u>1,582,230</u>
<i>All interest bearing liabilities are secured over the future revenues of the Authority</i>					
PROVISIONS					
Employee entitlements (including oncosts)		41,400	90,203	43,700	53,196
Other		193,878	-	165,154	-
		<u>235,278</u>	<u>90,203</u>	<u>208,854</u>	<u>53,196</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 8 - OTHER CURRENT LIABILITIES

OTHER	Notes	2017 \$	2016 \$
Deferred gate sales		37,372	110,020
		<u>37,372</u>	<u>110,020</u>

Revenue received from gate takings associated with rock to be crushed at a later date is quarantined as an other liability until such time as it is utilised for crushing expenditure.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 9 - 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	2017 \$	2016 \$
Total cash & equivalent assets	5	937,241	1,155,141
Balances per Cash Flow Statement		<u>937,241</u>	<u>1,155,141</u>

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

Net Surplus (Deficit)	48,057	29,429
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	699,586	640,231
Net increase (decrease) in unpaid employee benefits	34,707	3,104
Net (Gain) Loss on Disposals	<u>(20,909)</u>	<u>(13,843)</u>
	761,441	658,921
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	92,126	105,951
Net (increase) decrease in inventories	22,640	12,605
Net increase (decrease) in trade & other payables	(80,945)	(110,518)
Net increase (decrease) in other provisions	28,727	25,154
Net increase (decrease) in other liabilities	<u>(72,649)</u>	<u>110,020</u>
Net Cash provided by (or used in) operations	<u>751,340</u>	<u>802,133</u>

(c) Financing Arrangements

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

Bank Overdrafts		
Corporate Credit Cards	10,000	10,000
LGFA Cash Advance Debenture facility	500,000	500,000

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 10 - FINANCIAL INSTRUMENTS

All financial instruments are categorised as loans and receivables.

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.

Deposits

Terms & conditions: Deposits are returning fixed interest rates between 0.10% and 1.75% (2016: 1% and 3%)

Carrying amount: approximates fair value due to the short term to maturity.

Receivables - Fees & other charges

Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & conditions: Unsecured, and do not bear interest. Although the Authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Authority's boundaries.

Carrying amount: approximates fair value (after deduction of any allowance).

Liabilities - Creditors and Accruals

Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.

Terms & conditions: Liabilities are normally settled on 30 day terms.

Carrying amount: approximates fair value.

Liabilities - Interest Bearing Borrowings

Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.

Terms & conditions: secured over future revenues, borrowings are repayable in six monthly instalments; interest is charged at variable rates between 4.45% and 6.65% (2016: 4.45% and 6.65%).

Carrying amount: approximates fair value.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 10 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2017	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	937,241	-	-	937,241	937,241
Receivables	145,052	-	-	145,052	204,944
Total	1,082,293	-	-	1,082,293	1,142,185
Financial Liabilities					
Payables	436,686	-	-	436,686	436,686
Current Borrowings	675,728	-	-	675,728	602,029
Non-Current Borrowings	-	1,056,031	-	1,056,031	980,200
Total	1,112,414	1,056,031	-	2,168,445	2,018,915

2016	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	1,155,141	-	-	1,155,141	1,155,141
Receivables	237,125	-	-	237,125	297,070
Total	1,392,266	-	-	1,392,266	1,452,211
Financial Liabilities					
Payables	641,981	-	-	641,981	591,910
Current Borrowings	685,355	-	-	685,355	567,006
Non-Current Borrowings	-	1,721,501	50,927	1,781,428	1,582,236
Total	1,327,336	1,721,501	50,927	3,108,764	2,681,146

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

	30 June 2017		30 June 2016	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Fixed Interest Rates	5.46	1,582,230	5.62	2,149,236
		<u>1,582,230</u>		<u>2,149,236</u>

Net Fair Value

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

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any allowance for doubtful debts. All Authority investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Note 5 in relation to individual classes of receivables, exposure is concentrated within the Authority'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 the Authority's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. The Authority 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. The Authority 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.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 11 - COMMITMENTS FOR EXPENDITURE

	2017	2016
Notes	\$	\$
Other Expenditure Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Kangaroo Island Bin Replacement	275,000	140,000
Board and Employee Remuneration Contracts	576,280	731,120
Maintenance Contracts	24,000	21,600
	<u>875,280</u>	<u>892,720</u>
These expenditures are payable:		
Not later than one year	487,063	196,490
Later than one year and not later than 5 years	388,217	696,230
Net Liability	<u>875,280</u>	<u>892,720</u>

Kangaroo Island Council provide bins for residents and small commercial operations and provision for replacement of mobile garbage bins (MGB's) on the island has been accrued since 2011. This amount will be spent in full during the 2017/18 year with the change to fortnightly waste collection on the island and replacement of existing MGB's for residents and small businesses under the kerbside collection system.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 12 - FINANCIAL INDICATORS

	2017	2016	2015
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These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

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

Operating Surplus Ratio

Operating Surplus	0.0%	0.0%	2.0%
Total Operating Revenue			

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

Adjusted Operating Surplus Ratio

	0.0%	0.0%	2.0%
--	------	------	------

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

Net Financial Liabilities	22%	28%	20%
Total Operating Revenue			

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

Asset Sustainability Ratio

Net Asset Renewals	87%	95%	N/A
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.

The Authority adopted an asset management plan during the 2015 year this ratio is shown from the 2016 year onwards.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 13 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2017 \$	2016 \$
Income	7,547,261	7,133,779
Less: Expenses	<u>7,520,113</u>	<u>7,118,193</u>
Operating Surplus / (Deficit)	27,148	15,586
Less: Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	362,951	1,237,594
Depreciation, Amortisation and Impairment	(699,586)	(640,231)
Proceeds from Sale of Replaced Assets	<u>(20,909)</u>	<u>(32,727)</u>
	(357,544)	564,636
Less: Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	60,191	9,500
	<u>60,191</u>	<u>9,500</u>
Net Lending / (Borrowing) for Financial Year	<u>324,501</u>	<u>(558,550)</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 14 - OPERATING LEASES

Lease payment commitments of the Authority

The Authority has entered into a non-cancellable operating lease for office premises in Goolwa.

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

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

	2017	2016
	\$	\$
Not later than one year	26,000	26,000
	<u>26,000</u>	<u>26,000</u>

FLEURIEU REGIONAL WASTE AUTHORITY**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017****Note 15 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED
IN THE STATEMENT OF FINANCIAL POSITION**

At times there are contingencies, assets and liabilities that do not qualify for recognition in the Balance Sheet but knowledge of those items is considered relevant to the user of the financial report in making and evaluating decisions about the allocation of scarce resources. From our knowledge there are no known contingencies, assets or liabilities that should be disclosed that have not been included in the balance sheet.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 16 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Authority include the Independent Board Chair and Executive Officer under section 112 of the Local Government Act 1999. In all, three persons were paid the following total compensation:

	2017 \$
Salaries, allowances & other short term benefits	162,832
Post-employment benefits	17,362
Long term benefits	4,644
Termination benefits	-
TOTAL	184,838

FLEURIEU REGIONAL WASTE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017**

**Note 17 - EVENTS OCCURING AFTER REPORTING DATE IN THE
BALANCE SHEET**

There are no events subsequent to 30 June 2017 that need to be disclosed in the financial statements.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FLEURIEU REGIONAL WASTE AUTHORITY**

Opinion

We have audited the financial report of Fleurieu Regional Waste Authority, which comprises the Statement of Financial Position as at 30 June 2017, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information and the Certification of Financial Statements.

In our opinion, the financial report presents fairly, in all material respects, the financial position of Fleurieu Regional Waste Authority as at 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

Basis for Opinion

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

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

Other Information

The Board are responsible for the other information. The other information comprises the information included in the entity's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board's Responsibility for the Financial Report

The Board of Fleurieu Regional Waste Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011. The Board's responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report so that it 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.

In preparing the financial report, the Board of Fleurieu Regional Waste Authority are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intends to liquidate the association or to cease operations, or have no realistic alternative but to do so.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FLEURIEU REGIONAL WASTE AUTHORITY (CONT)**

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

Nexia Edwards Marshall
Chartered Accountants

Jamie Dreckow
Managing Partner

Adelaide, South Australia
Dated: 28 September 2017

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FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2017****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2017, the Authority's Auditor, Edwards Marshall, 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*.

Catherine Cooper
CHAIR OF THE BOARD

**PRESIDING MEMBER
AUDIT COMMITTEE**

Subsidiary is exempt from requirements for
an audit committee

Date: 3/8/2017

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2017****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2017, the Authority's Auditor, Nexia Edwards Marshall, 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*.

.....
Marina Wagner
EXECUTIVE OFFICER
Fleurieu Regional Waste Authority

**PRESIDING MEMBER
AUDIT COMMITTEE**
Subsidiary is exempt from requirements for
an audit committee

Date: 15 August 2017

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2017****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2017, the Authority's Auditor, Nexia Edwards Marshall, 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*.

Glenn Rappensberg
CHIEF EXECUTIVE OFFICER
Alexandrina Council

**PRESIDING MEMBER
AUDIT COMMITTEE**

Subsidiary is exempt from requirements for
an audit committee

Date: 17/8/2017

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2017****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2017, the Authority's Auditor, Nexia Edwards Marshall, 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*.


.....
Graeme Maxwell
CHIEF EXECUTIVE OFFICER
City of Victor Harbor

**PRESIDING MEMBER
AUDIT COMMITTEE**
Subsidiary is exempt from requirements for
an audit committee

Date: 15/8/2017

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2017****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2017, the Authority's Auditor, Nexia Edwards Marshall, 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*.

Nigel Morris
CHIEF EXECUTIVE OFFICER
District Council of Yankalilla

**PRESIDING MEMBER
AUDIT COMMITTEE**

Subsidiary is exempt from requirements for
an audit committee

Date: 17/8/17

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2017****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2017, the Authority's Auditor, Nexia Edwards Marshall, 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*.

.....
Andrew Boardman
CHIEF EXECUTIVE OFFICER
Kangaroo Island Council

**PRESIDING MEMBER
AUDIT COMMITTEE**

Subsidiary is exempt from requirements for
an audit committee

Date: 15 August 2017



**FLEURIEU REGIONAL WASTE AUTHORITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of Fleurieu Regional Waste Authority for the year ended 30 June 2017, 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 and 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*.

Jamie Dreckow
Managing Partner

Nexia Edwards Marshall
Chartered Accountants

28 September 2017

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Fleurieu Regional Waste Authority

