



Southern Tasmanian Councils Authority

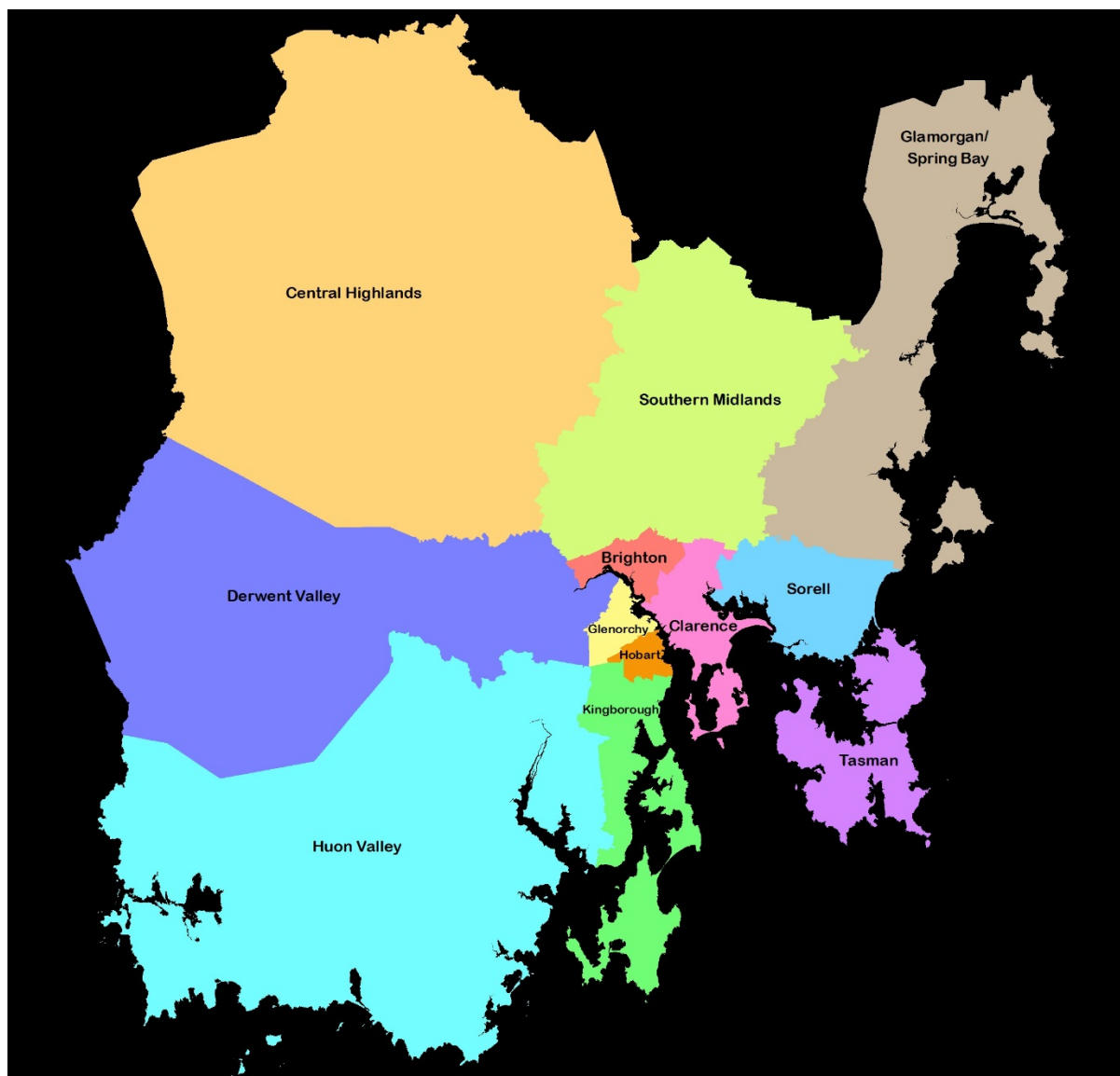
2017/18 Annual Report



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About the Southern Tasmanian Councils Authority

The Southern Tasmanian Councils Authority (STCA) is a regional organisation of councils created by the twelve Southern councils to facilitate cooperative working partnerships and to improve the ability of councils to take joint action to address regional development issues and progress sustainable economic, environmental and social outcomes for Southern Tasmania, its local communities and the State.



Member Councils

Brighton Council
Central Highlands Council
Clarence City Council
Derwent Valley Council
Glamorgan Spring Bay Council
Glenorchy City Council

Hobart City Council
Huon Valley Council
Kingborough Council
Sorell Council
Southern Midlands Council
Tasman Council

The Board

The STCA Board comprises the Mayors of the 12 Councils with Council General Managers also attending Board meetings. The Hobart City Council provides secretariat support to the Board.

Board Members



Mayor Tony Bisdee OAM
Chair
Southern Midlands Council



Lord Mayor Ron Christie
Deputy Chair
Hobart City Council



Mayor Doug Chipman
Chair Governance and Audit
Committee
Clarence City Council



Mayor Martyn Evans
Derwent Valley Council



Mayor Loueen Triffitt
Central Highlands Council



Commissioner Adriana Taylor
Huon Valley Council



Mayor Roseanne Heyward
Chair Waste Strategy South
Tasman Council



Mayor Michael Kent
Glamorgan Spring Bay
Council



Mayor Kristie Johnston
Glenorchy City Council



Mayor Tony Foster AM OAM JP
Brighton Council



Mayor Kerry Vincent
Sorell Council



Mayor Steve Wass
Kingborough Council

Alderman Tony Bisdee



I am pleased to present the 2017/18 Annual Report for the Southern Tasmanian Councils Authority (STCA).

The Authority completed another successful year in 2017/18 working together to support the interests of Southern Tasmanian councils and their communities.

The Board continued to support an operating model of collaborative communities of interest where members with common purposes come together to pursue mutually agreed, resourced and funded goals.

Meetings were held quarterly to discuss key priorities for the Southern region and included updates from the Leader of the Tasmanian Labor Party, the Hon. Rebecca White MP; the Auditor-General, Rod Whitehead and Deputy Auditor-General, Ric De Santi; the Mercury newspaper editor, Chris Jones and Dr Tom Remenyi, from the Antarctic Climate and Ecosystems Cooperative Research Centre and Ms Alison Johnson, a Climate and Energy Consultant.

The Regional Climate Change Initiative (RCCI) continued to make significant progress completing a number of projects. The RCCI provides a source of climate change information and advice to local government in the southern region that is independent, objective, non-partisan, science-based and pragmatic. They work to build the capacity of Councils and their communities to act, adapt and respond to climate change as well as identifying and implementing regional greenhouse reduction, adaptation, offset and behaviour-change projects

Regular updates were provided from the established STCA sub-committees, the Governance and Audit Committee and Waste Strategy South.

Waste Strategy South has developed an action plan to guide its activities until 2019 which will include a focus on regional cooperation and education and engagement. Updates were also provided on planning reform, the South Eastern Regional Development Association and the South Central Sub-region and Common Services.

We held Board meetings in Huonville and Sorell which provided us with an opportunity to hear first-hand about a number of exciting projects and initiatives being undertaken by some of the STCA's regional councils.

We welcomed Mayor Johnston back to the Board and farewellled former STCA Chair, Sue Hickey and Commissioner Sue Smith.

In closing, I wish to recognise and thank my fellow Board members, Committee Chairs, and council General Managers for their commitment to the STCA. Looking to the future, I believe there are great opportunities for the 12 councils to continue to work together to ensure the region continues to grow and prospers.

Mayor Tony Bisdee

Chair

Southern Tasmanian Councils Authority

Key Results – 2017/18

Organisational Governance

- The STCA meeting schedule was maintained with the Board meeting on a quarterly basis.
- The STCA's Governance and Audit Committee, Waste Strategy South and Southern Planning Coordination Group met on a regular basis.
- An Annual General Meeting was held in November 2017.
- Quarterly reports have been completed, circulated to member councils and placed on the STCA's website.
- Mayors Roundtable meetings were held prior to Board meetings.
- Development of an Annual Plan 2017/18.
- Development of a budget strategy for 2018/19.

Environment

- The Regional Climate Change Initiative continued to meet and deliver productive outcomes.
- Completed the Regional and Municipal Community Emissions and Energy Use project.
- Completed the Southern Tasmanian Coastal Knowledge project.
- Completed the Southern Tasmanian Household Energy Bulk program.
- Received a presentation from Dr Tom Remenyi, Antarctic Climate and Ecosystems Cooperative Research Centre and Ms Alison Johnson, Climate and Energy Consultant.
- Waste Strategy South commenced implementing its Action Plan focussing on advocacy; regional cooperation; waste minimisation/resource recovery and clean-up activities and education and engagement.

Economic Development

- STCA representatives participated on the Board of Destination Southern Tasmania advocating the interests of local government to the regional tourism industry.
- The South Eastern Regional Development Association and South Central Sub-region provided updates on a quarterly basis.

Planning

- The Southern Planning Coordination Group continued to meet to ensure that the Local Provision Schedules are consistent with regional land use strategies.
- Provided a submission to the Projects of Regional Significance process.

Advocacy

- A briefing was provided by the Leader of the Tasmanian Labor Party, the Hon. Rebecca White MP.
- A briefing was provided by the Auditor General and the Deputy Auditor General.
- A presentation was provided from Chris Jones, Editor of the *Mercury*

Southern Tasmanian Council Authority
Statement of Comprehensive Income
For the Year Ended 30 June 2018

	<u>Note</u>	<u>2017/18</u> \$	<u>2016/17</u> \$
Revenues			
Council Contributions		70,000	335,834
Interest		12,895	11,854
Grants	8	126,420	10,000
Commission		-	6,629
		<u>209,315</u>	<u>364,317</u>
Expenses			
Accounting and HR Services		(14,772)	(14,811)
Audit Fees		(5,210)	(5,100)
Communication		(23,072)	-
Conferences & Seminars		-	(4,041)
Contractors Marketing		(5,750)	-
Contractors Services		(38,887)	-
Contractor Works		-	(4,555)
Consultancy - Business Management		(28,755)	(13,219)
Consultancy - Environmental		(75,980)	-
Depreciation	6	-	(1,494)
Employee costs		419	(28,534)
External Labour		(1,950)	-
Loss on disposal of Assets	6	(1,618)	-
Fringe Benefits Tax		-	(2,805)
Grants		-	(11,500)
Insurance		(845)	(449)
Meeting expenses		(2,208)	(1,800)
Memberships		(17,535)	(17,225)
Office Rent		-	(2,666)
Printing and Stationery		(15)	(208)
Telephone/Internet		(1,616)	(1,828)
Travel		(3,360)	-
Vehicle Expenses		-	(5,026)
Website Maintenance		(4,406)	(4,800)
		<u>(225,560)</u>	<u>(120,061)</u>
Surplus/(Deficit) for year		(16,245)	244,256
Other Comprehensive Income			
Comprehensive Result		<u>(16,245)</u>	<u>244,256</u>

This statement should be read in conjunction with the accompanying notes.

Southern Tasmanian Council Authority
Statement of Financial Position
As at 30 June 2018

	<u>Note</u>	<u>2017/18</u> \$	<u>2016/17</u> \$
ASSETS			
<i>Current</i>			
Cash	4	483,339	506,309
Receivables	5	3,978	11,789
		<u>487,317</u>	<u>518,098</u>
<i>Non-Current</i>			
Plant & Equipment	6	-	1,619
TOTAL ASSETS		487,317	519,716
LIABILITIES			
<i>Current</i>			
Payables		(20,771)	(36,925)
TOTAL LIABILITIES		(20,771)	(36,925)
NET ASSETS		466,546	482,791
EQUITY			
Retained Earnings		466,546	482,791
TOTAL EQUITY		466,546	482,791

This statement should be read in conjunction with the accompanying notes.

Southern Tasmanian Council Authority
Statement of Changes in Equity
As at 30 June 2018

	<u>2017/18</u>	<u>2016/17</u>
	\$	\$
Accumulated Surplus	482,791	238,535
Comprehensive Result	<u>(16,245)</u>	<u>244,256</u>
Closing Equity	<u>466,546</u>	<u>482,791</u>

This statement should be read in conjunction with the accompanying notes.

Southern Tasmanian Council Authority
Statement of Cash Flows
As at 30 June 2018

	<u>Note</u>	<u>2017/18</u>	<u>2016/17</u>
		\$	\$
<u>Cash Flows from Operating Activities</u>			
<u>Cash Inflows from Operating Activities</u>			
Council Contributions		77,000	362,641
Interest		12,895	11,854
Grants - Other		129,062	10,000
Commission		7,955	8,081
GST Receipts		16,248	4,104
		<u>243,160</u>	<u>396,680</u>
<u>Cash Outflows from Operating Activities</u>			
Accounting and HR Services		(16,240)	(14,811)
Audit Fees		(5,731)	(3,920)
Communication		(19,665)	-
Conferences & Seminars		-	(4,445)
Contractors Marketing		(6,155)	-
Contractors Services		(40,576)	-
Contractor Works		-	(5,035)
Consultancy - Business Management		(28,497)	(13,280)
Consultancy - Environmental		(76,930)	-
Employee Costs		419	(42,874)
External labour		(1,850)	(245)
Fringe Benefits Tax		(2,805)	-
GST payments		(5,466)	(29,481)
Grants		(11,500)	-
Insurance		(924)	(491)
Meeting Expenses		(2,398)	(1,915)
Memberships		(38,237)	-
Office Rent		-	(2,933)
Printing and Stationery		(15)	(230)
Telephone/Internet		(1,794)	(1,941)
Travel		(3,360)	-
Vehicle Expenses		-	(5,876)
Website Development		(4,406)	(4,800)
		<u>(266,130)</u>	<u>(132,277)</u>
Net Cash Flow from Operating Activities	4b	(22,970)	264,404
Net Cash (Used in) Investing Activities			
		-	-
Net Increase (Decrease) in cash held		(22,970)	264,404
Cash Held at the Beginning of the Year		506,309	241,905
Cash held at the End of the Year	4a	<u>483,339</u>	<u>506,309</u>

This statement should be read in conjunction with the accompanying notes.

SOUTHERN TASMANIAN COUNCILS AUTHORITY

Notes to and forming part of the Financial Report for the year ended 30 June 2018

1. Objective

The objective of the Southern Tasmanian Councils Authority (the Authority) is to enable members to work together to facilitate and coordinate agreed regional development strategies and actions to achieve sustainable economic, environmental and social outcomes for the southern region of Tasmania.

2. Legislative Framework

The Authority was incorporated on 1 July 2006 under Division 4 of the *Local Government Act 1993* (as amended).

3. Summary of significant accounting policies

a) Basis of Accounting

The financial report is a general purpose financial report and has been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board. Compliance with the Australian Accounting Standards may not result in compliance with International Financial Reporting Standards (IFRS), as the Australian Accounting Standards include requirements and options available to not-for-profit organisations that are inconsistent with IFRS.

The Authority has analysed its purpose, objectives, and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently, where appropriate, the Authority has elected to apply options and exemptions within Accounting Standards that are applicable to not-for-profit entities.

The Authority has adopted the following new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board which are relevant to its operations and effective for the current reporting period: -

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative Amendments to AASB 107. The amendment required additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures include both cash flows and noncash changes between the opening and closing balance of the relevant liabilities. This standard has no impact because the Authority has no liabilities arising from financing activities.

b) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The following summarises those future requirements, and their impact on the Authority:

AASB 9 Financial Instruments and the relevant amending standards (applies from 2018-19).

The Standard is one of a series of amendments that are expected to replace *AASB 139 Financial Instruments: Recognition and Measurement*. The main impact of the Standard is to change the requirements for the classification, measurement and disclosures associated with financial assets. The Authority has assessed the impact of the new standard and concluded that there will be no financial impact due to the nature of the entity's financial instruments.

AASB 15 Revenue from Contracts with Customers (applies from 2019-20).

The standard introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

For the Authority there will be a significant effect in the treatment of all grants with sufficiently specific performance obligations, but where the conditions have yet to be fulfilled at year end. The Authority currently presents unexpended grant income in note 8. The Authority's assessment is that \$189K of grants received and unexpended for the current year, would be deferred under AASB 15 and progressively recorded as income as performance obligations are fulfilled.

The Authority will apply the standard from 1 July 2019 and expects to use retrospective approach with cumulative catch-up with an adjustment to accumulated surpluses for the difference in accounting treatment on initial adoption.

AASB 16 Leases (applies from 2019-20).

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. The Authority has assessed the impact of the new standard and concluded that there will be no impact because no leases are in place.

AASB 1058 Income of Not-for-Profit Entities (applies from 2019-20).

AASB 1058 supersedes all the income recognition requirements relating to the Authority, previously in AASB 1004 Contributions. The timing of income recognition under AASB 1058 depends on whether a transaction gives rise to a liability or other performance obligation, or a contribution by owners, related to an asset (such as cash or another asset) received. AASB 1058 applies when the Authority receives volunteer services or enters into other transactions in which the consideration to acquire an asset is significantly less than the fair value of the asset, and where the asset is principally to enable the Authority to further its objectives. The Authority has assessed the impact of the new standard and concluded that the impact will be minimal because no volunteer services are used and there are no transactions at significantly less than fair value.

The financial report has been prepared on the accrual basis under the convention of historical cost accounting and does not take into account changing money values.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to the Authority's activities, or have no material impact.

The financial report is presented in Australian dollars.

c) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Authority, and the revenue can be reliably measured.

d) Expenses

Expenses are recognised when a decrease in future economic benefit related to either a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

e) Cash

Cash consists of funds held in at call account in the name of the Hobart City Council on behalf of the Authority. Interest is credited to revenue as it accrues.

f) Receivables

Receivables are recorded at amortised cost less impairment. The collectability of debts is assessed at year-end and an allowance is made for impairment. Receivables are generally in the form of government grants not received and contributions from owner councils.

g) Plant and Equipment

Plant and equipment is valued at cost and consisted mainly of computer equipment. All assets have either been fully depreciated or disposed of as at 30 June 2018.

h) Comparative Figures

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

i) Taxation

The Authority is liable for the payment Goods and Services Tax (GST). The Authority's currently has no employees therefore is exempt from payment of Payroll Tax liability and Fringe Benefits Tax and is exempt from all other taxes.

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

j) Rounding

Unless otherwise indicated, amounts in the financial statements have been rounded to the nearest whole dollar.

4. Cash

a) Composition of Cash

Cash is comprised of the following:-

	<u>2017/18</u>	<u>2016/17</u>
	\$	\$
Cash at bank	<u>483,339</u>	<u>506,309</u>

Cash includes grant monies received and unspent at 30 June. Refer to Note 8.

b) Reconciliation of 'Net Cash Provided by Operating Activities' to 'Operating Surplus'

	<u>2017/18</u>	<u>2016/17</u>
	\$	\$
Operating Surplus / (Deficit)	(16,245)	244,256
Add back Depreciation & Loss on Disposal	1,619	1,494
(Increase) / Decrease in Receivables	7,811	(1,777)
Increase / (Decrease) in Payables	(16,155)	34,634
Increase / (Decrease) in Other Liabilities	-	(14,203)
Net Cash from Operating Activities	<u>(22,970)</u>	<u>264,404</u>

In 2017/18 the Authority has recorded a Deficit due to expenditure of Grant money and Unspent Council Contributions received in prior years.

The decrease in payables reflects a decrease in trade creditors due at 30 June 2018.

5. Receivables

Receivables	<u>2017/18</u>	<u>2016/17</u>
	\$	\$
GST	3,978	4,497
Commissions	-	7,292
Total	<u>3,978</u>	<u>11,789</u>

6. Plant and Equipment

	<u>2017/18</u>	<u>2016/17</u>
	\$	\$
At Cost	-	34,648
Less Accumulated Depreciation	-	(33,029)
Total	<u>-</u>	<u>1,619</u>

All assets have either been fully depreciated or disposed of as at 30 June 2018.

7. Activities of the Authority

Some of the key activities undertaken by the Authority during the reporting period were: -

- Met with the Leader of the Tasmanian Labor Party, the Hon. Rebecca White MP
- Provided a submission to the Projects of Regional Significance process
- Received updates on South Eastern Regional Development Association, Planning Reform, South Central Sub-region and Common Services
- Provided oversight of Waste Strategy South
- Developed a budget strategy for 2018/19
- Developed an Annual Plan for 2017/18
- Conducted roundtable discussions for STCA Mayors
- Conducted an Annual General Meeting and produced an Annual Report
- Produced four Quarterly Reports
- Received a presentation from the Auditor General and Deputy Auditor General
- Received a presentation from Dr Tom Remenyi, Antarctic Climate and Ecosystems Cooperative Research Centre and Ms Alison Johnson, Climate and Energy Consultant
- Received a presentation from Chris Jones, Editor of the Mercury newspaper
- Participated in the Southern Tasmanian Household Energy Bulk Purchase program
- Completed the Regional and Municipal Community Emissions and Energy Use project
- Completed the Southern Tasmanian Coastal Knowledge project

8. Grants

	<u>2017/18</u>	<u>2016/17</u>
Operational Grants	\$	\$
Climate Change Adaptation	10,000	10,000
Climate Change Communication Project	14,000	-
Regional Planning Initiative	100,000	-
Total Operational Grants	<u>124,000</u>	<u>10,000</u>

At 30 June 2018, a total of \$189,290 (2017, \$82,001) of grants received remained unspent. This amount consists of the following: -

<u>Grants</u>	<u>2017/18</u>	<u>2016/17</u>
	\$	\$
Climate Change	-	36,696
Climate Change Adaptation	46,272	10,000
Climate Change Communications	23,090	9,090
SMART Forms Project	-	2,909
Special Projects	-	23,306
Waste Strategy South	52,428	-
Regional Planning Initiative	67,500	-
	<u>189,290</u>	<u>82,001</u>

All grants disclosed in this note are conditional

9. Financial Instruments

a) Financial Risk Management

The Authority's financial instruments consist of deposits with banks, accounts receivable and payable.

Credit Risk

Credit risk is the risk of financial loss to the Authority if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk is the carrying amount of recognised financial assets as disclosed in the statement of financial position. The Authority does not have any material credit risk exposure because amounts are owed by owner Councils and Government agencies.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risk that the Authority is exposed to is interest rate risk. All cash is subject to variable interest rates. Remaining financial assets and all financial liabilities are non-interest bearing. The Authority's exposure to interest rate risk in relation to cash held at bank is considered to be minimal.

An increase in variable rates of 100 basis points at the reporting date would result in a profit and an increase to equity of \$4,833 (2017; \$5,063). A decrease in variable rates of 100 basis points at the reporting date would result in a loss and a decrease to equity of \$4,833 (2017; \$5,063). This analysis assumes all other variables remain constant. The analysis was performed on the same basis for 2017.

Liquidity Risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority manages liquidity risk by monitoring cash flows. Exposure to liquidity risk is considered to be minimal.

b) Net Fair Value

The Authority considers that the carrying amount of its financial assets and liabilities approximate their fair value.

10. Events Subsequent to Balance Date

No events have occurred subsequent to the reporting date that would require adjustment to, or disclosure in, the financial report.

11. Contingent Assets and Liabilities

There were no material contingent assets or contingent liabilities at the reporting date.

12. Key Management Personnel Compensation

Nicholas Heath is currently acting in the management role and receives no remuneration for this service. Board members do not receive remuneration.

13. Other Related Parties Transactions

(a) Each member council of STCA appoints a councillor to represent it on the Authority and vote on its behalf at general meetings of the Authority, and so hold positions that result in them having an influence over the operating policies of Councils with which STCA may conduct transactions.

Name	Term Commenced
Brighton Council - Mayor Tony Foster	11/2014
Central Highlands - Mayor Loueen Triffitt	12/2016
Clarence City Council - Mayor Doug Chipman	11/2014
Derwent Valley Council - Mayor Martyn Evans	11/2014
Glamorgan/Spring Bay Council - Mayor Michael Kent	11/2014
Glenorchy City Council – Mayor Kristie Johnston	02/2018
Hobart City Council - Lord Mayor Ron Christie (STCA Deputy Chair)	05/2018
Huon Valley Council – Commissioner Adriana Taylor	12/2016
Kingborough Council - Mayor Steve Wass	11/2014
Sorell Council - Mayor Kerry Vincent	11/2014
Southern Midlands Council - Mayor Tony Bisdee (STCA Chair)	11/2014
Tasman Council - Mayor Roseanne Heyward	11/2014

b) Transactions with other related parties

During the period the Authority entered into the following transactions with related parties:

<u>Nature of Transactions:</u>	<u>Provider</u>	<u>2017/18</u>	<u>2016/17</u>
Secretarial Services	Andrea Heath	\$1,950	-
Accounting & HR Services	City of Hobart	\$15,500	\$15,500

c) Loans and guarantees to/from related parties

The Authority has not entered into any loans or guarantees with related parties.

d) Loans and guarantees to/from commitments

The Authority has not entered into any commitments with related parties.

e) Transactions with related parties that have not been disclosed

The Authority has not entered into any ordinary citizen transactions with related parties.



Southern Tasmanian Councils Authority

Declaration

The accompanying financial report of the Southern Tasmanian Councils Authority is in accordance with the *Local Government Act 1993*, complies with Australian Accounting Standards, and gives a true and fair view of the Authority's financial position as at 30 June 2018, and of its performance for the year ended on that date.

There are reasonable grounds to believe that the Authority will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink that reads "Anthony E Bisdee".

Mayor Tony Bisdee OAM
Chairman
Southern Tasmanian Councils Authority

Date: 25/9/18

Independent Auditor's Report



Level 8, 144 Macquarie Street, Hobart, Tasmania, 7000
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Phone: 03 6173 0900 | Fax: 03 6173 0999
Email: admin@audit.tas.gov.au
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26 September 2018

Cr T Bisdee
Chairman
Southern Tasmanian Councils Authority
GPO Box 503E
HOBART TAS 7000

Dear Cr Bisdee

Southern Tasmanian Councils Authority – Final Management Letter - for the Year Ended 30 June 2018

The audit of the financial report for Southern Tasmanian Councils Authority (the Authority) has now been completed by my contract service provider. I have issued my audit report, a copy of which is enclosed.

The audit was completed with no issues outstanding.

You will appreciate that my normal audit procedures are designed primarily to enable me to form an opinion on the financial report as a whole and therefore do not necessarily bring to light at each audit all the weaknesses in internal control or accounting practice which a special investigation might do.

I have prepared this letter solely for the use of the Authority. As you know, this report forms part of a continuing dialogue between the Authority and the Auditor-General and, therefore, it is not intended to include every Authority matter, whether large or small, that has come to my attention. For this reason I believe that it would be inappropriate for this letter to be made available to third parties and, if such a third party were to obtain a copy without my prior written consent, I would not accept any responsibility for any reliance that they might place on it.

Review of the Annual Report

Please will you forward to me a copy of the final draft of the Authority's annual report for review by my staff prior to its publication. This review will be conducted in accordance with Auditing Standard ASA 720 *The Auditor's Responsibilities Relating to Other Information* to identify any material inconsistencies between the financial report and other information disclosed in the annual report.

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to provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

Strive | Lead | Excel | To Make a Difference

Appreciation is expressed for the assistance and co-operation provided to my staff during the course of the audit.

Please note that a copy of this letter together with the audit report will be provided to the Minister for Planning and Local Government, The Hon. P C Gutwein MP in accordance with section 19(2) of the *Audit Act 2008*.

If you have any queries regarding the audit or any other matters, please contact myself on 6173 0900.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rob Luciani', written in a cursive style.

Rob Luciani
Director Financial Audit Service

Encl.

Copy for:
Mr N Heath, Acting Chief Executive Officer

Comptroller's Report



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www.kpmg.com.au

Ms Fiona Cleary
City of Hobart
50 Macquarie Street
Hobart TAS 7000

15 October 2018

Dear Fiona

2017/18 Comptroller Report

With reference to our recent discussions and your subsequent correspondence, I write to confirm that following my review of the relevant sections of the Local Government Act of 1993 and the financial statements of the Southern Tasmanian Councils Authority (STCA) provided by you on 11 October 2018, in my view:

- Appointment of Comptroller is necessary because the STCA has been declared under Part 3A of the Local Government Act 1993, that it is a Joint Authority which may at some time be required to make payments to participating Councils; that is under circumstances in which it had undertaken financially profitable activities. If that were to occur the Comptroller would have statutory duties to perform that would include reaching a decision regarding the distribution of those profits.
- No such ventures were undertaken by the STCA during the financial year ended 30 June 2018 and as such no payments are required to be made by the STCA pursuant to part 3A of the Local Government Act 1993.

Should you have any queries in respect of the above, please feel free to contact me directly.

Yours sincerely

A handwritten signature in cursive script that reads 'Matthew Wallace'.

Matthew Wallace
Partner



Photo credit: Hobart City from Mount Wellington lookout – Tourism Australia & Graham Freeman (top); MONA – Tourism Tasmania and Rob Burnett (bottom)