



Southern Tasmanian Councils Authority

2018/19 Annual Report



Southern Tasmanian
COUNCILS AUTHORITY

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About the Southern Tasmanian Councils Authority

The Southern Tasmanian Councils Authority (STCA) is a regional organisation of councils created 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

*ceased as an STCA member as of 1 July 2019.

The Board

The STCA Board comprises representatives from its member councils with council General Managers also attending Board meetings. The Hobart City Council provides secretariat support to the Board.

Board Members
November 2018 – June 2019



Lord Mayor Anna Reynolds
Chair
Hobart City Council



Mayor Ben Shaw
Derwent Valley Council



Mayor Debbie Wisby
Glamorgan Spring Bay
Council



Mayor Bec Enders
Huon Valley Council



Mayor Dean Winter
Kingborough Council



Mayor Alex Green
Southern Midlands Council

Board Members
July 2018 – June 2019



Mayor Kelly Spaulding
Tasman Council



Mayor Tony Foster AM OAM JP
Brighton Council



Mayor Loueen Triffitt
Central Highlands Council



Mayor Doug Chipman
Chair Governance and Audit Committee
Clarence City Council



Mayor Kristie Johnston
Glenorchy City Council



Mayor Kerry Vincent
Sorell Council

Board Members
July 2018 – October 2018



Mayor Martyn Evans
Derwent Valley Council



Mayor Michael Kent
Glamorgan Spring Bay
Council



Lord Mayor Ron Christie
Deputy Chair
Hobart City Council



Commissioner Adriana Taylor
Huron Valley Council



Mayor Steve Wass
Kingborough Council



Mayor Tony Bisdee OAM
Chair
Southern Midlands Council



Mayor Roseanne Heyward
Chair Waste Strategy South
Tasman Council

Councillor Anna Reynolds



I am pleased to present the 2018/19 Annual Report for the Southern Tasmanian Councils Authority (STCA).

The Authority completed another successful year in 2018/19 advocating and promoting the interests of local government and its communities in Southern Tasmania.

We welcomed seven new Mayors (including myself) to the STCA table at our meeting in November 2018 – a change reflected in the other regions which demonstrates to me the keen interest that people have in their local community and a strong desire to represent them.

As a result of the new faces, we said farewell to a number of Mayors who were active and dedicated members of the STCA. I particularly want to thank former Chair, Tony Bisdee OAM (Southern Midlands Council) and former Chair of Waste Strategy South, Roseanne Heyward (Tasman Council) who both championed Southern Tasmania.

Meetings continued to be held quarterly to discuss key priorities with two workshops being held in early 2019 to discuss the future operating model for the STCA. As a result, Clarence City, Glenorchy City and Kingborough Councils resolved to leave the STCA, with remaining members committing to the STCA and supporting key projects including the Regional Climate Change Initiative, Waste Strategy South and the work associated with regional planning.

As one of its key priorities, the Regional Climate Change Initiative (RCCI) continued to make significant progress completing a number of projects, including the Regional Community Carbon Emissions profile. 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.

The Board resolved to support the Garage Sale Trail which provides local councils and waste groups with a platform to achieve their strategic objectives relating to waste education, waste minimisation, reuse, illegal dumping and community engagement. This popular event, run annually in October, will be supported by the STCA in 2019 and 2020.

Regular updates were provided from the established STCA sub-committees, the Governance and Audit Committee, Waste Strategy South, planning reform, the South Eastern Regional Development Association and the South Central Sub-region and Common Services. The Board also received an update from the Director of Local Government, Mr Alex Tay, on a range of issues affecting local government.

In closing, I wish to acknowledge and thank my fellow Board members, Committee Chairs, and council General Managers for their commitment to the STCA. Looking to the future, under new Chair, Mayor Bec Enders, I believe the STCA can continue to be an influential voice for the southern region.

Lord Mayor Anna Reynolds
Chair
Southern Tasmanian Councils Authority

Key Results – 2018/19

Organisational Governance

- Undertook a review of the STCA’s mode of operation through a series of meetings and a workshop.
- Elected a new Chair and Deputy Chair of the STCA Board and Chair for the Governance and Audit Committee.
- The STCA meeting schedule was maintained with the Board meeting on a quarterly basis.
- The STCA’s Governance and Audit Committee met on a regular basis.
- An Annual General Meeting was held in November 2018.
- Developed an Annual Plan for 2018/19.
- Developed a budget strategy for 2019/20.
- 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.

Environment

- The Regional Climate Change Initiative continued to meet and deliver productive outcomes.
- Completed the Regional Energy Use and Greenhouse Gas Emissions Project.
- Commenced the Regional Coastal Hazards Project – formalised a working group and engaged consultants, Impact Solution and BMT.
- Commenced the Regional Strategy and Council Climate Action Templates Project – engaged UTAS Climatology to deliver project.
- Provided a submission to the *Climate Change (State Action) Act 2008*.
- Resolved to support the Garage Sale Trail for 2019 and 2020.
- Agreed to continue to support the Memorandum of Understanding for Joint Communications activities with the Cradle Coast Waste Management Group and Northern Tasmanian Waste Management Group.

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.

Advocacy

- A briefing was provided by the Director of Local Government.

Southern Tasmanian Council Authority
Statement of Comprehensive Income
For the Year Ended 30 June 2019

	<u>Note</u>	<u>2018/19</u>	<u>2017/18</u>
		\$	\$
Revenues			
Council Contributions		71,400	70,000
Interest		13,922	12,895
Grants	7	107,000	126,420
		<u>192,322</u>	<u>209,315</u>
Expenses			
Accounting and HR Services		(11,822)	(14,772)
Audit Fees		(5,500)	(5,210)
Communication		(28,167)	(23,072)
Contractors Marketing		-	(5,750)
Contractors Services		(44,974)	(38,887)
Consultancy - Business Management		(21,011)	(28,755)
Consultancy - Environmental		(28,920)	(75,980)
Employee costs		-	419
External Labour		(453)	(1,950)
Loss on disposal of Assets		-	(1,618)
Insurance		-	(845)
Meeting expenses		(977)	(2,208)
Memberships		-	(17,535)
Printing and Stationery		-	(15)
Telephone/Internet		-	(1,616)
Travel		-	(3,360)
Website Maintenance		(4,764)	(4,406)
		<u>(146,588)</u>	<u>(225,560)</u>
Surplus/(Deficit) for year		45,734	(16,245)
Other Comprehensive Income			
Comprehensive Result		<u>45,734</u>	<u>(16,245)</u>

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

Southern Tasmanian Council Authority
Statement of Financial Position
For the Year Ended 30 June 2019

	<u>Note</u>	<u>2018/19</u> \$	<u>2017/18</u> \$
ASSETS			
<i><u>Current</u></i>			
Cash	4	509,280	483,339
Receivables	5	3,200	3,978
TOTAL ASSETS		<u>512,480</u>	<u>487,317</u>
LIABILITIES			
<i><u>Current</u></i>			
Payables		(200)	(20,771)
TOTAL LIABILITIES		<u>(200)</u>	<u>(20,771)</u>
NET ASSETS		<u>512,280</u>	<u>466,546</u>
EQUITY			
Retained Earnings		512,280	466,546
TOTAL EQUITY		<u>512,280</u>	<u>466,546</u>

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

Statement of Changes in Equity
For the Year Ended 30 June 2019

	<u>2018/19</u> \$	<u>2017/18</u> \$
Accumulated Surplus	466,546	482,791
Comprehensive Result	45,734	(16,245)
Closing Equity	<u>512,280</u>	<u>466,546</u>

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

Statement of Cash Flows
For the Year Ended 30 June 2019

	<u>Note</u>	<u>2018/19</u>	<u>2017/18</u>
		\$	\$
<u>Cash Flows from Operating Activities</u>			
<u>Cash Inflows from Operating Activities</u>			
Council Contributions		78,540	77,000
Interest		13,922	12,895
Grants - Other		115,500	129,062
Commission		-	7,955
GST Receipts		2,978	16,248
		<u>210,940</u>	<u>243,160</u>
<u>Cash Outflows from Operating Activities</u>			
Accounting and HR Services		(13,002)	(16,240)
Audit Fees		(6,050)	(5,731)
Communication		(36,683)	(19,665)
Contractors Marketing		-	(6,155)
Contractors Services		(51,671)	(40,576)
Consultancy - Business Management		(27,864)	(28,497)
Consultancy - Environmental		(37,968)	(76,930)
Employee Costs		-	419
External labour		(553)	(1,850)
Fringe Benefits Tax		-	(2,805)
GST payments		(5,317)	(5,466)
Grants		-	(11,500)
Insurance		-	(924)
Meeting Expenses		(1,068)	(2,398)
Memberships		-	(38,237)
Printing and Stationery		(23)	(15)
Telephone/Internet		-	(1,794)
Travel		-	(3,360)
Website Development		(4,800)	(4,406)
		<u>(184,999)</u>	<u>(266,130)</u>
Net Cash Flow from Operating Activities	4b	25,941	(22,970)
Net Cash (Used in) Investing Activities			
		-	-
Net Increase (Decrease) in cash held		25,941	(22,970)
Cash Held at the Beginning of the Year		483,339	506,309
Cash held at the End of the Year	4a	<u><u>509,280</u></u>	<u><u>483,339</u></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 2019

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 financial report is presented in Australian dollars.

b) New and revised Accounting Standards and Interpretations adopted in the current period

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 9 *Financial Instruments* and the relevant amending standards.

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.

c) 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 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 \$24K 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.

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. From this period the collectability of debts is assessed at year-end and an allowance is made for impairment on an expected credit loss basis. For prior periods a provision for impairment was recognised when there was objective evidence that an impairment loss had occurred. Receivables are generally in the form of government grants not received and contributions from owner councils.

g) Plant and Equipment

The Authority does not currently have any plant and equipment assets. All assets were either 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>2018/19</u>	<u>2017/18</u>
	\$	\$
Cash at bank	<u>509,280</u>	<u>483,339</u>

Cash includes grant monies received and unspent at 30 June. Refer to Note 7.

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

	<u>2018/19</u>	<u>2017/18</u>
	\$	\$
Operating Surplus	45,734	(16,245)
Add back Depreciation	-	1,619
(Increase) / Decrease in Receivables	778	7,811
Increase / (Decrease) in Payables	(20,571)	(16,155)
Net Cash from Operating Activities	<u>25,941</u>	<u>(22,970)</u>

In 2018/19 the Authority has recorded a Surplus mainly due to reduced expenses as a result of less activities undertaken by the Authority in 2018-19.

The decrease in receivables reflects a decrease in GST due at 30 June 2019 partially offset with increased trade debtors due at 30 June 2019.

The decrease in payables reflects a decrease in trade creditors due at 30 June 2019.

5. Receivables

Receivables	<u>2018/19</u>	<u>2017/18</u>
	\$	\$
GST	1,000	3,978
Grants	2,200	-
Total	<u>3,200</u>	<u>3,978</u>

6. Activities of the Authority

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

- Elected a new Chair and Deputy Chair of the STCA Board and Chairs for the Governance and Audit Committee, Waste Strategy South and the Regional Climate Change Initiative
- Undertook a review of the STCA's mode of operation through a series of meetings and a workshop
- Received updates on South Eastern Regional Development Association, Planning Reform, South Central Sub-region and Common Services
- Provided oversight of Waste Strategy South and the Regional Climate Change Initiative
- Agreed to continue to support the Memorandum of Understanding for Joint Communications Activities with the Cradle Coast Waste Management Group and the Northern Tasmanian Waste Management Group
- Resolved to support the Garage Sale Trail
- Completed the Regional Energy Use and Greenhouse Gas Emissions Project
- Commenced Regional Coastal Hazards Project – formalised working group and engaged consultants, Impact Solution and BMT
- Commenced the Regional and Municipal Profiles Project – engaged UTAS Climatology to deliver project
- Commenced Regional Strategy and Council Climate Action templates project – formalised working group and developing a project proposal with UTAS
- Provided a submission to the *Climate Change (State Action) Act 2008*
- Developed an Annual Plan for 2018/19
- Developed a budget strategy for 2019/20
- Conducted roundtable discussions for STCA Mayors
- Conducted an Annual General Meeting and produced an Annual Report
- Produced four quarterly reports
- Received a presentation from Mr Alex Tay, Director of Local Government
- Provided an STCA representative to Destination Southern Tasmania

7. Grants

	<u>2018/19</u>	<u>2017/18</u>
Operational Grants	\$	\$
Climate Change Adaptation	107,000	12,420
Climate Change Communication Project	-	14,000
Regional Planning Initiative	-	100,000
Total Operational Grants	<u>107,000</u>	<u>126,420</u>

At 30 June 2019, a total of \$175,329 (2018, \$189,290) of grants received remained unspent. This amount consists of the following: -

<u>Grants</u>	<u>2018/19</u>	<u>2017/18</u>
	\$	\$
Climate Change Adaptation	127,805	46,272
Climate Change Communications	23,090	23,090
Waste Strategy South	-	52,428
Regional Planning Initiative	24,434	67,500
	<u>175,329</u>	<u>189,290</u>

The Regional Planning Initiative grant received from the Tasmanian State Government is conditional. The Climate Change Adaptation and Climate Change Communications grants are unconditional.

8. 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 \$5,093 (2018; \$4,833). A decrease in variable rates of 100 basis points at the reporting date would result in a loss and a decrease to equity of \$5,093 (2018; \$4,833). This analysis assumes all other variables remain constant. The analysis was performed on the same basis for 2018.

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.

9. 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.

10. Contingent Assets and Liabilities

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

11. 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.

12. 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	Term Expired
Brighton – Mayor Tony Foster	11/2014	
Central Highlands – Mayor Loueen Triffitt	12/2016	
Clarence City – Mayor Doug Chipman	11/2014	
Derwent Valley - Mayor Martyn Evans	11/2014	10/2018
Derwent Valley – Mayor Ben Shaw	11/2018	
Glamorgan/Spring Bay – Mayor Michael Kent	11/2014	10/2018
Glamorgan/Spring Bay – Mayor Debbie Wisby	11/2018	
Glenorchy City – Mayor Kristie Johnston	02/2018	
Hobart City – Lord Mayor Ron Christie	05/2018	10/2018
Hobart City – Lord Mayor Anna Reynolds	11/2018	
Huon Valley – Commissioner Adriana Taylor	12/2016	10/2018
Huon Valley – Mayor Bec Enders	11/2018	
Kingborough – Mayor Steve Wass	11/2014	10/2018
Kingborough – Mayor Dean Winter	11/2018	
Sorell – Mayor Kerry Vincent	11/2014	
Southern Midlands – Mayor Tony Bisdee	11/2014	10/2018
Southern Midlands – Mayor Alex Green	11/2018	
Tasman – Mayor Roseanne Heyward	11/2014	10/2018
Tasman – Mayor Kelly Spaulding	11/2018	
Chairman of the STCA		
Lord Mayor Anna Reynolds	11/2018	
Councillor Tony Bisdee	06/2018	10/2018
Deputy Chairman of the STCA		
then Alderman Ron Christie	06/2018	10/2018
Mayor Bec Enders	06/2019	

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>2018/19</u>	<u>2017/18</u>
Secretarial Services	Andrea Heath	\$ 553	\$ 1,950
Accounting & HR Services	City of Hobart	\$10,000	\$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 2019, 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 blue ink, appearing to read "Anna Reynolds".

(Lord Mayor Anna Reynolds)
Chairman

A handwritten date in blue ink, "14/8/19".

(Date)



Independent Auditor's Report

To the Members of the Southern Tasmania Councils Authority

Southern Tasmanian Councils Authority

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of the Southern Tasmania Councils Authority (the Authority), which comprises the statement of financial position as at 30 June 2019 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the statement of certification by the members.

In my opinion, the accompanying financial report:

- (a) presents fairly, in all material respects, the financial position of the Authority as at 30 June 2019 and its financial performance and its cash flows for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Authority 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Members of the Authority for the Financial Report

The members are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1993* and for such internal control as they determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the members are responsible for assessing the Authority'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 they either intend to the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' 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 Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the 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.

I communicate with the members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Ric De Santi
Deputy Auditor-General
Delegate of the Auditor-General

Tasmanian Audit Office

27 September 2019
Hobart



Photo credit: *Cape Bruny Lighthouse* – Adam Gibson (top); *Cape Hauy* – Luke Tscharke (bottom)