

Kangaroo Island Council

Annual Report 2012 - 13



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Kangaroo Island - a pristine island full of natural beauty

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Welcome

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What is the purpose of the Annual Report?

Kangaroo Island Council produced this Annual Report in accordance with the *Local Government Act 1999*, to provide you with a summary of our performance against our Strategic Plan 2010 - 2014.

Who is this Annual Report for?

- Rate-payers
- Residents
- Government Agencies
- Visitors
- Potential Investors
- Any other interested stakeholders

Kangaroo Island Council

Kangaroo Island Council was formed in 1996 after the amalgamation of the District Council of Dudley and the District Council of Kingscote.

Kangaroo Island

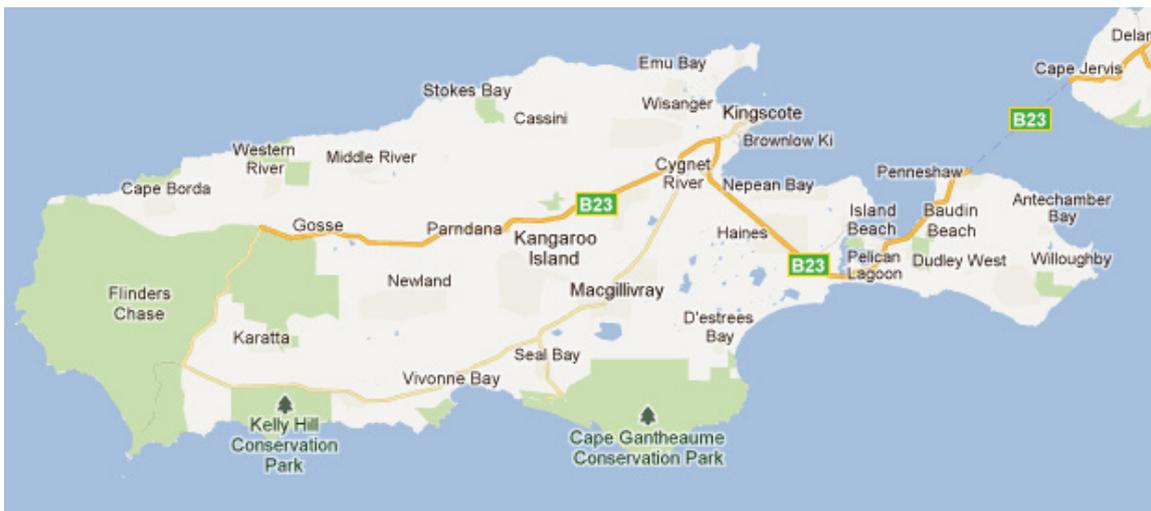
Kangaroo Island - a pristine island full of natural beauty

Kangaroo Island

Kangaroo Island has long been known as an idyllic setting in which to live. It offers a unique and relaxed lifestyle. Modern amenities and services are coupled with an appreciation and preservation of the natural environment, heritage and values characteristic of the culture of the first European settlement in South Australia.

Location

Kangaroo Island is located 15kms from the tip of the southern coast of the Fleurieu Peninsula in South Australia, 110kms south-west of Adelaide. It is 55kms wide and 155kms east to west. Kangaroo Island has a coastline of some 509km.



Geography and Environment

Kangaroo Island, Australia's third largest island is renowned for its scenery, geographic features and unique flora and fauna. It was isolated from mainland Australia by post-glacial rising sea levels about 12,000 years ago. It has retained many plants and animals no longer found on the mainland.

There are a number of settlements varying in size and facilities, including Baudin Beach, Emu Bay, Island Beach, Stokes Bay, Nepean Bay and Vivonne Bay. The township of Kingscote remains the principal centre of the Island's administrative

and economic activity.

Parndana provides services to the western end of the Island, American River and Penneshaw respectively in the east and on the Dudley Peninsula. Penneshaw is the home of the Sealink Ferry Service terminal connecting Kangaroo Island to the mainland.

Beginnings

The discovery and naming of Kangaroo Island is credited to Matthew Flinders, Captain of the Investigator who came ashore on the north coast in March 1802. Soon afterwards French

Kangaroo Island

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Captains Nicholas Baudin, aboard the corvette *Le Geographe* and Jacques Hamelin of the *Le Naturaliste*, mapped most of the southern and western coastline of the Island. This explains the predominance of French names along the Southern coast.

Kangaroo Island was uninhabited by Aboriginal people at the time of discovery by Matthew Flinders and Nicholas Baudin. The Kurna, Ramindjeri and Ngarrindjerri peoples from nearby mainland South Australia all have a cultural interest in Kangaroo Island. Their traditional association with Kangaroo Island is mythological, with the Island identified as the land of the spirits and the place of the departed where people come to have their spirits cleansed before departing to the after-life.

It was almost a century after European settlement when the first indigenous hand tools were first discovered on Kangaroo Island. Since that time, numerous locations have been described and documented with evidence of Aboriginal occupation on Kangaroo Island. Tools and evidence of Aboriginal occupation has been dated as late as 15,000 BC and early as 4,000 BC (SIC Lambert, 2002).

How Aboriginal people came to Kangaroo Island and why they left all remains a matter of speculation and theory, however it is known that Kangaroo Island did have a population of Aboriginal people prior to being discovered by Matthew Flinders and Nicholas Baudin.

Settlement

Not long after discovery, Kangaroo Island was settled by Europeans who were mostly deserters from whaling ships, ex convicts and sealers. These people brought with them Aboriginal women abducted from both the nearby mainland and from Tasmania (SIC Lambert, 2002). This is known as the second stage of Aboriginal occupation of

Kangaroo Island and there are many artefacts on Kangaroo Island that reflect this occupation. Many families on Kangaroo Island can trace their ancestry back to this time.

The first official settlers arrived on 27th July 1836, disembarking from the *Duke of York* at Reeves Point, near Kingscote. This became the first settlement in South Australia, but due to lack of water and suitable building timber it was largely abandoned after four years in favour of Adelaide, with only a limited population remaining on the Island.

Industry Development

For the next fifty years the Island's natural resources were in high demand from the developing mainland. This led to the establishment of various enterprises such as sealing, whaling and the export of salt and skins.

Other industries attempted included timber cutting, saw milling, eucalyptus distilling, yacca gum harvesting and brick making. During the 1880's and 1890's there was a slow increase in the use of land for pastoralism, mainly focussing on wool, but barley and other grain crops were also grown. By the early twentieth century, attempts at mining coal, basalt, tin, silver, lead and gold proved unsuccessful with the exception of quarrying for gypsum, which was the basis of a substantial operation at two sites near Pelican Lagoon.

The Island developed slowly. The population of 598 in 1891 was only half that of the 1,113 in 1947. However, after the establishment of a War Service Land Settlement Scheme, it doubled again to 2,167 in 1954. The pastoral industry slowly became more productive with Government support to the 174 ex-soldiers and their families who farmed the newly developed central plateau. The township of Parndana was established to service this new part of our community.

Kangaroo Island

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Economic Prosperity

Today Kangaroo Island has a diversity of commercial and industrial enterprises that contribute to investment in infrastructure and employment. The Island's soil types and temperate climate support agricultural production. Primary industries consisting mostly of sheep, wool, grains, fishing, aquaculture and forestry continue to be a significant contributor to the Island's economy valued at more than \$100 million.

In recent times, diversification from traditional production has led to expansion of the economic base. For example, in 2001, Kangaroo Island was declared Australia's eighteenth wine region and now has some 28 growers and more than a dozen wine labels.

Simultaneously, the Island's pristine environment has supported the development of high quality food and a niche gourmet product industry including cheeses produced from a sheep dairy, honey from the purest strain of Ligurian bees in the world, olive oil, free-range eggs, eucalyptus and lavender oils, quality fish and seafood such as farmed marron, abalone, barramundi and oysters.

Tourism has developed from its early beginnings in 1880 and is today one of the main economic drivers. The Island is promoted internationally as a premier eco-tourism destination and trades on its 'clean green' image and unique nature based experiences.

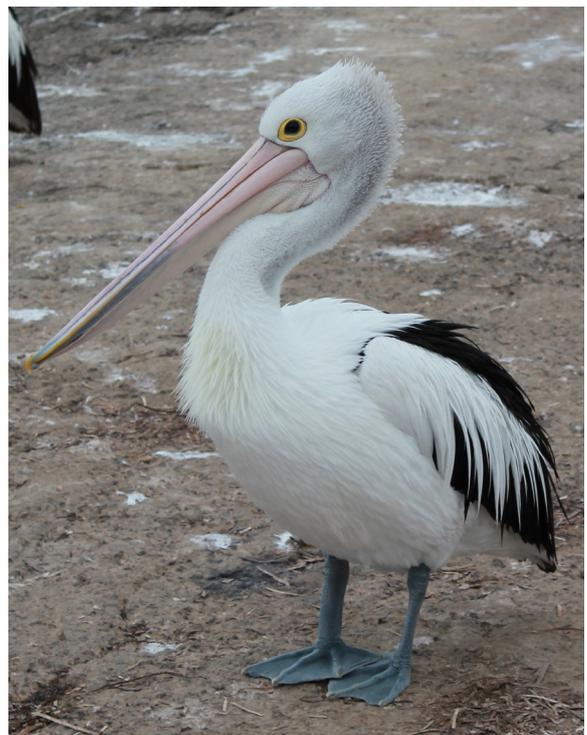
These include pristine beaches, native bushland and 21 national and conservation parks covering more than 30% of the Island.

Natural Environment

Visitors enjoy varied, dramatic scenery and unique flora and fauna. There are over 850 native plants on Kangaroo Island with over 400

different species found within Flinders Chase National Park. Free from rabbits and foxes, the Island provides natural habitat for platypus, goanna, rare but increasing numbers of glossy black cockatoos, sea lions, pelicans, penguins, tamar wallabies and the Island's own sub-species of kangaroo. Its waters are also home to the iconic but elusive leafy-sea dragon.

At all levels, the community is strongly committed to managing and protecting its unique natural environment. Kangaroo Island Community Education boasts an award-winning marine environmental education program and Council is a key partner in the internationally recognised Tourism Operational Management Model (TOMM). There are numerous associations and groups which focus on conservation, coast care and land management.



Pelican

Kangaroo Island

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Recreation, Culture and Community

Kangaroo Island has a relaxed atmosphere with all the essential services and facilities of a larger regional centre. Residents are friendly and share a strong sense of community spirit.

The Island offers a wide range of cultural and recreational activities to residents and visitors. Sports and social clubs cater for a range of opportunities including Island-wide competitive team sports, walking and gardening clubs, the annual Motor Fest and the KI Racing Carnival.

There is a vibrant arts community offering regular events, festivals and exhibitions and many commercial outlets and galleries offering local art for sale.

Services and Community Activities

As with many remote or rural communities, Kangaroo Island boasts one of the highest rates of volunteerism in Australia. Thirty-eight percent of people over the age of fifteen participate in volunteer community activities such as Rotary, Lions, Ambulance, CFS, SES, local radio, Progress Associations, local heritage and history museums.

On the regular social calendar are the Kingscote and Parndana Shows, the monthly Penneshaw Farmers Market, Penneshaw Community Market,

KI Cup, KI Players Production, Art Feast, Easter Art Show, Motor Fest, Speed Shearing Competition, bi-annual Field Day, fishing and sailing competitions, the annual Street Party and Christmas Parade. Other popular activities include surfing, yachting, canoeing, diving, snorkelling, fishing and bird watching.

The Kangaroo Island Library is very well resourced providing access to a large collection of books, DVDs, CDs, videos, magazines, internet/email, photocopy, fax facilities and membership to a book club. Friends of the Library are a community group which provide the library with an integral support network, meeting monthly to assist in raising funds.

The Kangaroo Island Community Health Service provides a range of health programs and facilities including emergency services, a thirty bed hospital, aged care facilities, allied health and social support services. The privately owned Kangaroo Island Medical Clinic also offers a range of health services, with visiting practitioners and specialists providing primary and preventative health care services.

Day care services, pre-school, primary and secondary education is offered at campuses across the Island and further education is offered by private providers and a TAFE Learning Centre located in Kingscote.



American River

Vision, Mission and Values

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Kangaroo Island Council Vision, Mission, Values & Behaviours

Our Vision

A confident, growing and cohesive community:

- Benefiting from a thriving economy based on strong tourism and primary production sectors;
- Preserving our unique heritage;
- Sustainably managing our natural environment

Our Mission

To provide leadership, direction and responsible stewardship of resources and delivery of efficient cost-effective key services to our community

Our Values and Behaviours

- Creativity and Innovation
- Equality
- Accountability and Transparency
- Sustainability
- Service Orientated
- Participatory

Mayor

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Kangaroo Island is a remarkable place. Our unique natural environment, regular rainfall and climate provide the foundation for our award winning tourism, food, wine, agriculture and fisheries industries. We can also boast a passionate and engaged community, and a lifestyle to be celebrated. However the challenges of business in a remote Island community continue for us all, and Council is no different. Our focus on servicing and advocating for our community, sound financial performance and long term planning has continued to underpin our work. Many positive gains have been achieved including a better than forecast budget result with an increase in budgeted income and a decrease in budgeted expenses and depreciation. The challenges will continue with such a small population and large land area, but sound controls and future planning will continue to see this Council improve its long term sustainability.

Many opportunities have been provided to the Island and Council this year through the Kangaroo Island Futures Authority (KIFA). A significant body of work has been achieved in reviewing the Island's Land Use Plan, developing an Emu Bay Structure Plan and a subsequent amendment to the Development Plan. This critical work has been achieved with the support of KIFA and Planning SA and will provide a sound platform for all future development on the Island. KIFA has also funded and supported Council in the development of designs, costings and a business case for the upgrade of the Island's Airport. This work is the critical first step in advocating for capital funding to ensure our Airport supports future growth and opportunities for the Tourism Industry and this Community. The Authority has also worked closely with the Council in areas of future energy needs and upgrades, access, branding and Government collaboration.

Key to our success is always the support of our community and volunteers and we were very

pleased to launch the Community Capital Grants Program this year in addition to our Community Partnership grants. The two programs have allowed many groups to achieve significant projects within the community and we have awarded over \$165,000 to communities across the Island. Through volunteer time and commitment, the benefit and results always achieve a value far greater than the money allocated and provides valuable seed funding for other State or Federal funding. We have also worked to increase our support for the Island's Youth and our celebrated Arts community, to encourage greater engagement to directly inform our decision making and budget allocations.

Other areas of focus include:

- The annual allocation of \$2 million of State funding for unsealed road upgrade continued with over 30 Kms achieved in addition to our annual resheeting program.
- New Website created and operational
- Finalisation of the General Farming DPA and the Rural Living DPA in progress.
- Finalisation and commissioning of the State funded Solar Array at the Kingscote Airport.
- Finalisation of the Penneshaw CWMS plan for consultation
- The very wet winter has seen the MacGillivray and Haines communities suffer severe inundation of their transport network, and restrictions to movement and access. On going support for this community by all agencies will continue as the water slowly recedes over the coming months.

This list is only a snap shot and I encourage you to read the following pages which highlight the full program for the year.

I would like to acknowledge and thank the dedication and commitment of the CEO, Andrew Boardman, the Senior Managers and all staff. The

Mayor

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business of running a small Council becomes more complex and demanding each year with the continued shifting of responsibility to local Government. Our staff continues to meet these ever increasing challenges within tight budget constraints.

The importance of partnerships is critical to success and our thanks goes to our other Island Agencies, our neighboring Councils, the LGA, KIFA, and our hard working community committees. Your involvement is critical to our achievements.

My personal thanks for the support and commitment of the Elected Members who have worked tirelessly over the last year under somewhat difficult and challenging times.

The 2013-14 will see the development of the new 4 year Strategic Plan for this community and we look forward to working with you all in preparation of this plan over the coming months. I commend this Annual Report to you as we start to look to the future to continue to capitalise on our work to date.

Mayor Jayne Bates OAM



Mayor Jayne Bates OAM receiving the Local Government Association John Legoe Award 2013 in recognition of personal and professional development and commitment and service to their community.

Chief Executive Officer

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It is always hard to sit down and think back across a year packed full of activity and progress and then condense the best and most relevant into a brief introduction for our Annual Report, however the looking back often illuminates the good work we have done and reminds us of the areas we still need to work on.

2012-13 has been a year of continued consistent effort to improve the way we work with the Communities and Agencies we engage with – the Island Community as a whole, the State (and to a lesser extent) Federal Governments.

We have worked hard this year to extend the cooperation and joint ventures we have with Community Groups around the Island and we have seen some significant progress in working more closely to achieve common aims and to make Council and Community dollars stretch as far as they can.

The Community Capital Infrastructure Grant Program was successfully launched in January 2013 and resulted in over \$165,000 being distributed to Community Groups for key infrastructure projects around the Island. This will deliver over double that value in dollar spend – predominantly with Island businesses. The ability for Groups to leverage this funding against their own or other grant funds available from either non-government organisations or from State / Federal sources is a significant enabler for projects that would otherwise simply be out of reach for the organisations and Communities involved.

The program delivered funding for multiple projects in Parndana, Penneshaw, Kingscote and Western Districts and produced some innovative approaches to improving amenity and facilities whilst reducing cost for the organisations and not impacting Council with any ongoing costs of maintenance a key assessment criteria.



CEO Andy Boardman discussing road upgrades with Council Asset Services staff and contractors.

Chief Executive Officer

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The Program is available again in 2013-14 and we expect to see plenty of additional projects implemented around the Island co-funded by Council.

There has been a continuing emphasis on improving Council's abilities to deliver core business services for the Community with Staff focusing on getting the basics right and building capacity into the business to be able to make the necessary changes to improve and grow our ability to do more with less.

This Council is financially unsustainable – there are insufficient rate payer numbers for the land area and asset base that we are responsible for and therefore we simply do not have the revenue base to manage Council operations, current services and the assets (principally roads and associated infrastructure) as they should be. In effect, whilst Council manage operations with a small operating cash surplus, we are not able to fund the depreciation provisions required to maintain assets in an appropriate, fit for purpose, sustainable manner.

Cost control and efficiency is a given and the challenge going into 2012-13 was to maintain operational expenditure at 2011-12 levels. In addition to this there needed to be a strong focus on maximising revenues from existing streams and the continuation of work started in 2011-12 on investigating alternate, non-traditional revenue opportunities

It is pleasing to note that the works started in 2011-12 on managing our asset accounting in a more appropriate manner delivered some significant reduction in our depreciation accrual (17.6%). This work has continued in 2012-13 and a further reduction in our total depreciation expense (7.7%) has been achieved with work still continuing in this area.

The headline performance against the adjusted budget (post-audited accounts for 2012-13) is outlined Table 1.

There is still much to do to turn the finances around and Council is working closely with State Government Departments, with the assistance of the Kangaroo Island Futures Authority (KIFA), to consider options that may exist around responsibility / ownership and management of roads on Kangaroo Island – sealed or unsealed – with a view to either reducing the impact on the Council by either recognising that additional funding is required for Council to manage or alternatively recognising that it is appropriate for the State to assume greater responsibilities for roads and their management on the Island.

As with everything, this is a complex area and Council Grant funding from the Commonwealth Government is impacted in positive and negative ways by small changes in the structure of ownership and responsibility for assets and it is important that we do not gain on one hand but lose on another.

TABLE 1

	2012-13 Final Budget	2012-13 Audited Accounts	
Operational Revenue	\$ 11,623,505	\$ 12,464,101	7.23% over budget
Operational Expenditure	\$ 11,040,112	\$ 11,588,079	4.96% over budget
Operational Surplus (Cash)	\$ 583,393	\$ 876,022	150% over budget
Depreciation	\$ 4,734,668	\$ 4,368,232	7.7% under budget
Overall Operational Position	-\$ 4,151,275	-\$ 3,492,210	15.8% under budget

Chief Executive Officer

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Significant work is in hand in these areas and we would hope that this will crystallise in 2013-14 positively for Council and the Community.

Having the Kangaroo Island Futures Authority (KIFA) in place for the second year has enabled Council to work much more collaboratively with State Government Departments and we have seen a focus on researching the many issues we have around the strategic enablers for growth on Kangaroo Island – access, infrastructure and power. Work is continuing on access with -2012-13 seeing the completion of a review of the Kangaroo Island Airport and its implications for increased accessibility, growth of tourism numbers and additional competition potentially reducing costs of access.

The business case has been adopted by Council to enable conversations to commence with State and Federal Governments with regards to funding any upgrade and the need to take into account the increase in operational costs until such time as passenger numbers rise again to 1999 levels (99,000 pax). Further work with Tourism Australia, SA Tourism Commission, KIFA and inbound tourism operators is underway in 2013-14 to firm up the demand scenarios and look to provide a framework for redevelopment, expansion and then operational and marketing support that will be necessary to attract and support airline operators as the service options get established in the marketplace.

KIFA and Council are working on the Island power situation and are working closely with SA Power Networks (South Australian Power Distribution Service Provider) in the design of their bid to the Australian Energy Regulator for capital work upgrades for the Network on the Island for the period 2015-2020. This application needs to be completed and submitted in 2014 and is centred around the need for a higher standard of service being required which would then be served by a new sub-sea cable and upgrades to the on-Island

distribution network infrastructure to increase power availability, capacity and security for the Community – particularly around the extensive single wire earth return network (SWER) that covers most of the rural areas of the Island.

In conjunction with this there has been a lot of work continuing evaluating the renewable energy options for the Island as means of creating interim capacity for growth. There are several initiatives that are approaching maturity and hopefully we will see these move forward in 2013-14.

Council and Regional Development Australia Adelaide Hills, Fleurieu and Kangaroo Island have been working in partnership with Renewables SA to design and deliver an iconic, innovative approach to renewable power and green energy use based around the Kangaroo island Airport. A \$500,000 grant for the establishment of innovative solar power generation was made available by Renewables SA and work commenced on the installation of 50KW of high efficiency tracking solar panels to the airport (around 75% of our total power needs at the airport) together with 14KW of solar panels at our Dauncey Street Offices.

This work was completed in the year with the second phase of the project being a network of public electric vehicle chargers and three electric vehicles following in early 2013-14 running on green power. The project will see significant net savings to the Council for power at the two main locations together with the establishment of the infrastructure essential for electric vehicles to become a viable choice for use on Island. The vehicles will be available for commercial hire and Council / Community use and we expect that this network will be the first regional rural network established and one that will allow electric vehicles to make the trip from Adelaide to Kangaroo Island and then tour the Island safely and reliably.

Chief Executive Officer

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Once again the volume and range of work being undertaken by Council Staff at all levels is exceptional – there is a genuine willingness to go the extra mile by all staff and their commitment to the changes we will continue making in the business is very much appreciated – no-one likes change and yet it is the one great constant in life. Staff engagement in this process – whether through direct participation, ideas, observations and general support for each other adds enormous value to our organisation and whilst everyone accepts there is much that can be done better, we are definitely moving forward.

There has been continued work to further strengthen and develop Council staff capabilities and capacity in 2012-13 – the second stage of an organisational review has been completed and implemented and the new structure cemented in place in the latter part of the year. For the first time for a long time Council are moving into a new Financial Year fully staffed with, what are considered to be, the right blend of skills, experience and knowledge to implement essential legislative requirements; identify and create efficiencies and cost savings and to ensure that we have a set of policies and processes in place to support the business needs now and for the future. There is a “hump” of work to get through and the full complement of staff will allow us to achieve this – good progress was made in 2012-13 and this is planned to continue in 2013-14.

Much as it would be nice to report a startling transformation of Council's financial situation there is no quick, single solve all solution. A continuous and consistent approach in-house to reducing costs, building capacity and skills to get efficiencies and ultimately reduce costs together with a focus on existing and new revenue opportunities is the default option. Working as closely as possible with Community groups to optimise the benefit of Council spend will ensure that we get the best “bang for buck”.

This, coupled with continuing advocacy and collaboration with State / Federal Governments, addressing asset ownership; responsibility for, and costs of, management of that asset and the possibility of joint funding options that reflect our 4th Icon status and contribution we present to Tourism Australia and State Tourism visitor targets and revenue generation opportunities will ensure that this Community and its Council will be sustainable in the future.

Andrew Boardman
Chief Executive Officer

Council

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Principal Role of Council

A Council is, under the system of local government established by the *Local Government Act 1999*, established to provide for the government and management of its area at the local level and, in particular:

- To act as a representative, informed and responsible decision-maker in the interests of the community
- To provide and coordinate various public services and facilities and to develop its community and resources in a socially just and ecologically sustainable manner
- To encourage and develop initiatives within its community for improving the quality of life of the community
- To represent the interests of its community to the wider community
- To exercise, perform and discharge the powers, functions and duties of local government under this and other Acts in relation to the area for which it is constituted

Functions of Council

- To plan at the local and regional level for the development and future requirements of its area
- To provide services and facilities that benefit its area, its ratepayers and residents, and visitors to its area (including general public services or facilities)
- To provide where possible for the welfare, well-being and interests of individuals and groups within the community
- To take measures to protect its area from natural and other hazards and to mitigate the effects of such hazards
- To manage, develop, protect, restore, enhance and conserve the environment in an ecologically sustainable manner, and improve amenity
- To provide infrastructure for its community

- and for development within its area
- To promote its area and to provide an attractive climate and locations for the development of business, commerce, industry and tourism
- To establish or support organisations or programs that benefit people in its area or local government generally
- To manage and, if appropriate, develop public areas vested in, or occupied by Council
- To manage, improve and develop resources available to the Council
- To undertake other functions and activities conferred by or under an Act

Roles of the Elected Members, CEO and Senior Management

The *Local Government Act 1999* prescribes the legal framework which gives Councils the power to make local laws and also determines the roles and responsibilities of the elected representatives. The Mayor and nine Councillors serve four year terms, and set the strategic direction of the Council. The Mayor is the chair of Council meetings, ensuring Council decisions are implemented, and also represents Kangaroo Island at government, civic and ceremonial functions.

Council's Senior Management Team provide advice to the Elected Members. The Chief Executive Officer, Management and Staff deliver, monitor and implement the day to day services to facilitate the implementation of Council's decision making and strategic plan.

Elected Members

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Jayne Bates OAM

Mayor

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Peter Clements

Deputy Mayor

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Malcolm Boxall

Councillor

Phone: 8553 9016
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Rosalie Chirgwin

Councillor (Resigned July 2012)

Council Policy allows for single Councillor vacancies without by-election being required.



Graeme Connell

Councillor

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Joy Willson

Councillor

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Elected Members

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Elected Member Attendance Summary

2012 - 13

Sum of Total			
Councillor	Meeting Type	% Attendance	Total
Cr Boxall	Council	83%	10
	Informal Gathering	79%	19
	Special Council	64%	9
Cr Chirgwin *	Council	8%	1
	Special Council	7%	1
Cr Clements	Council	92%	11
	Informal Gathering	71%	17
	Special Council	64%	9
Cr Connell	Council	67%	8
	Informal Gathering	83%	20
	Special Council	79%	11
Cr Davis	Council	92%	11
	Informal Gathering	75%	18
	Special Council	86%	12
Cr Denholm	Council	92%	11
	Informal Gathering	100%	24
	Special Council	100%	14
Cr Liu	Council	83%	10
	Informal Gathering	50%	12
	Special Council	29%	4
Cr Walkom	Council	67%	8
	Informal Gathering	67%	16
	Special Council	43%	6
Cr Willson	Council	92%	11
	Informal Gathering	92%	22
	Special Council	93%	13
Mayor Bates	Council	100%	12
	Informal Gathering	100%	24
	Special Council	100%	14

* Formally resigned 11 July 2012

Elected Members

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Councillor Allowance

Councillor allowances for the reporting period of 2012/13 were set in August 2010 by the Remuneration Tribunal and incorporate the CPI increase. The following table outlines the actual allowances for Elected Members over the 2012/13 period.

ELECTED MEMBER	ALLOWANCE	REIMBURSEMENTS
Mayor Jayne Bates OAM	\$ 33,605.00	\$ 12,265.50
Deputy Mayor Peter Clements	\$ 10,334.50	\$ 5,231.19
Cr Malcolm Boxall	\$ 8,267.50	\$ 1,315.12
Cr Rosalie Chirgwin	\$ 951.20	\$ 0.00
Cr Graeme Connell	\$ 8,267.50	\$ 0.00
Cr Bec Davis	\$ 8,267.50	\$ 226.80
Cr Peter Denholm	\$ 8,267.50	\$ 5,581.08
Cr Ken Liu	\$ 8,267.50	\$ 250.12
Cr Graham Walkom	\$ 8,267.50	\$ 1,185.66
Cr Joy Willson	\$ 8,267.50	\$ 5,710.58

Internal Review of Decisions

Pursuant to Section 270 of the *Local Government Act 1999*, Council received no applications for internal review of Council decisions.

Report of the Use of Confidentiality Provisions

Refer to Statutory and Legislative Section in Annual Financial Statement (attached).

Good Governance

What is good governance? It is an extremely important aspect of any organisation, be it government, commercial or private enterprise. It is the setting of ideals and values for customers and clients or in Council's case, residents, ratepayers and community members in general.

It necessitates ethics, clarity, equity, transparency and demands honesty and integrity.

The Kangaroo Island Council has ensured good governance, conducting reviews and audits across all departments of the Council. This has been followed by the development and implementation of processes in line with a continuous improvement philosophy.

This has been achieved not just by meeting compliance, however also leading the local government sector along with 5 other Councils in SA with our involvement in the Internal Control / Good Governance pilot; Stage 1 being Audit, and Stage 2 being the sustainable management system. This process and system is being overseen by the Audit Committee.

Elected Members

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Ethics

The Kangaroo Island Council's Elected Members' Code of Conduct and Employees' Code of Conduct provide a system of moral principles governing the appropriate conduct of Council. These are underpinned by five principles of ethics, which guide and direct Council in all of their practices and operations. The five principles are:

- Respect for persons
- Respect for the law and the system of government
- Integrity
- Diligence
- Economy and efficiency

In addition, the Administration of Council reinforces and demonstrates a 'value system' that includes amongst others:

- We are honest in our dealings with others
- We always demonstrate commitment and diligence in our efforts
- We are fair and even-handed in our dealings with others
- We have a sense of urgency on matters related to health and safety

Representation Quota

In June 2010 the Local Government Association confirmed the representation quota for Kangaroo Island to be 323. This is determined by dividing the total number of electors (3,237) by the number of elected representatives (10). This compares with a state average quota of 1636 across metropolitan Adelaide, rural and regional councils of South Australia. The next review of representation quota is due to be complete by November 2016.

Involving our Community

Council meetings over this period have been held in the Council Chambers in the Kingscote offices on the second Wednesday of each month - unless otherwise advertised in *Council Matters* in 'The Islander' newspaper. The public are encouraged to attend these meetings and any that are held during the year in other Island townships. Each month the Council agenda and minutes are posted on the Council website or available to read at the main Council office, Penneshaw Community Business Centre, Parndana Post Office and American River Post Office.

At ordinary meetings of Council, formal provision is made for 'questions from the gallery'. Members of the public may also seek a deputation to a Council meeting by making an application in writing to the Chief Executive Officer. Approval for such deputations rests with the Mayor.

Elected Members

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Planning and Decision Making

In accordance with the *Kangaroo Island Council Public Consultation Policy* and adherence to our commitment of transparent, accountable and responsive decision making, public consultation was strongly demonstrated through 2012/13.

During the development of the 2010 - 2014 Kangaroo Island Council Strategic Plan, a forum was held attracting approximately eight attendees titled: *Future Search: United in our Future*. Representation was inclusive of residents, ratepayers, members of the community groups, Government agencies, Elected Members and Employees of Council.

Future Search enabled a broad spectrum of Kangaroo Island community representation to

provide input into the direction and goals for the Council and the outcome set the platform for the development of this strategic plan.

Each and every "common ground" item identified from the session was incorporated into the Kangaroo Island Council four year Strategic Plan. Furthermore, a direct flow-on effect occurred with the development of the 2010/11 Business Plan and budget.

Invitations for other consultative opportunities, along with information and communication of Council plans and opportunities, have been regularly issued and advertised via Council's weekly article in '*The Islander*' newspaper - '*Council Matters*', through the twice yearly newsletter '*KI Matters*', as well as all information, documentation and outcomes being made available on our website.



ABP Consultation Penneshaw - December 2012

Committee Representation

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COUNCIL COMMITTEES (Section 41)	MEMBERSHIP
Awards & Grants Assessment Panel	Cr Davis, Cr Denholm, Cr Connell & Mayor (ex-officio) <i>(term of Council)</i>
Audit Committee	Mayor, Cr Willson, Cr Walkom, Cr Clements & Mr Bill Cossey <i>Advice -</i> CEO, FGM & Compliance Officer
Boating Facilities	Mayor, Cr Connell, Cr Denholm, Representatives from American River, Emu Bay, Shoal Bay, Baudin Beach & Penneshaw <i>Advice -</i> ASPM
Community Passenger Network	Cr Davis, Representative from Transport Industry, Education Sector, Employment Sector (2) & Health Sector (2) <i>Advice -</i> CEMGM
Finance Committee	Mayor, Cr Willson, Cr Clements, Cr Boxall & Cr Davis <i>Advice -</i> CEO, ASGM & FGM
Town Centres	Mayor, Cr Willson, Cr Connell, Cr Liu, Cr Denholm & Cr Walkom, Representatives from Progress Associations - Penneshaw, Advance Kingscote, Parndana & American River <i>Advice -</i> CEO, DSA, ASPM, CEMGM, ASGM, Planning SA Representative & Project Consultants

REGIONAL SUBSIDIARIES (Section 43)	MEMBERSHIP
Southern & Hills LGA [Executive & General meetings]	Mayor & CEO (Proxy first Deputy Mayor, second ASGM)
Fleurieu Regional Waste Authority	Cr Boxall (proxy Cr Denholm)

DEVELOPMENT ACT	MEMBERSHIP
Development Assessment Panel	Panel of 7 Members comprising 3 appointed Elected Members (appointed separately), Independent Chair & 3 Independent Representatives
Building Fire Safety	Building Officer, Senior Planning Officer, Representative from SA CFS & Building surveyor

Committee Representation

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INTERNAL OPERATIONAL COMMITTEES	MEMBERSHIP
Airport Safety	CEO, Airport Services Coordinator, Airport Administration Officer (ex-officio), Representatives of Regional Express, DOIT, Royal Flying Doctor Service, Hertz KI, Budget KI, SAPOL, KI Transfers
Airport Security	CEO, Airport Services Coordinator, Airport Administration Officer (ex-officio), Representatives of Regional Express, DOIT, Royal Flying Doctor Service, Hertz KI, Budget KI, SAPOL, KI Transfers
Kingscote Aerodrome Emergency Committee	Representatives of KIC, SAPOL, SA Ambulance Service, KICFS, KISES, Emergency Management Australia, Regional Express & Families SA
Workplace Consultative Committee	PL&GGM, ASGM, PLCO, ASU Employee Representative, AWU Employee Representative
OHS&W Committee	ASGM, PLGGM, WCAS, Representative for H&S Admin H&S Penneshaw, H&S Kingscote, H&S Compliance

EXTERNAL COMMITTEES / BOARDS	MEMBERSHIP / COUNCIL REPRESENTATIVE
Indigenous Reference Group	ASGM
KI Bushfire Management Committee	CEO or nominee
KI Community Housing	Cr Davis & CEMGM
KI Emergency Services Advisory Group	CEO or nominee
KI Emergency Services Operational Group	CEO or nominee
KI Health Advisory Council	CEMGM
KI Natural Resources Management Board	Mayor & ASGM (ex-officio)
KI Ports Management Group	Mayor & CEO
LGA of SA	Mayor (Proxy Deputy Mayor)
LGA State Executive Committee	Mayor
LGFA	Mayor
National Sea Change Taskforce	Mayor & CEO
Penneshaw Community Business Centre	Mayor
Regional Development Australia	Deputy Mayor Clements
Road Safety KI Committee	ASPM
SA Boating Facilities Advisory Committee	Mayor (LGA Representative)
Southern & Hills LGA Roads Working Party	ASPM
Tourism KI	Mayor (Proxy Cr Clements)
Tourism Optimisation Management Model	CEMGM
ZEMC	Mayor

Commonly Used Acronyms

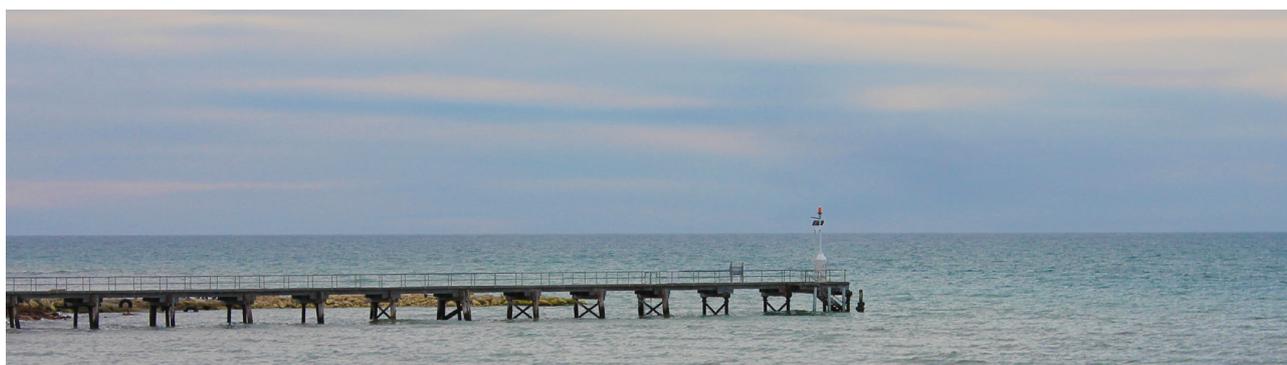
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LEGEND - COUNCIL PERSONNEL	
ASGM	Asset Services General Manager
ASPM	Asset Services Project Manager
CEMGM	Communications Engagement and Marketing General Manager
CEO	Chief Executive Officer
DSA	Developmental Services Advisor
EM	Elected Members
F&SGM	Finance & Systems Manager
FPO	Fire Prevention Officer
GI	General Inspector
HR	Human Resources
OH&S	Occupational Health & Safety
SM	Senior Managers
LEGEND - OTHER	
CFS	Country Fire Service
CPM Survey	Comparative Performance Measurement
CPN	Community Passenger Network
CTO	Community Transport Organisation
CWMS	Community Wastewater Management Scheme
DAC	Development Assessment Commission
DAMP	Drug and Alcohol Management Plan
DAP	Development Assessment Panel
DEWNR	Department for Environment, Water & Natural Resources
DPA	Development Plan Amendment
DPTI	Department of Planning, Transport & Infrastructure
DMITRE	Department for Manufacturing, Innovation, Trade, Resources & Energy
EPA	Environment Protection Authority
ERD	Environment, Resources & Development
FRWA	Fleurieu Regional Waste Authority
FWS	Finding Workable Solutions
FY	Financial Year
KIC	Kangaroo Island Council
KICHA	KI Community Housing Association
KIBMC	Kangaroo Island Bushfire Management Committee
KIFA	Kangaroo Island Futures Authority
KIHS	KI Health Service
KINRM	Kangaroo Island Natural Resource Management

Commonly Used Acronyms

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LEGEND - OTHER (CONT.)	
KIPMG	KI Ports Management Group
KPIs	Key Performance Indicators
KIRRC	KI Resource Recovery Centre
LG	Local Government
LGA	Local Government Association
LGS	Local Government Services
MOU	Memorandum of Understanding
NV Council	Native Vegetation Council
PAR	Plan Amendment Review
PDs	Position Description
PPRADS	Professional Performance Review and Development System
RDA	Regional Development Australia
RDIF	Regional Development Infrastructure Fund
RPT	Regular Passenger Transport
SA Govt	South Australian Government
SATC	South Australian Tourism Commission
SHLGA	Southern & Hills Local Government Association
SOP	Safe Operating Procedure
TKI	Tourism Kangaroo Island
TOMM	Tourism Optimisation Management Model
URPS	Urban & Regional Planning Solutions
WAA	Water Affecting Activity
YAC	Youth Advisory Committee
ZEMC	Zone Emergency Management Committee



Emu Bay Jetty

Departments and Senior Staff

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Kangaroo Island Council Administration

The administration of Kangaroo Island Council is made up of three distinct departments, each with Senior Staff members reporting directly to the Chief Executive Officer.

Chief Executive Officer

Andrew Boardman (Aug 2011 -)



The Chief Executive Officer is responsible for the administration and implementation of Council directions (resolutions, Strategic Plan and Annual Business Plan). The CEO is also responsible for the employment and management of Council's staff.

Asset Services (AS)

General Manager

Michael Culley (Nov 2012 -)

Peter Davis (Aug 2012 - Nov 2012) (Acting)

Steven Watson (Sept 2011 - Aug 2012)

Asset Services Department, Kangaroo Island Council's biggest department both in annual budget and employee numbers, is responsible for the 'works' side of Council. They build and maintain roads, infrastructure, parks and gardens.

The Kingscote Airport is a major asset in this department. Also part of Asset Services is Environmental Services which includes General Inspectors, Fire Inspectors, Dog and Cat Management and Environmental Health.

Finance & Systems (FIN)

General Manager

Andrew Cole (Jan 2011 -)



The Finance Department is responsible for the management of all financial matters within Council. This includes invoicing, receipting, reporting, financial modelling, compliance and project auditing. Finance are especially busy around the time of budgeting and Annual Report and Business Plan preparations.

Finance and Systems also has responsibility for the coordination and management of our ICT service provision in conjunction with the Alexandrina Council.

Communications, Engagement and Marketing (CEM)

General Manager

Darren Keenan (Nov 2011 -)



The CEM Department is responsible for Library, Records Management, Customer Service, the Community Passenger Network, Grants and Cemeteries.

Departments and Senior Staff

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CEM also have a lead role in Community engagement, communication and marketing for Council. CEM facilitate the Town Centres and Boating Facilities Committees of Council.

Functions Reporting to CEO

Human Resources, Risk and WH&S

Manager

Ted Botham (April 2013 -)



HR / Risk and WH&S functions are responsible for the employment and safe working environment for all of Council's employees by dealing with all HR, WH&S and workers compensation matters.

Development Services

Manager

Aaron Wilksch (Nov 2012 -)

David Altmann (Advisor 2009 - Oct 2012)



Development Services are responsible for the management and implementation of the Kangaroo Island Development Plans, ensuring that all developments are both complying and suitable for Kangaroo Island (as specified in the Development Plan).

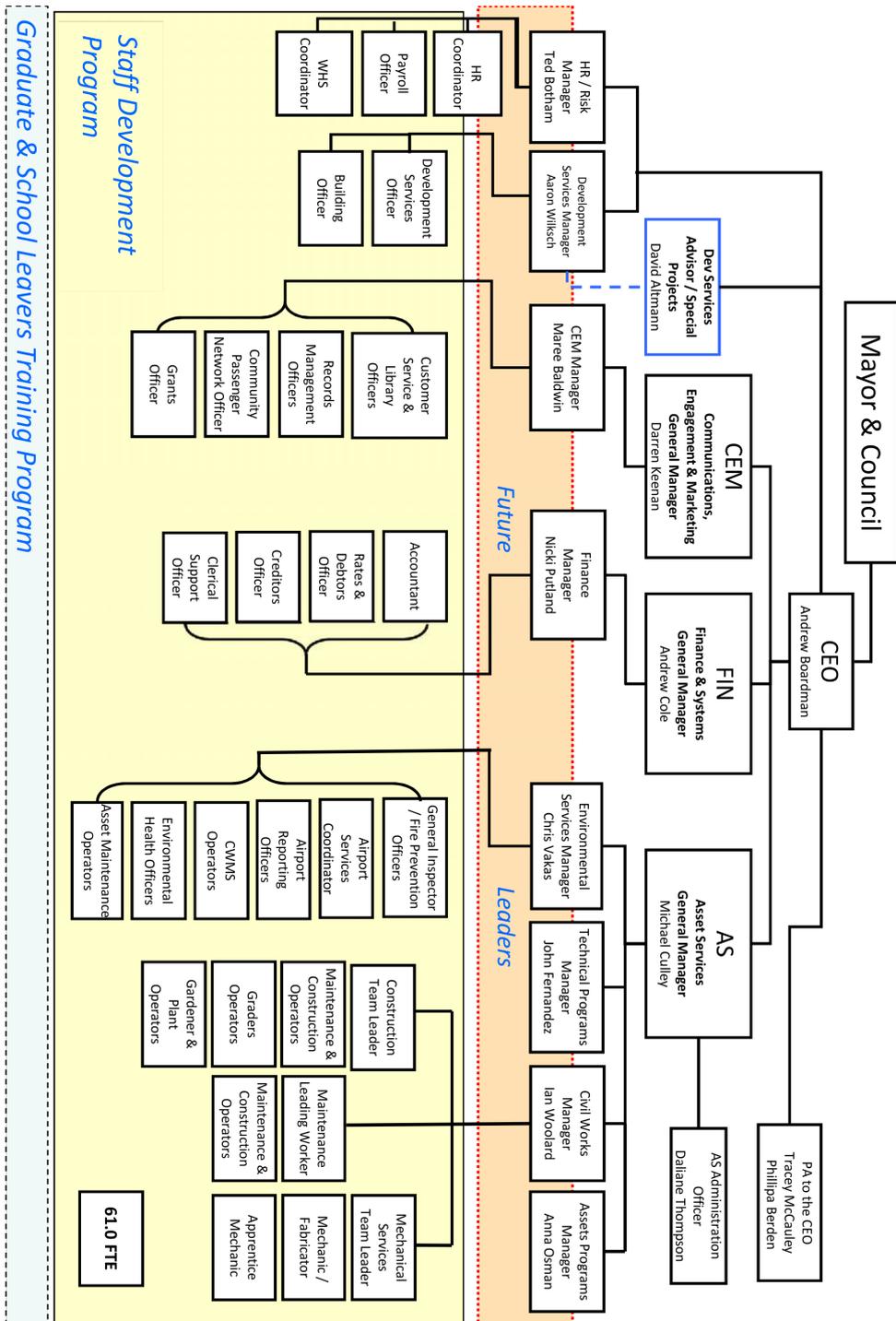
Development Services deal with land divisions and sub-divisions, building of houses and commercial premises, septic tank approvals along with building inspections.



Shoal Bay

Organisational Structure

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Asset Services

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Asset Services Department is Kangaroo Island Council's largest Business Unit, both in annual budget and employee numbers, and is responsible for the "works" side of Council. The Business Unit builds and maintains roads and infrastructure, maintains parks and gardens, and ensure that Council's vital assets are well managed. Asset Services Department also delivers Environmental Services, which includes Environmental Health, General Inspectors, Fire Protection and Dog and Cat management.

Overview

Asset Services Department employs 44 full-time staff as well as casual employees. The responsibility and diversity of the Business Unit includes the Kingscote Airport, Infrastructure (Capital & Operational expenditure), Project Management, Asset Management, Leases & Licenses, Environmental Health, General Inspectorate, Waste Management and Community Wastewater Management Schemes.

The Asset Services Department is responsible for the construction and maintenance of:

- 253 kilometres of sealed road network
- 1,066 kilometres of unsealed road network
- Boat launching facilities (3 renewed, 2 in design)
- Camping & Day visitor sites (including gardens, reserves & swimming pool)
- Community Wastewater Management Schemes (Kingscote & Brownlow, Parndana, American River, with Penneshaw in design and consultation phase)

The Asset Services Department also operates a contract to undertake maintenance on 110 kilometres of the Department of Planning, Transport & Infrastructure sealed road network.

Airport

Whilst passenger numbers continue to decline, Council has worked hard to develop strategies to improve performance. The airport has maintained full compliance with Civil Aviation Safety Authority requirements, and engineering assessments have been conducted on the runways to investigate whether aircraft with greater than 20,000 kilogram maximum take-off weights can access the airport. The runways and supporting culverts have been approved to allow heavier aircraft to operate in and out of the airport, however this will continue to be subject to requests for waivers to ensure that wear-and-tear on airport infrastructure is minimised.

Discussions with the Royal Australian Air Force have been fruitful, with a positive outlook with regard to conducting training operations in the future.

Asset Services Department staff are also well advanced in the process of renaming the airport, to reduce potential confusion for overseas tourists who choose to come to the Island. The name "Kingscote/Kangaroo Island" is favoured as the most expedient and user-friendly option.

Asset Management

Council continues to provide focus on development of its Asset Management including the establishment of a dedicated position of Asset Program Manager. This portfolio is responsible for the ongoing development of asset management plans, assessment of 'Whole of Life' costs associated with all asset classes, including roads, storm water, Community Wastewater Management Schemes, reserves, buildings, plant and furniture and fittings.

Asset Services

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Major asset works undertaken during the financial year included:

- Resealing was conducted in Kingscote township on Franklin Street, Africaine Terrace, Chapman Terrace and Brownlow Road. Further resealing was conducted on rural roads on segments of Birchmore and Arranmore Roads. Shoulder sealed was also performed on Hog Bay Road near Penneshaw for the Department of Planning, Transport and Infrastructure.
- Unsealed road re-sheeting of Seagers Road, Timber Creek Road, Mount Taylor Road, Harriet Road, Gap Road, and Three Chain Road.
- Other asset work including new stormwater infrastructure for White and McLaren Streets, upgrade to the Gum Creek Bridge, sealing of Lloyd Collins Reserve Carpark, new footpath on Middle Terrace, fire system upgrade and façade upgrade for Council's Dauncey Street offices and Chambers.

Project Management

The role of Project Manager has been revised to include the management of contracts, and is now termed Projects and Contracts Manager. The role of the Projects and Contracts Manager is to manage works associated with external grant funding, and other works requiring the sourcing of external service providers. Major projects undertaken in this regard included:

- Stage 2 of the Renewal of Unsealed Roads program was delivered in conjunction with the Department of Planning, Transport and Infrastructure. 25 kilometres of re-sheeting was conducted on Willsons, Stars and Elsegood Roads to bring them up to an all-weather standard. This multi-year upgrade program delivers important road safety measures such as increased lane width and sight lines, which in turn will allow motorists better visibility and reduce

wildlife injuries. This stage of the program was completed just in time to deal with a major weather event, and has stood up extremely well during the very wet winter.

- The staff work for Stage 3 of the Renewal of Unsealed Roads program was commenced during this year, with further works scheduled for roads in the Parndana and Dudley areas.
- Town Street nameblade upgrades to complying standards were delivered in the American River, Parndana, Emu Bay, Sapphoretown townships.
- Repairs to the Old Police Station were conducted.
- Emu Bay Jetty Lighting was upgraded.

Operations and Civil Works

The program of Patrol Grading of Council's unsealed road network continued, with special attention to a dedicated drainage program to improve pavement condition. Sealed Road Maintenance was performed on both the Department of Planning, Transport and Infrastructure road network and Council's own infrastructure.

The inundation of the MacGillivray area presented a number of challenges for Council works teams, primarily finding the balance between conducting repairs and providing access and the damage caused by moving heavily loaded vehicles across fragile roads. Council staff met with residents on several occasions to develop strategies to better communicate changes to road condition and to assist residents to help minimise inconvenience and disruption. Council asset management staff have been closely engaging with State Government disaster relief agencies to review and assess the damage caused by the inundation, with a view to restoring the network to full functionality as soon as practicable.

Asset Services

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Technical Programs

Council has established a new position within the Business Unit to provide support and advice on technical standards to the Asset Services Management Team to assist with the planning and delivery of programmed and future works. This role will deliver Technical Mastery of technical standards necessary to assist with the management of service, planning and the delivery of Council's construction and maintenance program. This is to be achieved in accordance with the Strategic Plan and policies of Council, ensuring compliance with Local Government Act, Australian Standards, Agreements and other applicable Legislation.

Community Wastewater Management Schemes

Strategic Objective '4.8.5 Undertake the construction of the Penneshaw Community Wastewater Management System subject to final financing consideration' was progressed with several important reports going before Council for consideration.

The preferred design was submitted with Council approval to the Local Government Community Wastewater Management Schemes Committee for their assessment of subsidy payment – an essential step in the process of taking this project to public consultation. At the time of writing the design is undergoing public consultation, prior to coming back before Council for deliberation.

All other Community Wastewater Management Schemes at American River, Kingscote, Parndana East and Parndana continued to be managed and monitored in accordance with SA Health and Environmental Protection Authority requirements.

General Inspectorate

The General Inspectorate team has been extremely active in ensuring Council's obligations are met under the *Fire and Emergency Services Act 2005*. This includes the issuing of Section 105F Notices, and also encompasses compliance activities in conjunction with local CFS Brigades. A community education program was developed for the 2013/14 Fire Season, with user-friendly brochures sent to all residents and ratepayers.

The General Inspectorate team have continued their close partnership with CFS to undertake targeted community education programs, and actively contributes to the Kangaroo Island Bushfire Management Committee.

The General Inspectorate team has also been active in the promotion of Council's Dog & Cat Management Plan, including an increased focus on the tracking and management of Feral Cats. Council staff contributed in a Feral Cat Management strategy workshop and participated in a YouTube video clip to promote Feral Cat awareness strategies.

The team has also developed a detailed Parking Register for the Island, to provide clear guidance for residents and visitors of restricted parking areas and regulations.



Dog Registrations

Asset Services

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Environmental Health

Environmental health is the field of science that considers all the external environmental (physical, chemical, and biological) factors that impact on, or have the potential to impact the health and wellbeing of a person. It encompasses the assessment and control of those environmental factors that can potentially affect health or introduce disease to the individual or community. It is focused on preventing disease and creating supportive healthy environments.

Council's Environmental Health Officer has continued to focus on food premises inspections Primary Production & Processing of seafood, meats, honey, pubs and clubs, restaurants, cafés and take-aways, B&Bs, markets, stalls, community events, kiosks, tea rooms, and mobile food vendors.

Other inspections include swimming/spa pools and warm water systems for Legionella and other pathogen control, domestic squalor and unfit housing, waste water and potable tank water testing, sampling and monitoring.

Community engagement is paramount in this area with educational material provided, and courses, such as Food Handling, being conducted and well received by the public.

Plant Replacement

Council took delivery of a new Heavy Rigid Tipper and Super Dog Trailer to provide greater efficiency in re-sheeting works. A new Light Truck was procured, and this vehicle now forms the basis of a new capability: a dedicated Road Patrol. The Road Patrol maintains all sealed road infrastructure, both Councils and that belonging to the State Government, and also provides on-the-spot maintenance in townships and other locales. Other minor plant has been procured as part of routine replacement.

A review of Fleet Utilisation was commenced in November 2012, and this provided a series of recommendations which are in the process of being actioned. These include a Grader Operators Workshop, to refine grading techniques and establish clear metrics for patrol grading. Also delivered was an Advanced Pavement Construction training program for all outdoor staff, the purpose of which was to formally consolidate road construction techniques and standards.

Roadside Vegetation Management

Kangaroo Island Council manages roadside native vegetation in accordance with the Council's *Roadside Vegetation Management Plan 2007*. The Roadside Vegetation Management Plan is authorised by the Native Vegetation Council, provides Council delegated authority to clear, and approve clearance by another party, under the *Native Vegetation Act* guidelines. In 2012, a revised *Roadside Vegetation Management Plan* was submitted to the Native Vegetation Council for review and comment.

Council's vegetation management activities are tightly coordinated with the Department of Environment, Water and Natural Resources to ensure compliance with various State and Federal Acts. Vegetation works included the management of approximately 190 kilometres of roadside vegetation.

Waste Management

The Fleurieu Regional Waste Authority manages Council's waste and recycling. The authority is comprised of the following member councils:

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

The Fleurieu Regional Waste Authority is responsible for each Council's waste operations,

Asset Services

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including collection of kerbside collected waste and operation of their waste and recycling depots. The Fleurieu Regional Waste Authority is capturing the best practices brought over from its member Councils, and continues to work hard in reducing waste going to landfill, increasing recycling, and promoting a cleaner and healthier environment for today and tomorrow.

Administration and Logistics

A review of administration and logistics within the Business Unit has seen a change in the structure of the team to include a greater degree of coordination and effectiveness. It has also seen the establishment of a quality management system for the many and various processes under which the Business Unit operates.

Investment was also approved for a central Headquarters Building for the Operational Leadership Team. Grouping the middle managers into the same workspace has already delivered a significant improvement in efficiency and collaboration. This relocation, combined with a complete bottom-up review of all middle management position descriptions, will deliver even greater effectiveness in the future.

Greater emphasis has also been placed on training and professional development, with a Professionalisation and Upskilling program delivered for junior/emerging leaders.

Named "Team Leaders of Tomorrow", this training program was delivered in conjunction with Adelaide University and has achieved all its stated objectives.

Other professional development opportunities have been delivered, including attendance at peak industry seminars for middle managers, and upgrading of vehicle licences for selected staff to ensure sufficient redundancy and full equipment utilisation.

Summary

Asset Services Teams continue to work hard this year to increase their accountability and delivery of key services. The Asset Services Department has undergone a significant evolution in the past year, building on previous initiatives to increase the level of sophistication in asset management, project & contract management, technical standards management and the effective and value for money delivery of civil works. The key to this has been several reviews of *how* and *why* things are done, to achieve the best possible outcome for the future, and to ensure that every dollar goes as far as it can to maintain Council's vital assets and infrastructure.

Michael Culley

Asset Services General Manager



Browns Beach Camping Ground

Communications, Engagement & Marketing

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The Communications, Engagement and Marketing Department (CEM Department) has once again had a busy year serving the Community as well as working on a number of significant projects. CEM Department has welcomed new staff member Emily Larcombe, Grants Officer. Emily has also taken on the extra responsibility of Community Passenger Network Officer whilst Anne Ellson is on maternity leave.

CEM Department is responsible for:

- Customer Service
- Library
- Records Management
- Grants
- Community Passenger Network
- Community Engagement
- Communications and Marketing
- Cemeteries
- Community Events
- Youth

CEM Department was responsible for creating a new look Kangaroo Island Council website. The new website is much easier to source information and includes a latest news section providing relevant up-to-date information to the Community. Stage 1 of the new website was released on 1 July, 2013.

This year Council made available two grant funding opportunities to the Community. First on offer was a repeat of the successful Community Partnership Grants Scheme with \$25,000 available to Community Groups.

The second was a new Community Capital Infrastructure Grant with a possible \$250,000 available. The number of applications received for both grants and the calibre of projects and opportunities that this money can provide, is further demonstration of the true value of these programs to the Community.

This year the following organisations were

successful in the receipt of grant funding:

Community Partnership Grants Scheme

- Parndana Soldier Settlers Museum
- Baudin Beach Progress Association
- American River Progress Association
- National Trust - Hope Cottage
- Stokes Bay Hall Committee
- KI Health Care Auxiliary
- Penneshaw Progress Association
- National Trust - Dudley
- Vivonne Bay & Districts Progress Association
- Kingscote Skate Park Committee
- Island Care

Community Capital Infrastructure Grant

- Parndana Soldier Settlers Museum
- Parndana Sports Club
- Penneshaw Progress Association
- Advance Kingscote Progress Association
- Western Districts Memorial Community and Sports Centre
- KI Players Inc.
- Parndana Progress Association

Complimenting the new look front counter, public foyer and library areas introduced last year, the Community have also benefited from the Community Display Window. The window, which is offered to Community Groups for free to display their work has proved popular with a total of 14 Community Groups taking up the opportunity so far. The window is already solidly booked out until early 2014.

CEM Department had the task of capturing all Kangaroo Island burial information recorded in burial books dating back to 1872 into a database. A total of 1645 burials have been recorded and are now in a searchable database making finding loved ones easier for the Community. This database will be available on the Council website in Stage 2 of the website revamp.

Communications, Engagement & Marketing

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CEM Department has spent time this year working with young people (ages 12-24) in the Community and raising awareness for youth on Kangaroo Island. In April this year, the Elizabeth Riders a young skateboard group of Youth Advisory Committee members from Elizabeth, Adelaide visited Kangaroo Island. The Riders demonstrated their skills to the students in Kingscote, Parndana and Penneshaw while talking to them about how to create changes in their Community. In May, 25 students attended a Leadership Day held in the Council Chambers. The day also attended by our Elected Members was a great opportunity for the Councillors to talk directly to our young people about issues that affect them today.

The Library has boosted their already successful holiday program by extending it to Penneshaw and Parndana. The holiday program has always proved popular in Kingscote, so taking it around Kangaroo Island enables children in these areas to benefit as well. I would like to acknowledge the Friends of the Library who contributed to the new notice boards, DVD racks and magazine racks in the library. The splash of colour has made our Community Library a bright and lovely place to visit.

Darren Keenan

Communications, Engagement and Marketing
General Manager



Student Leadership Day - May 2013

Development Services

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Council's Development Services Department administers statutory development assessment functions for all forms of building, land use development and land division applications against the Kangaroo Island Development Plan, Development Act and Regulations, the Building Code of Australia, development related wastewater management and health legislation, Australian Standards and Codes.

The Department is also responsible for providing accurate and concise planning advice to people undertaking development at all levels of scale and complexity including advising and administering strategic planning functions to maintain a purposeful direction for responsible, social, economic and environmentally conscious development of Kangaroo Island into the future.

Development Services staff work within a high level of delegated authority. Assessment of matters that fall outside of staff delegations are referred to the Kangaroo Island Council Development Assessment Panel (DAP) for decisions.

Council's DAP is constituted under legislative requirements and is the relevant authority for planning decisions of a non-complying nature, applications that require public notification (where public objection is received) and applications recommended for refusal.

Development Services incorporates building rules and septic tank waste water system assessment and inspection and Development Plan assessment and strategic planning functions, as well as supplementary land and property administration roles.

Building

The Building Services component involves the assessment of technical and structural aspects of Development Applications under the Building Code (Building Rules applications), undertaking

audit inspections of building work in progress and the operation of the Kangaroo Island Building Fire Safety Committee. This committee carries out audit inspections, typically on commercial buildings such as hotels, motels and halls as well as other buildings for public assembly and accommodation additional and separate to normal building inspection tasks.

Wastewater / Health

Development Services also manages assessment and inspection of septic tank and wastewater treatment system applications relative to completed Development Plan consents and in conjunction with development approvals.

Planning Services

The planning component of Development Applications requires an assessment of development proposals against the Kangaroo Island Development Plan, to promote suitable forms of development in appropriate areas across Kangaroo Island in order to preserve, enhance and advance Kangaroo Island through socially, economically and environmentally sound outcomes.

Strategic planning functions are also managed by Development Services, including the different strategic planning functions, to guide a vision for the future development of Kangaroo Island via State strategic charters, and to deliver a clear and current planning policy in the Kangaroo Island Development Plan.

Development Assessment Panel

A further component of Council's development assessment function, is that of the Council Development Assessment Panel or DAP as it is commonly known. The DAP makes decisions on Development Plan Consent applications that are complex and fall beyond the bounds of staff

Development Services

Kangaroo Island - a pristine island full of natural beauty

delegations, or purports significant variance from the provisions of the Development Plan.

The Development Assessment Panel established under Section 56A of the Development Act 1993, comprises three (3) Elected Members of Council, three (3) independent members and an independent Chairperson. The Panel continues to convene on the first Monday of each month in Council's Chambers (unless otherwise notified in The Islander newspaper, or where coincides with a public holiday, on the next available Monday).

DAP is an open meeting and the public are welcome to attend and agendas and minutes can be viewed on Council's website one week ahead of meetings.

Additional functions of Development Services

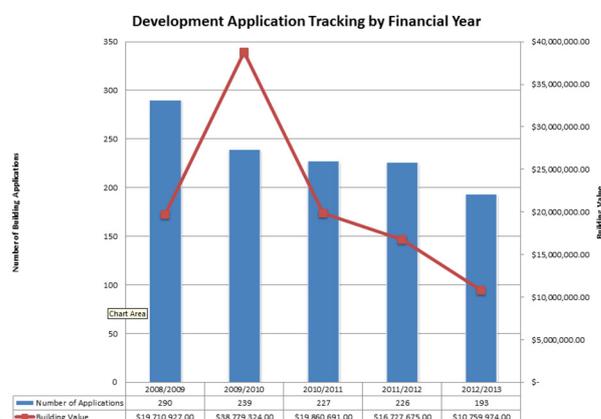
Amongst its diverse range of tasks, the additional roles of Development Services (principally within the planning functions of Council) includes:

- Provision of property search reports required for the sale and conveyance of real estate.
- Liquor licensing applications for licensed premises (other than limited / event licenses).
- Highly accessible development advice—Tuesdays by appointment, as well as via email, telephone and written correspondence.
- Environment Resources and Development Court Appeals and conciliation negotiations.
- Assistance with a range of strategic projects, such as those for infrastructure, renewable energy and use of Council community land and buildings.
- Economic development opportunities.
- Development enforcement and compliance functions.

Development Statistics

The Kangaroo Island Council area has observed a consistent and sustained decline, in the order of

8.27% per annum for development applications lodged since 2007 / 2008. The number of applications lodged during 2013 has seen a substantial decline from 2012 in the order of 24%.



The downturn in development remains anecdotally attributable to the state of the National and South Australian economy generally, and is represented in most other business sectors.

Kangaroo Island remains well positioned for a return to a more invigorated economy in the future, and Kangaroo Island Council continues to investigate new initiatives with Regional Development Australia, the Kangaroo Island Futures Authority and other key stakeholders. The decline in development applications has provided capacity to allocate resources on important planning policy, new strategic projects and assisting with special projects.

A number of major developments were approved, commenced and / or completed within the year including:

- Completion of the new Retirement Village at Kingscote for 18 units and associated community Building.
- Completion of KI Pure Grain silos and expansion of operations at Arranmore Road.
- Commencement of Sealink passenger

Development Services

Kangaroo Island - a pristine island full of natural beauty

terminal at Penneshaw.

During 2012/13 seven appeals were managed by Council in the Environment Resources and Development Court of South Australia. Appeals have risen slightly from the 2010 – 2012 period, though remain appreciably lower than in previous years (average of 13 – 15 appeals during 2005-2007 period).

Appeals have been in relation to compliance matters including construction of 2 unauthorised shack buildings, 1 appealed 'stop work' (section 84) notices on building work carried out other than in accordance with approved plans, 3 third party appeals against refusal to grant Development Plan Consent or against conditions of consent including rural dams and rural land division.

Council also concluded its section 85 legal proceedings in relation to breaches of the Development Act for development of a large farm dam and is engaged an another separate prosecution case by the Crown which will proceed to trial in 2014.

Appeals and compliance consume an enormous amount of time and staff resources (unfortunately often to the disadvantage of other development applicants awaiting development assessments) and can be expensive to run proceedings. Most of the appeals have been managed by Development Services staff, with minimal / no involvement of legal representation in most cases.

The minimisation of appeals and mitigation of costs is attributed to a highly professional Development Assessment staff, Development Assessment Panel, and constantly improving Development Plan policy, and staff committed to proactively assisting applicants in better shaping their projects prior to lodgement with upfront customer service advice.

Special Projects

During 2012/13 the Development Services has taken an active role in assisting with a range of cross-departmental projects, including:

- Finalising the Western River beach access project.
- Preparation and lodgement of low intensity tourism development project at Lot 4 Baudin Beach, for assessment with the State Development Assessment Commission.
- Assistance with Penneshaw CWMS project.
- Development of borrow pits for providing long term security for sourcing road sheeting materials in strategic locations around Kangaroo Island for future road works.
- Council buildings and land assets projects.
- Ongoing development tracking / reporting improvements and System Indicators reporting on development assessment timeframes.
- Implementation and operation of new legislation for public health and Development Act, Building Code of Australia and Australian Standards.
- Input into the review of the South Australian Planning Strategy 2013, *Government Proposal for Improving the Legislative Framework for Swimming Pool Safety* (Swimming pool safety Bill 2013).
- Visible Solar projects including 50kW solar trackers installed at Kangaroo Island Airport, 15kW solar system installed for Council's Dauncey Street offices & six electric vehicle charge points to facilitate use of electric vehicles in 2014.
- Establishment of a roadside signage and display code to facilitate the use of licensed and approved signage for business on road reserves, remote from the business premises and to increase exposure to touring customers.

Development Services

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Strategic Planning

The *Kangaroo Island Council Development Plan* is the principal document used to control development across the Island. The Development Plan was last consolidated on 26 April 2013, now incorporating the Primary Production, Forestry and Bushfire Development Plan Amendment (DPA).

Council continues to progress the proposed amendments to the Development Plan through the Rural Living DPA, which was a branch project originally incorporated into the Primary Production DPA, and further Emu Bay structure plan (current) which will lead into its own separate DPA. These amendments seek to identify new development opportunities in select locations and establish clear guidelines for the kind and intensity of development envisaged.

In the interest of consultative and transparent process, Development Services staff continue to work closely with Kangaroo Island Natural Resources Management Board, Kangaroo Island Futures Authority, Coastal Protection Board and Department of Environment, Water and Natural Resources, key environmental / community stakeholders and the public in workshopping strategic planning projects which may be environmentally or culturally sensitive.

Milestones

The Development Services Department has continued to strive for excellence, high performance and innovation throughout the year. Key areas have included:

- Maintaining and refining the essential development services functions.
- Meeting and exceeding standard statutory timeframes for development assessment prescribed under the Development Act.
- Serving the community with sound planning

advice and succinct planning assessment.

- Ongoing monitoring and audit of legislative processes and functions.
- Completion of the Primary Production, Forestry and Bushfire Protection Development Plan Amendment and progression of the Rural Living Development Plan Amendment.
- Initiation and two stage consultation on the Emu Bay Structure Plan in concert with the State Department of Planning Transport and Infrastructure's KI Structure Plan.
- Reporting to Council's Strategic Planning and Development Policy (Section 101A) Committee – reporting directly to Council on the performance of its Development Plan and other strategic planning matters.

Partnering

The Development Services Department works in synergy with other departments of Council, particularly Environmental Health and Technical Services Staff to achieve appropriate outcomes that are compliant with various legislation, codes and standards. Through this work the department liaises with a range of stakeholders including Council, State Government Agencies (e.g. SA Country Fire Service, Department of Transport, Coast Protection Board and the Environment Protection Authority), allied professionals, tradespeople and the community to meet public expectations of well configured, safe and healthy development.

Public Information

Council's website continues to evolve as a greater resource of information that is available for public use. Our suite of nearly thirty information guides, tailored to Kangaroo Island's planning policy, are available in hard copy at Council's main customer service area in the Kingscote Office and online. This includes a range of forms and guides for various applications and submissions, Council's Development Plan, frequently asked

Development Services

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questions and links to other State Planning guides from Planning SA to better inform and guide prospective developers prior to compiling plans and lodging an application.

A real-time Development Register can be accessed at the electronic kiosk now located in the Kingscote Library area. You can use the computer to view the registry of new and old development applications, their assessment and processing details and decisions issued.

Additionally, Council's Senior Planning Officer / Development Services Manager and Building Officer are available by appointment, on most Tuesdays, to assist applicants regarding the development and planning process and technical building detail. It is advisable that people bring their preliminary plans, photos or concept drawings to assist the Officers to provide relevant information and planning advice and appointments can be booked with Council's Customer Services team by phone on 8553 4500.

Human Resources

As within any organisation, the department's most important asset is its human resources and it is here that the department has continued to adapt to the changing composition of Kangaroo Island Council.

During this period The Department has said farewell to outgoing Building Surveyor and Health Officer Steven Ryles and welcomed Jeff Grinnell back to the Building Surveying and Health role. Jeff has formerly served Kangaroo Island Council between 1993 and 2002.

The Department also welcomed the valuable assistance of Development Services Officer Maddie Dobbin during Melissa Grimes' maternity leave.

Melissa also completed her studies in receiving a

Diploma in Local Government Planning in 2013.

David Altmann continues to support Development Services as Development Services Advisor and has taken on a more strategic / projects coordination role including Council development projects as directed by the Chief Executive. Peter Harmer (Harmer CLG) remains Council's consultant Building Surveyor.

Development Services Manager, Aaron Wilksch continues his substantive role as Council's Statutory Planner (recently inducted as a corporate member of the Planning Institute of Australia), and is responsible for general management of the departments operation and legislative compliance.

Our team welcomes your business and looks forward to serving you well into the future.

Aaron Wilksch

Development Services General Manager



Sealink - Penneshaw

Finance and Systems

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Council's Finance & Systems Department has consolidated its work over the last year in continuing the development of the general financial reporting and management of Council during the year, as well having oversight of Council's information and communications technology (ICT) environment.

Council's 2012/13 Annual Financial Statements were formally adopted on the 13th of November 2013. Deloitte has again issued an unqualified audit opinion that Council's financial accounts for the 2012/13 financial year are represented fairly, in all material respects, and that Council's financial performance for the year ended in accordance with accepted accounting standards and legislative requirements.

This continues Council's desired goal of preserving an unqualified audit position, and reflects well on the efforts of Council staff to provide a foundation of confidence in the ability to provide accurate and timely financial management and reporting.

For the 2012/13 financial year, Council recorded a total net deficit of \$0.8m. This deficit was approximately \$2.4m lower than expected, when compared to the revised Third Quarter 2012/13 budget. This difference was primarily due to the accounting impact of the contribution of the State Government regional infrastructure program. While this result presents an under-budget result for the year, the financial challenges ahead are still significant.

This result, on the operating revenue-side, was a slight increase on that budgeted for the year (7.23% above budget). This was primarily due to slightly higher amount of revenue received from recurrent grant funding, with some additional private works income received during the year. The result, on the expense-side, included a slight increase for the year (4.96% above budget), being primarily due to slightly higher employee costs.

Council recorded an operating deficit of \$3.492m for the year, a figure 15.8% lower than budgeted in the Third Quarter 2012/13 budget target. The operating deficit highlights the impacts identified above and recognizes the reducing operating result is trending in the right direction. The continuing work on Council's Long-Term Financial Plan highlights the continued long-term financial sustainability challenge recognized by Council.

Council's ICT environment was upgraded during the 2012/13 financial year, providing an updated Server and Application platform to support Council operations, with Council now using current version Microsoft Office products.

Financial Sustainability/Long Term Financial Planning

The Kangaroo Island Council continued its commitment to long term financial planning and to taking steps towards securing its long-term financial sustainability during the year.

During the 2012/13 financial year, Council continued to work on a Long-Term Financial Plan that targets a 'break-even' position within the next 10 year planning period. It is planned to bring in this Long-Term Financial Plan during the first half of the 2013/14 financial year.

Due to the asset-intensive nature of Council's activities, further work will continue to be undertaken in reviewing and assessing Council's Infrastructure Asset Management Plans, to ensure that the financial implications of maintaining and replacing Council's infrastructure assets are taken into account in a planned and methodical manner.

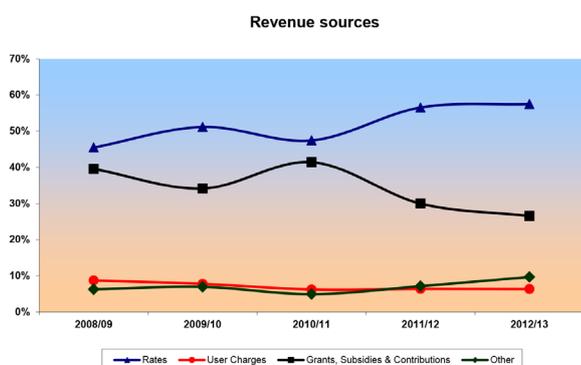
Funding Sources

During the 2012/13 year, Council continued to rely heavily on rates (57% of revenue, steady from last year) and total grants (27%, down from

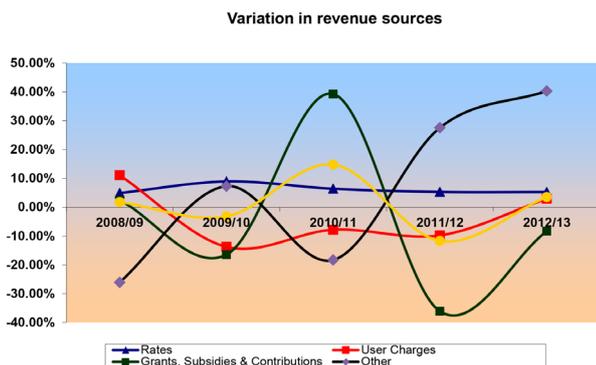
Finance and Systems

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30%) as its prime revenue sources in 2012/13. The proportion of funding sources can be seen in the following graph.



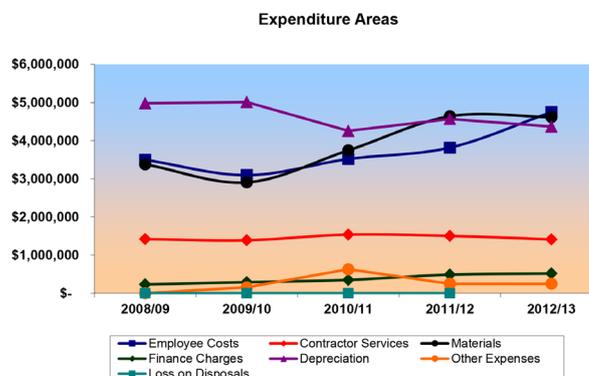
The year to year variations in grant funding and other revenue have been both significant and unpredictable over the last 5 years, providing a challenge for Council's long-term financial planning.



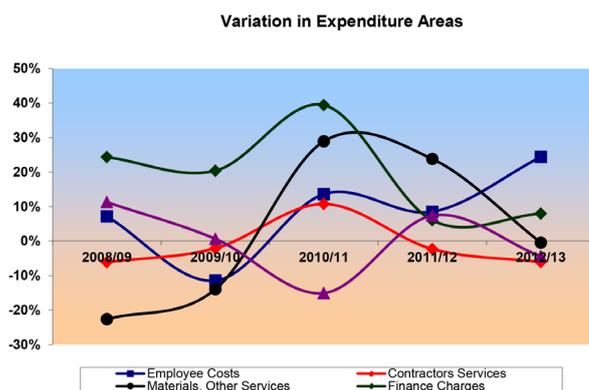
Expenditure Areas

During the 2012/13 year, Council experienced an increase in employee costs, due to a combination of new staff to fill vacant positions, increases through reclassification increments and enterprise bargaining agreement increases. Contractors, Materials and Other Expenses decreased overall by 1.73% from the 2011/12

year, providing a focus of continued cost control within the Council administration. The variations in operational expenditure over the last 5 years can be seen in the graphs below.



The year to year variations in operational expenditure, over the last 5 financial years, can be seen below, providing a challenge for Council's long-term financial planning.



Borrowings / Debt Management

In 2012/13, Council continued its policy of borrowing funds for the development of key infrastructure assets for its community, such as road upgrades, using borrowings as a means of allocating costs to consumers of those assets over their useful lives. Council also uses

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borrowings to cover shortfalls in its immediate cash management needs from time to time.

Council borrowed a total of \$6.15m during the year and repaid debt of \$4.70m. The high level of borrowings and repayments during the year reflects Council's use of short-term borrowings with the Local Government Financing Authority to cover operational cash shortfalls during the year.

Outstanding debt as at 30 June 2013 was \$9.386m, an increase in Council's level of debt from \$7.99m for the previous year. Council's fixed-term debt, for the 2012/13 financial year, has changed from \$5.357m to \$4.814m. New future borrowings have been planned for the proposed Penneshaw CWMS Project, and this project has been included in Council's Long Term Financial Plan.

Council's current level of debt, being a Net Financial Liability Ratio of 85% (up from 81% last year), to put into more common language would be similar to a household on an annual income of \$70,000 per year, with a home mortgage of only \$59,500.

Financial Indicators

Council continues to monitor and report performance against the 3 key financial indicators that have been generally adopted by Councils across South Australia as a guide to their financial performance.

Council continues to face significant challenges in relation to delivering an operating surplus and the management of its asset-driven indicators. The increasing Asset Sustainability Ratio figure for 2012/13 should be read in context of the positive impact of the State Government's regional road infrastructure program of \$2m per year. This program is delivering an improved unsealed road network.

FINANCIAL INDICATORS						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Operating Surplus	-3,362,474	-2,730,297	-2,070,764	-3,091,720	-3,390,953	-3,492,210
Operating Surplus Ratio	-59%	-46%	-32%	-44%	-46%	-45%
Net Financial Liabilities	3,379,110	5,869,886	7,442,308	8,847,582	9,536,740	10,521,605
Net Financial Liabilities Ratio	32%	54%	69%	81%	81%	85%
Asset Sustainability Ratio	31%	24%	26%	50%	6%	31%
Within Target Range Outside Target Range						

Rates and Valuations

The capital value of rateable properties on Kangaroo Island decreased by approximately 5.09% during the 2012/13 year, to a total of \$1.445bn, whilst the number of rateable properties has increased slightly to a total of 5,432 properties (in 2012, the number was 5,418).

CAPITAL VALUATIONS			
Rating Code	2012/13	2011/12	%Move
00 - Non-Rateable	\$ 91,154,040	\$92,852,020	-1.83%
01 - Residential	\$612,440,342	\$631,230,342	-2.98%
02 - Commercial Shop	\$20,632,323	\$20,452,323	0.88%
03 - Commercial Office	\$3,896,625	\$4,023,625	-3.16%
04 - Commercial Other	\$54,728,160	\$55,972,160	-2.22%
05 - Industrial	\$3,200,500	\$2,964,500	7.96%
06 - Industrial Other	\$6,184,000	\$7,219,000	-14.34%
07 - Primary Production	\$578,366,300	\$613,931,800	-5.79%
08 - Vacant Land	\$144,111,000	\$162,245,500	-11.18%
09 - Other	\$22,305,550	\$25,312,150	-11.88%
TOTAL	\$1,537,018,840	\$1,616,203,420	95.10%

Average general rates for a residential property on Kangaroo Island were \$959 in the 2012/13 year, up from \$899, being an overall increase of 6.72% over 2011/12. Average rates for primary production properties were \$1,224, up from \$1,146, being an increase of 6.79% from 2011/12.

Finance and Systems

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AVERAGE RATES LEVIED			
Rating Code	2012/13	2011/12	%Move
00 - Non-Rateable	\$ -	\$ -	0.00%
01 - Residential	\$ 959	\$ 899	6.72%
02 - Commercial Shop	\$ 1,149	\$ 1,032	11.37%
03 - Commercial Office	\$ 776	\$ 696	11.45%
04 - Commercial Other	\$ 1,554	\$ 1,387	12.06%
05 - Industrial	\$ 945	\$ 843	12.16%
06 - Industrial Other	\$ 926	\$ 896	3.37%
07 - Primary Production	\$ 1,224	\$ 1,146	6.79%
08 - Vacant Land	\$ 653	\$ 639	2.18%
09 - Other	\$ 562	\$ 565	-0.43%

Andrew Cole

Finance and Systems General Manager



Western River Cove

Human Resources and WH&S

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Staff

Recruitment was high on the agenda during the third and fourth quarter with a number of vacant positions filled.

The Asset Services General Manager left the Council and Mike Culley was appointed the new Asset Services General Manager (ASGM) in December.

Following Mike's appointment was the long awaited appointment of the Environmental Services Manager, Chris Vakas, who commenced in February 2013.

Our next appointment was the return to Council of Jeff Grinnell as the Development Officer Building and Compliance in March and Ted Botham as the Human Resources & Risk Manager (HRRM) in April.

During May and June Dave Lynch commenced as the Workplace Health & Safety Coordinator (WHSC), Emily Larcombe in a part time role as the Grants & CPN Officer, Daliane Thompson in the role Administration Assistant Asset Services and casual contracts of employment offered to Montana Bates and Matthew Johnston as Construction Operators and Lidia Pasquale as the Human Resources Administration Assistant (HRAA).

Two more positions were in the final stages of the recruitment process during June; these positions being Asset Services Administration Coordinator and Projects and Contracts Manager. A new organisational structure was also being developed for the Asset Services Department during June 2013 and will be operational during the first quarter 2013/2014.

With the appointment of the HRRM, WHSC and HRAA, the Human Resources Department has finally reached its full staffing quota after several

months of sourcing suitable candidates.

Now that the HR team has been assembled, we look forward to providing the Council and fellow employees with the tools and resources required to safely perform their work therefore benefiting the local and wider community.

Staff Development

On the job training is a continual process within the Council and in addition to this, external training was also provided for our employees.

Our Airport staff attended legislative required training including "Reporting Officer" training and "Security" training.

During the fourth quarter, a training program called "Team Leaders Of Tomorrow" was developed. This program was the brain child of the new ASGM and developed in conjunction with the Adelaide University. The program targets future leaders / supervisors and specifically tailored to the requirements of Kangaroo Island Council. The program commences in quarter one 2013/2014 and ends during quarter two 2013/2014.

The efforts of Mike Culley (ASGM) and Adam Hanna (Construction Operator) are acknowledged in developing and driving this program.

An online training service was identified by our CEO and after evaluating this system and the benefits available to our employees, Council has adopted the program and will utilise the training programs available during 2013/2014. The training system is called the catapult Learning System and will provide our employees with a diverse range of training opportunities. The cost associated with training is usually expensive due to travel costs incurred. This new online system will allow training to be conducted on the Island, at the workplace or at home; a significant saving in training costs is

Human Resources and WH&S

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anticipated when the system is fully utilised.

The foundations were being developed for a complete review of all Position Descriptions within the business during May / June using a process called RACI. This process identifies all tasks within a Position Description and how these tasks interrelate with a fellow employee's Position Description.

After the review, a set of competencies will be identified for each position ensuring our employees are provided with the required skills set to perform their duties safely and efficiently. This review process is due for completion during second quarter 2013/2014. This project is championed by our HR Coordinator, Stephanie Wurst.

Council understands there are times when our people may need a little help and in acknowledging this, our employees have been provided access to an Employee Assistance Program. Thanks goes to Phillipa Berden for her efforts in establishing this service.

Payroll introduced electronic pay slips in May 2013 for employees and will be trialling a new format of time sheet during first quarter 2013/2014. Our payroll team include Jacinta Lasscock, Phillipa Berden and Lidia Pasquale (Trainee), and they will continue to provide the accurate and efficient service that we are accustomed to during 2013/2014.

Workplace Health & Safety (WHS)

Our new HRRM, WHSC and Workplace Health & Safety Committee (WHSC) members have established a strong relationship and mutual understanding of managing safety in the business. Council is obliged to adopt "The One System"; this is a safety management system developed by the Local Government Association and must be adopted by all Councils in South Australia. By

working together, Council managed to adopt and implement all of the overriding WHS Policies during fourth quarter 2012/2013. All of these policies were reviewed by the WHSC and made available to all employees for a fourteen day consultation period.

Work has commenced on a comprehensive 'Risk Register' that will eventually identify every activity performed in the business; at present there have been approximately 400 activities identified and the workforce have played an integral part in this process thus far. Although this will always be a 'live document', we expect the register will be fully populated by second quarter 2013/2014.

The 'Take 5' safety handbook was introduced with great success. It is a quick safety check with a checklist that employees tick off prior to commencing a task. This has been such a success that a new book is being developed in consultation with the WHSC and will take our safety checks to the next level. The new books will be developed and implemented during 2013/2014.

Governance

Policies reviewed and adopted by Council following the consultation process; Whistleblower Protection Policy, Privacy Policy and EEO Policy. With the HR team now fully operational, 2013/2014 will see a plethora of Policies reviewed.

Good Governance has been achieved through audits conducted across the business and our own internal Audit Control System. We acknowledge the efforts of our Finance Manager, Nicki Putland as the custodian of our internal auditing system. This internal auditing process ensures not only legislative compliance but also compliance with internal process and systems of work.

Human Resources and WH&S

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In the first quarter 2013/2014, we will commence the process of recruiting an Executive Officer on a contract role to ensure all Governance matters are identified and addressed.

Risk Management

A priority for the HRRM on commencement was the development of a Business Continuity Plan (BCP); this plan identifies possible interruptions to the business and suitable controls to ensure continuation of services to the community. A comprehensive draft has been completed and is before the Senior Management Team (SMT) for review. The final document is to be completed and provided to the Audit Committee at the third quarter 2013/2014 Audit Committee meeting.

The annual LGAMLS risk audit was completed fourth quarter 2012/2013 within the nominated deadline with results expected second quarter 2013/2014.

Employee Relations

There has been no industrial action taken during 2012/2013. The Kangaroo Island Council Enterprise Bargaining Agreement (EBA) 2012 expires in 2014; EBA negotiations will commence during fourth quarter 2013/2014.

Senior Management Team (SMT)

The SMT comprises of the Chief Executive Officer (CEO), General Manager Finance & Systems, General Manager Asset Services and General Manager Community Engagement & Marketing. SMT remuneration packages include provision of motor vehicle for business and private use, laptop, Ipad and data service for Council business, mobile telephone and travel allowance.

All staff salaries and allowances are recorded in the Register of Salaries and Allowances; and, available for inspection at the Council

administration Offices, 43 Dauncey Street
Kingscote 5223.

Ted Botham

Human Resources and Risk Manager



Cape Du Couedic Lighthouse

Community Events

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Teddy Bears Picnic - July 2012



Community Capital Infrastructure Grants Information Session - December 2012

Community Events

Kangaroo Island - a pristine island full of natural beauty



Australia Day Award Recipients - January 2013



Australia Day Citizenship Ceremony - January 2013

Community Events

Kangaroo Island - a pristine island full of natural beauty



Community Arts Forum - January 2013



Penneshaw Skate Jam - May 2013

Legislative Information

Kangaroo Island - a pristine island full of natural beauty

Performance Monitoring and Management

The primary tool for Local Government's external accountability is the Annual Report.

Kangaroo Island Council has prepared this report to demonstrate our performance financially (in the form of the annual audited financial statements) and how we are performing against the goals and objectives outlined in our Strategic Plan.

The Annual Report is required to be prepared in accordance with Schedule 4 of the Local Government Act. The table below is a list of the material required, whether we have provided it and where it can be found in this Report.

REQUIREMENT	COMPLIANCE	REPORT
A copy of the audited financial statements of the Council for the relevant financial year.	Yes	Rear Section
A list of the registers that are required to be kept under this Act or the <i>Local Government (Elections) Act 1999</i> .	Yes	52 - 53
A list of the codes of conduct or practice required under this Act or the <i>Local Government (Elections) Act 1999</i> .	Yes	52
A copy of its most recent information statement under the <i>Freedom of Information Act 1991</i> .	Yes	54
Information on allowances paid to members of the Council or a Council committee.	Yes	17
Information on the number of senior executive officers and information on the kinds of allowances, bonuses and benefits that are made available to those officers as part of a salary package.	Yes	45
A report on the use of sections 90(2) and 91(7) by the Council and its Council committees containing information required by the regulations.	Yes	55
A statement of -		
The Council's representation quota; and	Yes	18
The average representation quota for Councils of a similar size and type (taking into account various factors prescribed by the regulations); and	Yes	18
When the Council next intends to conduct a review under Chapter 3 Part 1 Division 2; and	Yes	18
The procedures that are available under Chapter 3 for electors to make submissions on representation under this Act.	Yes	18

Legislative Information

Transparency and Accountability in Local Government

REQUIREMENT	COMPLIANCE	REPORT
The annual report of any subsidiary received by the Council under Schedule 2 for the relevant financial year.	Yes	FRWA (Rear Section)
Other material prescribed by the regulations.	Yes	N/A
Other information to be included in the annual report under this or another Act.	Yes	N/A
The Council's performance in implementing its strategic management plans during the relevant financial year, and the Council's projections and targets under its plans for the next financial year.	Yes	24 - 45
The Council's performance against its annual business plan for the relevant financial year.	Yes	24 - 45
The extent to which activities of the Council have been subjected to competitive tender or other measures to ensure services are delivered cost-effectively, and the extent (if any) to which the Council has pursued policies for purchasing local goods and services.	Yes	54
The decision-making structure of Council.	Yes	19
The training and development activities for members of the Council during the relevant financial year.		43 - 45
The implementation of equal opportunity programs, and other human resource management or development programs, during the relevant financial year.	Yes	43 - 45
The progress of the Council in preparing or finalising and management plans for community land required under the Chapter 11.	Yes	55
Other matters prescribed by the regulations.	Yes	N/A



Cape Du Couedic

Legislative Information

Transparency and Accountability in Local Government

List of Registers

Many of the documents listed below are available for public inspection free of charge at the Kingscote Administration Office, 43 Dauncey Street, Kingscote, between 9am and 5pm weekdays. Most documents can also be view on Council's website, www.kangarooisland.sa.gov.au, under Council Information / Council Policies. Copies may be purchased at a cost of \$0.20 per single A4 page or \$0.40 for double sided A4 page. A Schedule of Fees and Charges is also listed on Council's website.

Policy Documents

- Accounting Policy
- Asset Accounting Policy
- Boat Ramp Policy
- Building Inspection Policy
- Concessions and Waviers (Non-Rates) Policy
- Council Members Allowances and Benefits Policy
- CWMS Policy
- Development and Assessment Panel and Staff Delegations Policy
- Disposal of Assets Policy
- Donation Policy
- Elected Members Training Development Policy
- Election Signage Policy
- Fees and Charge Policy 2012/13
- Food Vending Vehicles Policy
- Fraud and Corruption Policy
- Internal Control Policy
- Kangaroo Island Council Caretaker Policy
- Media Policy
- Order Making Policy
- Outdoor Dining Policy
- Privacy Policy
- Procurement Policy

- Public Consultation Policy
- Rating and Rebate Policy
- Records Management Policy
- Road Naming Policy
- Safe Environment Policy
- Supplementary Elections Policy
- Treasury Management Policy
- Waste Management Policy
- Whistleblowers Protection Policy

By-Laws

- By-Law 1 - Permits and Penalties
- By-Law 2 - Moveable Signs
- By-Law 3 - Local Government Land
- By-Law 4 - Roads
- By-Law 5 - Dogs
- By-Law 6 - Cats
- By-Law 7 - Bird Scaring Devices
- By-Law 8 - Boat Facilities
- By-Law 9 - Foreshore

Legislative Information

Transparency and Accountability in Local Government

Codes

- Code of Conduct - Elected Members
- Code of Conduct - Employees

Codes of Practice

- Code of Practice – Access to Council Meetings & Documents

Procedures

- Code of Conduct for Elected Members
- Council Members Allowances and Benefits
- Internal Review of Council Decisions
- Kangaroo Island Council Caretaker
- Meeting Procedure
- Road Naming Procedure

Delegations

- Community Titles Act, 1996
- Development Act, 1993
- Development (Development Plans) Amendment Act, 2006
- Development Regulations Act, 2008
- Dog and Cat Management Act, 1995
- Environment Protections Act, 1993
- Environment (Waste Management) Policy, 1994
- Expiation of Offences Act, 1996
- Fences Act, 1975
- Fire and Emergency Services Act / Emergency Services Regulations, 2005
- Fire Prevention Officers under Fire and Emergency Services Regulations, 2005
- Food Act, 2001
- Freedom of Information Act, 1991
- Freedom of Information (Fees and Charges) Regulations, 2003
- Housing Improvement Act, 1940
- Land & Business (Sale and Conveyancing) Act, 1994
- Liquor Licencing Act, 1997

- Local Government Act, 1934
- Local Government Act, 1999
- Natural Resources Management Act, 2004
- (Transitional Provisional Levies) Regulations, 2004
- NRM (General) Regulations, 2005
- Occupational Health, Safety and Welfare Act, 1986
- Workplace Health and Safety Act, 2012
- Public and Environmental Health Act, 1997
- Public and Environmental Health (Waste Control) Regulations, 1995
- Public and Environmental Health (Legionella) Regulations, 2008
- Road Traffic Act, 1961
- Road Traffic (Miscellaneous) Regulations, 1999
- Road Traffic (Road Rules - Ancillary Miscellaneous Provisions) Regulations, 1999
- Roads (Opening and Closing) Act, 1991
- Unclaimed Goods Act, 1987

Legislative Information

Transparency and Accountability in Local Government

Documents (Not limited to)

- Access Economics - Impact Study of a Travellers Levy
- Airport Master and Strategic Plans
- Annual Report
- Annual Business Plan
- Annual Financial Statements
- Asset Management Plans
- Council and Committee Agendas
- Council and Committee Minutes
- Council Budget
- Development Assessment Panel Agendas / Minutes
- Development Plan
- EconSearch - Economic Analysis of Road Funding Options
- Kangaroo Island Study
- Strategic Plan
- TOMM Survey - Residents & Visitors

the Act and the majority of these requests were granted. Freedom of Information enquiries or requests can be submitted in writing to:

Freedom of Information Officer
Kangaroo Island Council
PO Box 121
KINGSCOTE SA 5223

Amendment to Council Records

A member of the public may gain access to Council documents to make amendments to their personal records by making a request under the *Local Government Act, 1999*. As part of this application, it is necessary to complete a Freedom of Information Request Form to access the records that they may wish to inspect.

Registers

- Register of Campaign Donation Returns
- Register of Development Approvals
- Register of Elected Members' Allowances and Benefits
- Register of Elected Members' Interests
- Register of Public Roads
- Register of Departmental Heads and Interests
- Register of Salaries and Allowances

Other information requests

Request for other information not included above will be considered in accordance with the Freedom Information (FOI) provisions of the *Local Government Act, 1999*.

There were three (3) requests for information under the provisions of the *Freedom of Information Act, 1991*, for the 12 months ending 30 June 2013. Council received several requests for information which did not need to be determined under

Legislative Information

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Confidential Items

Section 90 (2) of the *Local Government Act 1999* determines that Council meetings, and meetings of Committees of Council, are to be held in a place that ensures public access. On occasions this principle is outweighed by considerations for the need to keep information or discussions confidential.

During 2012/13 provisions of the Act Section 90 (3) and Section 91 (7) were utilised 73 times, or for 10% of the total agenda items considered.

40 of the 73 occasions, as listed below, originally declared confidential have subsequently been made publicly available. Therefore 5% of total agenda items remain confidential.

(a)	Matters relating to the personal affairs of a person	50
(b)	Matters relating to commercially sensitive information	1
(d)	Matters relating to commercial information	15
(e)	Matters relating to security & safety	1
(g)	Matters relating to Court Order or direction	1
(h)	Matters relating to legal advice or possible litigation	8
(i)	Matters relating to litigation	1
(j)	Matters relating to information to/ from another authority	1
(m)	Matters relating to Development Plan Amendment	1
	Total	79*

* Some items identified with two sections of the Act.

Extent to which Council has ensured competitive tender

Council has endorsed a Procurement Policy (incorporating Contracts and Tenders and Sales and Disposals of Land) which commits to delivering cost-effective services to our community whilst supporting local business where possible. The policy is also mindful of the *Government Business Enterprises (Competition) Act 1996*. For the contracting of significant works or services, they are released to open competitive tender unless there are mitigating reasons, e.g. specialist expertise is required, and then a limited select tender process is carried out. While the policy has a focus of purchasing local, there remains a commitment to ensuring that the best value for money is received.

The following works were placed out for competitive tender during the period of July 2012 - June 2013:

1. Department of Planning, Transport & Infrastructure (DPTI) Renewal of Unsealed Roads Stage 2
2. Council Works Depot Office & Training Room building supply
3. White & McLaren Streets upgrade
4. Plant Replacement - trucks, trailer and light vehicles
5. Kingscote Town Hall Fire protection - Detection system
6. Kingscote Town Hall Fire protection - Emergency water storage

Legislative Information

Kangaroo Island - a pristine island full of natural beauty

Community Land

Council maintains leases and permits for the use of community land. This process is regularly reviewed and improved upon.

Subsidiaries

The Fleurieu Regional Waste Authority was established under Section 42 of the *Local Government Act 1999*, during the 2010/11 financial year.

Council is a member of the Southern and Hills Local Government Association formed as a Regional Subsidiary pursuant to Section 43 and Schedule 2 of the *Local Government Act, 1999*.

Adoption and Distribution

Pursuant to the requirements of the *Local Government Act 1999*, the reports within this Annual Report, including the Audited Financial Statements were adopted by the Kangaroo Island Council at a Council Meeting held 13 November 2013.

A full copy of this report will be provided to each member of the Council, the Presiding Members of Houses of Parliament, the SA Local Government Grants Commission, Parliamentary Library and the State Library.

Copies are made available for the public perusal at the Kingscote Administration Office and via Council's website, www.kangarooisland.sa.gov.au, and Penneshaw Community Business Centre.

Hard copies of this document are available to be purchased from Council at a cost of \$20.00 each.

Appendices

- Information and Credits
- Audited Financial Statements
- Audited Financial Statements - Notes
- Fleurieu Regional Waste Authority (FRWA) Annual Report 2012/13.

Legislative Information

Kangaroo Island - a pristine island full of natural beauty

Information and Credits

The information in this report was drawn from a number of sources, publications and Council documents including:

- *Kangaroo Island Council Strategic Management Plan 2010 - 2014*
- *Kangaroo Island Council Annual Report 2011 - 2012*
- *Kangaroo Island Council Asset Management Plans*
- *Kangaroo Island Council Long Term Financial Plan 2009 - 2019*
- *Lampert, RJ (2002), Natural History of Kangaroo Island, M. Davies, C. Twiddle and M. Tyler*
- *Occasional Publications of the Royal Society of South Australia*
- *Local Government on Kangaroo Island Today and Tomorrow 2008, JAC Comrie Pty Ltd*
- *Local Government Association of South Australia; Comparative Performance Measurement Program 2009*
- *Tourism Optimisation Management Model, Kangaroo Island Resident Survey 2009/2010*
- *Tourism Optimisation Management Model, Visitor Exit Survey 2009/2010*
- *This Southern Land - A Social History of Kangaroo Island 1800 - 1890; Jean Nunn, Investigator Press, 1989*
- *Kangaroo Island 184 Great Years - A History in Photographs 1802 - 1986, Neville Cordes, The Island Press, 1986*
- *Soldier Settlers, War Service Land Settlement - Kangaroo Island, Jean Nunn, Investigator Press, 1981*

KANGAROO ISLAND COUNCIL

General Purpose Financial Reports for the year ended 30 June 2013

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KANGAROO ISLAND COUNCIL

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2013

	Notes	2013 \$	2012 \$
INCOME			
Rates	2	7,833,930	7,441,379
Statutory charges	2	167,987	162,561
User charges	2	863,221	838,670
Grants, subsidies and contributions	2	2,448,063	2,685,948
Investment income	2	22,667	24,043
Reimbursements	2	1,041,032	626,377
Other income	2	81,723	111,782
Net gain - equity accounted Council businesses	19	5,479	15,351
Total Income		<u>12,464,101</u>	<u>11,906,111</u>
EXPENSES			
Employee costs	3	4,748,619	3,817,985
Materials, contracts & other expenses	3	6,279,898	6,390,663
Depreciation, amortisation & impairment	3	4,368,232	4,570,142
Finance costs	3	559,562	518,272
Total Expenses		<u>15,956,311</u>	<u>15,297,062</u>
OPERATING SURPLUS / (DEFICIT)		(3,492,210)	(3,390,951)
Asset disposal & fair value adjustments	4	(740,399)	(681,011)
Amounts received specifically for new or upgraded assets	2	1,168,783	1,259,446
Physical resources received free of charge	2	2,256,904	32,500
NET SURPLUS / (DEFICIT)		<u>(806,922)</u>	<u>(2,780,017)</u>
transferred to Equity Statement			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	98,663	1,299,782
TOTAL COMPREHENSIVE INCOME		<u>(708,259)</u>	<u>(1,480,235)</u>

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

KANGAROO ISLAND COUNCIL

BALANCE SHEET as at 30 June 2013

ASSETS	Notes	2013 \$	2012 \$
Current Assets			
Cash and cash equivalents	5	790,245	352,947
Trade & other receivables	5	2,054,873	934,866
Inventories	5	127,338	104,941
Total Current Assets		<u>2,972,456</u>	<u>1,392,754</u>
Non-current Assets			
Equity accounted investments in Council businesses	6	56,680	51,201
Infrastructure, property, plant & equipment	7	157,010,435	156,917,326
Other non-current assets	6	586,314	430,691
Total Non-current Assets		<u>157,653,429</u>	<u>157,399,218</u>
Total Assets		<u>160,625,885</u>	<u>158,791,972</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	8	2,322,262	1,140,081
Borrowings	8	540,532	542,808
Provisions	8	729,223	724,952
Total Current Liabilities		<u>3,592,017</u>	<u>2,407,841</u>
Non-current Liabilities			
Borrowings	8	8,845,482	7,455,767
Provisions	8	929,224	960,945
Total Non-current Liabilities		<u>9,774,706</u>	<u>8,416,712</u>
Total Liabilities		<u>13,366,723</u>	<u>10,824,553</u>
NET ASSETS		<u>147,259,163</u>	<u>147,967,421</u>
EQUITY			
Accumulated Surplus		5,865,890	6,904,406
Asset Revaluation Reserves	9	138,973,808	138,875,145
Other Reserves	9	2,419,465	2,187,870
TOTAL EQUITY		<u>147,259,163</u>	<u>147,967,421</u>

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

KANGAROO ISLAND COUNCIL

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2013

	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
		\$	\$	\$	\$
2013					
Balance at end of previous reporting period		6,904,407	138,875,145	2,187,870	147,967,422
Restated opening balance		6,904,407	138,875,145	2,187,870	147,967,422
Net Surplus / (Deficit) for Year		(806,922)			(806,922)
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment			98,663		98,663
Transfers between reserves		(231,595)		231,595	-
Balance at end of period		5,865,890	138,973,808	2,419,465	147,259,163
2012					
Balance at end of previous reporting period		9,885,689	137,575,363	1,986,605	149,447,657
Restated opening balance		9,885,689	137,575,363	1,986,605	149,447,657
Net Surplus / (Deficit) for Year		(2,780,017)			(2,780,017)
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant & equipment			1,299,782		1,299,782
Transfers between reserves		(201,265)		201,265	-
Balance at end of period		6,904,407	138,875,145	2,187,870	147,967,422

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

KANGAROO ISLAND COUNCIL

CASH FLOW STATEMENT for the year ended 30 June 2013

	Notes	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other		7,683,836	7,709,737
Fees & other charges		181,333	175,476
User charges		57,485	1,135,824
Investment receipts		(80,219)	41,140
Grants utilised for operating purposes		2,631,668	2,887,394
Reimbursements		1,145,135	689,015
Other revenues		860,662	966,241
<u>Payments</u>			
Employee costs		(4,689,710)	(3,704,746)
Materials, contracts & other expenses		(6,749,704)	(8,529,229)
Finance payments		(96,901)	(379,646)
Net Cash provided by (or used in) Operating Activities		943,586	991,206
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		1,168,783	1,259,446
Sale of replaced assets		104,648	88,183
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(1,441,459)	(344,826)
Expenditure on new/upgraded assets		(1,725,697)	(2,700,901)
Net Cash provided by (or used in) Investing Activities		(1,893,725)	(1,698,099)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from borrowings		6,150,000	6,630,000
<u>Payments</u>			
Repayments of borrowings		(4,762,561)	(5,800,267)
Net Cash provided by (or used in) Financing Activities		1,387,439	829,733
Net Increase (Decrease) in cash held		437,300	122,840
Cash & cash equivalents at beginning of period	11	352,947	230,107
Cash & cash equivalents at end of period	11	790,245	352,947

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

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

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 the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 13th November 2013.

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

2 The Local Government Reporting Entity

Kangaroo Island Council is incorporated under the SA Local Government Act 1999 and has its principal place of business at 43 Dauncey Street, Kingscote, SA. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

As at 30 June 2013, Kangaroo Island Council has a net current liability of \$619,561 [2012: \$1,015,087].

Kangaroo Island Council has considered its current financial position along with other information such as the cash flows for the forthcoming 12 month period and the operating budget for the forthcoming 12 months; the ability of the Council to borrow funds from the LGFA to meet any outflows that may arise and the taxing powers of the Council to recoup, through rates and levies, expenditure incurred. Through the evaluation of these factors, the Council believes that there is no significant going concern matter and the Council will be able to meet its debts as and when they fall due.

3 Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

KANGAROO ISLAND COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note 1 - Significant Accounting Policies (cont)

Where grants, contributions and donations recognised as income 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 income in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

In the month of June in recent years the Federal Government has paid amounts of untied financial assistance grants, which are recognised on receipt, in advance of the year of allocation. In June 2011, one quarter of the 2011/12 allocation amounting to \$462,853 was paid in advance; in June 2012, two quarters of the 2012/13 allocation: \$932,618; and in June 2013, again two quarters of the 2013/14 allocation: \$921,532.

It is anticipated that these amounts in advance will be adjusted at some future time, but details of the timing of this are not currently available. The actual amounts of untied grants received during the reporting periods (including the advance allocations) are disclosed in Note 2.

3.1 Construction Contracts

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

4 Cash, Cash Equivalents and other Financial Instruments

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

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999. Other receivables are generally unsecured and do not bear interest.

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

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

5 Inventories

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

5.1 Real Estate Assets Developments

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

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

KANGAROO ISLAND COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note 1 - Significant Accounting Policies (cont)

5.2 Other Real Estate held for resale

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

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

6 Infrastructure, Property, Plant & Equipment

6.1 Land under roads

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

6.2 Initial Recognition

All assets are initially recognised at cost.

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

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

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

6.3 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. The capitalisation thresholds for each major asset class were estimated and effective as follows. No capitalisation threshold is applied to the acquisition of land or interests in land.

Building and Other Structures	\$10,000
Road Construction & Reconstruction	\$10,000
Bridge	\$10,000
Paving & Footpaths, Kerb & Gutter	\$10,000
Stormwater Drainage	\$10,000
Community Wastewater Management Schemes	\$10,000
Furniture & Fittings	\$ 5,000
Plant & Equipment	\$ 5,000
Library Books	Any Value

KANGAROO ISLAND COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note 1 - Significant Accounting Policies (cont)

6.4 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 7.

6.5 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Major depreciation periods for each class of asset are shown below as per adopted Asset Accounting Policy in 2011/12. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available.

Land Improvement	7 to 100 years
Building & Other Structures	7 to 100 years
Infrastructure	
Roads - Surface	5 to 100 years
Bridges - Concrete	5 to 100 years
Paving & Footpaths, Kerb & Gutter	5 to 100 years
Stormwater Drainage	50 to 70 years
Community Wastewater Management Schemes	10 to 70 years
Furniture & Fittings	3 to 100 years
Plant & Equipment	4 to 20 years
Library Books	1 to 7 years

6.6 Impairment

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

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

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

KANGAROO ISLAND COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note 1 - Significant Accounting Policies (cont)

6.7 Borrowing Costs

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

Weighted average discount rate	2.75% (2012, 3.5%)
Weighted average settlement period	7 years (2012, 7 years)

A liability for untaken personal leave was provided for. The amount relates to an obligation to payout 25% of personal leave outstanding after 7 years of service upon termination of employment. The amounts not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

10 Provision for Carbon Taxation

Council operates a number of small landfill facilities, each of which, and in aggregate, are substantially below the taxation threshold of 25,000 tonnes of carbon dioxide equivalent (CO₂e) gas emissions.

KANGAROO ISLAND COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note 1 - Significant Accounting Policies (cont)

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

11 Leases

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

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

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

12 Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

13 GST Implications

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

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

14 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2013 reporting period and have not been used in preparing these reports.

Council is of the view that none of the new standards or interpretations will affect any of the amounts recognised in the financial statements.

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

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 2 - INCOME

	Notes	2013 \$	2012 \$
RATES REVENUES			
<u>General Rates</u>		5,177,879	4,814,900
Less: Mandatory rebates		<u>(58,946)</u>	<u>(47,557)</u>
		5,118,933	4,767,343
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		132,604	124,404
Waste collection		1,402,345	1,333,874
Community wastewater management systems		<u>1,104,654</u>	<u>1,107,702</u>
		2,639,603	2,565,979
<u>Other Charges</u>			
Penalties for late payment		57,717	91,730
Legal & other costs recovered		<u>17,677</u>	<u>16,326</u>
		75,394	108,056
		7,833,930	7,441,379
 STATUTORY CHARGES			
Development Act fees		62,863	85,133
Town planning fees		5,906	6,565
Health & Septic Tank Inspection fees		27,153	7,601
Animal registration fees & fines		40,676	33,576
Parking fines / expiation fees		10,009	6,430
Other licences, fees, & fines		<u>21,380</u>	<u>23,255</u>
		167,987	162,561
 USER CHARGES			
Cemetery/crematoria fees		19,972	30,696
Aerodrome Fees		371,093	384,049
Lease Fees		276,559	246,079
Hall & equipment hire		79,650	71,646
Parking fees (Camping Fees)		45,017	26,855
Sales - general (Rate Searches)		12,683	7,487
Sundry		<u>58,248</u>	<u>71,857</u>
		863,221	838,670
 INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		<u>22,667</u>	<u>24,043</u>
		22,667	24,043

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

NOTE 2 - INCOME (continued)

	Notes	2013 \$	2012 \$
REIMBURSEMENTS			
- for private works		822,167	519,077
- other		<u>218,865</u>	<u>107,301</u>
		<u>1,041,032</u>	<u>626,377</u>
 OTHER INCOME			
Sundry		<u>81,723</u>	<u>111,782</u>
		<u>81,723</u>	<u>111,782</u>
 GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		1,168,783	1,259,446
Other grants, subsidies and contributions		<u>2,448,063</u>	<u>2,685,948</u>
		<u>3,616,846</u>	<u>3,945,394</u>
 The functions to which these grants relate are shown in Note 12.			
 Sources of grants			
Commonwealth government		2,129,720	3,314,665
State government		808,681	445,215
Other		<u>678,445</u>	<u>185,514</u>
		<u>3,616,846</u>	<u>3,945,394</u>
 Individually Significant Item			
On 14 June 2012, Council received payment of the first two instalments of the 2012/13 Grant Commission (FAG) grant. Similarly, on 12 June 2013 Council received payment of the first two instalments of the 2013/14 grant.		921,532	932,618
This has materially increased Council's operating results in the current year, as these amounts are recognised as income upon receipt.			

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

NOTE 2 - INCOME (continued)

	2013	2012
Notes	\$	\$
Conditions over grants & contributions		
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:		
Unexpended at the close of the previous reporting period	95,450	98,768
Less: expended during the current period from revenues recognised in previous reporting periods		
Community Services	(43,673)	(28,768)
Environment Services	-	(70,000)
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions		
Community Services	122,032	95,450
Environment Services	42,997	-
Energy Service	303,351	-
Unexpended at the close of this reporting period	520,157	95,450
Net increase (decrease) in assets subject to conditions in the current reporting period	424,707	(3,318)
 PHYSICAL RESOURCES RECEIVED FREE OF CHARGE		
Land & Improvements	-	32,500
Roads, Bridges & Footpaths	2,256,904	-
TOTAL PHYSICAL RESOURCES RECEIVED	2,256,904	32,500

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 3 - EXPENSES

	Notes	2013 \$	2012 \$
EMPLOYEE COSTS			
Salaries and Wages		3,140,099	2,572,657
Employee leave expense		805,588	619,008
Superannuation - defined contribution plan contributions	18	253,137	208,406
Superannuation - defined benefit plan contributions	18	111,046	111,000
Workers' Compensation Insurance		201,153	174,165
Other		237,596	132,748
Total Operating Employee Costs		4,748,619	3,817,985
 Total Number of Employees		 61	 59
<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		47,121	30,923
Bad and Doubtful Debts		-	(1,449)
Elected members' expenses		202,370	219,679
Subtotal - Prescribed Expenses		249,491	249,153
 <u>Other Materials, Contracts & Expenses</u>			
Contractors		1,411,642	1,503,056
Contractors - Fleurieu Regional Waste Authority (FRWA)		1,266,637	882,486
Energy		355,802	260,664
Community Grants Provided		92,334	100,528
Legal Expenses		92,905	125,425
Levies paid to government - NRM levy		132,632	125,125
Insurance		259,426	304,707
Parts, accessories & consumables		820,324	1,263,518
Professional services		626,631	756,571
Sundry		972,074	819,430
Subtotal - Other Materials, Contracts & Expenses		6,030,407	6,141,510
		6,279,898	6,390,663

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 3 - EXPENSES (cont)

	Notes	2013 \$	2012 \$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Land		-	-
Land Improvements		351,894	356,596
Buildings & Other Structures		340,966	351,367
Infrastructure		3,096,403	3,327,643
Plant & Equipment		529,118	477,625
Furniture & Fittings		37,320	43,413
Library Books		12,531	13,498
		<u>4,368,232</u>	<u>4,570,142</u>
FINANCE COSTS			
Interest on Loans		534,433	495,705
Premiums & discounts recognised		25,129	22,567
		<u>559,562</u>	<u>518,272</u>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2013	2012
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	104,648	88,183
Less: Carrying amount of assets sold	82,161	77,935
Gain (Loss) on disposal	22,487	10,248
 <i>Assets surplus to requirements</i>		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	762,886	691,259
Gain (Loss) on disposal	(762,886)	(691,259)
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	 (740,399)	 (681,011)

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 5 - CURRENT ASSETS

	Notes	2013 \$	2012 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		268,134	133,182
Deposits at Call		<u>522,111</u>	<u>219,765</u>
		<u>790,245</u>	<u>352,947</u>
 TRADE & OTHER RECEIVABLES			
Rates - General & Other		638,439	488,345
Accrued Revenues		108,330	5,444
Debtors - general		1,135,394	277,212
GST Recoupment		143,192	107,733
Prepayments		<u>29,519</u>	<u>56,132</u>
Total		<u>2,054,873</u>	<u>934,866</u>
Less: Allowance for Doubtful Debts		-	-
		<u>2,054,873</u>	<u>934,866</u>
 INVENTORIES			
Stores & Materials		<u>127,338</u>	<u>104,941</u>
		<u>127,338</u>	<u>104,941</u>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 6 - NON-CURRENT ASSETS

	Notes	2013 \$	2012 \$
EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES			
Fleurieu Regional Waste Authority	19	<u>56,680</u>	<u>51,201</u>
		<u>56,680</u>	<u>51,201</u>
OTHER NON-CURRENT ASSETS			
Capital Works-in-Progress		<u>586,314</u>	<u>430,691</u>
		<u>586,314</u>	<u>430,691</u>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013 Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2012				2013			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	25,242,960	-	-	25,242,960	25,242,960	-	-	25,242,960
Land Improvements	14,321,916	1,034,788	(5,935,123)	9,421,581	14,179,473	995,873	(6,239,001)	8,936,345
Buildings & Other Structures	20,501,534	1,834,214	(7,489,624)	14,846,124	20,356,874	2,132,919	(7,758,261)	14,731,532
Infrastructure	139,092,305	12,121,850	(47,154,711)	104,059,444	137,492,791	16,027,508	(49,099,005)	104,421,294
Plant & Equipment	2,741,613	1,165,862	(866,720)	3,040,755	2,559,705	2,119,267	(1,296,091)	3,382,881
Furniture & Fittings	672,654	95,841	(490,264)	278,231	619,283	145,566	(485,126)	279,723
Library books	600,030	14,427	(586,226)	28,231	600,030	14,427	(598,757)	15,700
TOTAL PROPERTY, PLANT & EQUIPMENT	203,173,012	16,266,982	(62,522,668)	156,917,326	201,051,116	21,435,560	(65,476,241)	157,010,435

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR										2013
	\$										\$
	2012 CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation			CARRYING AMOUNT
	New/Upgrade	Renewals									
Land	25,242,960	-	-	-	-	-	-	-	-	-	25,242,960
Land Improvements	9,421,581	-	233	(84,044)	(351,894)	-	-	-	(49,531)	-	8,936,345
Buildings & Other Structures	14,846,124	181,851	116,853	-	(340,966)	-	-	-	(72,330)	-	14,731,532
Infrastructure	104,059,444	385,093	3,520,565	(667,929)	(3,096,403)	-	-	-	220,524	-	104,421,294
Plant & Equipment	3,040,755	953,405	-	(82,161)	(529,118)	-	-	-	-	-	3,382,881
Furniture & Fittings	278,231	49,725	-	(10,913)	(37,320)	-	-	-	-	-	279,723
Library books	28,231	-	-	-	(12,531)	-	-	-	-	-	15,700
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	156,917,326	1,570,074	3,637,651	(845,047)	(4,368,232)	-	-	-	98,663	-	157,010,435

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

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

Valuation of Assets

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent additions at cost, this remains as the basis of recognition of non-material asset classes.

Land & Land Improvements

Council being of the opinion that it is not possible to attribute a value sufficiently reliably to qualify for recognition, land under roads has not been recognised in these reports.

Freehold land and land over which Council has control, but does not have title, is recognised on a fair value basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements are recognised at fair value, originally deriving from a valuation conducted by Maloney Field Service, Property Consultant and Valuers at 30 June 2010 at current replacement cost. Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset. The weighted average depreciation period for 2013 is 40 years (2012 – 35 years).

In line with the Asset Accounting Policy adopted in 2011/12, Council has decided to apply the capitalisation thresholds for Land Improvement assets, to be consistent with the other major asset classes, and to recognise an asset sub-class called “Non-Replaced Assets” for those Land Improvements, Buildings and Structures which Council considers that will not rationally be replaced. For the “Non-Replaced Assets”, a replacement cost approach is used to estimate fair value. Where there is no regular cash flow generated from the asset, the net present value of future cash flows for that asset is the disposal value. Where assets are not rationally replaced, and Council has decided that no expected future economic benefit continuing to flow to Council, the disposal value will be reduced to nil.

Buildings & Other Structures

Buildings and other structures generally are recognised at fair value, based on current market values.

For Buildings & Structure assets which Council considers will not rationally be replaced, the same accounting treatment applies as stated in the Land & Land Improvements section above.

Infrastructure

Transportation assets were valued by Tonkin’s Engineering at depreciated current replacement cost during the reporting period ended 30 June 2013.

Stormwater drainage infrastructure was valued by Wallbridge and Gilbert Engineering Consultants as at 30 June 2008 at depreciated current replacement cost, based on actual costs incurred during the reporting period

Community wastewater management system infrastructure was valued at depreciated current replacement cost during the reporting period ended 30 June 2008 by Wallbridge and Gilbert Engineering Consultants.

Kangaroo Island Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 7 – Property, Plant & Equipment (cont)

Furniture & Fittings

Furniture and Fitting assets were revalued as at 30 June 2010 by Maloney Field Services, Property Consultant and Valuers.

Plant & Equipment

Plant & Equipment assets were revalued as at 30 June 2010 by Maloney Field Services, Property Consultant and Valuers.

Library Books

Library books and other lending materials were revalued as at 30 June 2010 by Maloney Field Services, Property Consultant and Valuers.

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 8 - LIABILITIES

	Notes	2013		2012	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		1,215,111	-	509,538	-
Payments received in advance		152,931	-	176,017	-
Accrued expenses - employee entitlements		56,553	-	48,377	-
Accrued expenses - other		777,431	-	339,899	-
Deposits, Retentions & Bonds		14,594	-	49,573	-
Other		105,642	-	16,677	-
		2,322,262	-	1,140,081	-
BORROWINGS					
Loans		540,532	8,845,482	542,808	7,455,767
		540,532	8,845,482	542,808	7,455,767
PROVISIONS					
Employee entitlements (including oncosts)		707,592	135,518	704,392	87,985
Future reinstatement / restoration, etc		21,631	793,706	20,560	872,960
		729,223	929,224	724,952	960,945

	2013		2012	
	Future Reinstatement	Future Reinstatement	Future Reinstatement	Future Reinstatement
Movements in Provisions (current & non-current)				
Opening Balance	893,521	750,966		
Add Unwinding of present value discounts	25,129	22,567		
Additional amounts recognised	21,631	138,730		
(Less) Payments	(42,600)	(42,100)		
Unused amounts reversed	(59,348)			
Add (Less) Remeasurement Adjustments	(22,995)	23,358		
Closing Balance	815,338	893,521		

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2012	Net Increments (Decrements)	Transfers, Impairments	30/6/2013
Notes	\$	\$	\$	\$
Land	20,320,085	-	-	20,320,085
Land Improvements	6,997,918	(49,531)	-	6,948,387
Buildings & Other Structures	6,756,067	(72,330)	-	6,683,737
Infrastructure				
- CWMS	2,521,717	-	-	2,521,717
- Roads, bridges, footpaths	98,466,161	220,524	-	98,686,685
- Stormwater drainage	1,911,270	-	-	1,911,270
Plant & Equipment	1,336,133	-	-	1,336,133
Furniture & Fittings	362,052	-	-	362,052
Library books	203,742	-	-	203,742
TOTAL	138,875,145	98,663	-	138,973,808

OTHER RESERVES	1/7/2012	Transfers to Reserve	Transfers from Reserve	30/6/2013
Marina Berths Reserve	221,414	42,121	-	263,535
Airport Reserve	1,260,914	31,541	-	1,292,455
CWMS Reserve	265,710	153,195	-	418,905
Asset Reinvestment Reserve	288,838	-	-	288,838
Kingscote CBD Car Park	25,376	870	-	26,246
Open Space Reserve	72,394	2,044	-	74,438
Ronald Maxwell Bell Property Reserve	53,224	1,824	-	55,048
TOTAL OTHER RESERVES	2,187,870	231,595	-	2,419,465

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 9 - RESERVES (continued)

PURPOSES OF RESERVES

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non-current assets (less any subsequent impairment losses, where applicable).

Marina Berths Reserve

Includes contributions from lessees and funds received from the marina berths at Christmas Cove Penneshaw and boating fees from upgraded boat ramp facilities.

Airport Reserve

The Airport is a self servicing entity within the Council and any surplus or deficit for the year is accumulated in the reserve.

CWMS Reserve

CWMS is a self servicing entity within the Council and any surplus or deficit for the year is accumulated in this reserve.

Waste Management Reserve

The waste management function is a self servicing entity within the Council and any surplus or deficit for the year is accumulated in this reserve.

Asset Reinvestment Reserve

The reserve holds contributions from the sale of Council assets for future land purchases.

Kingscote CBD Carpark Reserve

Developer Car Park contributions held for future CBD carparking in Kingscote.

Open Space Fund Reserve

Contributions from developers for future open space developments and expenditure.

Ronald Maxwell Bell Property Reserve

Sale proceeds of ratepayers' property, which are required to be held by Council until owner is located or until processed as per the Unclaimed Moneys Act 1891.

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

		2013	2012
CASH & FINANCIAL ASSETS			
	Notes	\$	\$
Developers Contributions		100,685	97,770
Sale of Ratepayer's Property		55,048	53,225
		<u>155,733</u>	<u>150,995</u>
 INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
Land assets utilised for recreation or other community purposes are subject to the provisions of Chapter 11, Part 1 of the Local Government Act, 1999 relating to 'Local Government Land'. Such assets are identified on Council's Community Land Register in accordance with the provisions in the Act.		25,242,960	25,242,960
		<u>25,242,960</u>	<u>25,242,960</u>
 TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		<u>25,398,693</u>	<u>25,393,955</u>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Notes	2013 \$	2012 \$
Total cash & equivalent assets	5	<u>790,245</u>	<u>352,947</u>
Balances per Cash Flow Statement		<u>790,245</u>	<u>352,947</u>

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

Net Surplus (Deficit)	(806,921)	(2,780,017)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	4,368,232	4,570,142
Equity movements in equity accounted investments (increase) decrease	(5,479)	(15,351)
Net increase (decrease) in unpaid employee benefits	58,909	(3,849)
Premiums & discounts recognised & unwound	25,129	75,669
Change in allowances for under-recovery	-	(363,104)
Non-cash asset acquisitions	(2,256,904)	(32,500)
Grants for capital acquisitions treated as Investing Activity	(1,168,783)	(1,259,446)
Net (Gain) Loss on Disposals	<u>740,399</u>	<u>681,011</u>
	954,582	872,555
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(1,120,007)	512,703
Net (increase) decrease in inventories	(22,397)	7,190
Net increase (decrease) in trade & other payables	1,174,008	(321,307)
Net increase (decrease) in other provisions	<u>(42,600)</u>	<u>(79,934)</u>
Net Cash provided by (or used in) operations	<u>943,586</u>	<u>991,207</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge	3	<u>2,256,904</u>	<u>32,500</u>
Amounts recognised in Statement of Comprehensive Income		2,256,904	32,500
- Estimated future reinstatement etc. costs		<u>(103,312)</u>	<u>119,988</u>
		<u>2,153,592</u>	<u>152,488</u>

(d) Financing Arrangements

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

Bank Overdrafts	100,000	100,000
Corporate Credit Cards	15,000	15,000
LGFA Cash Advance Debenture facility	928,931	2,859,178

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

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 12 - FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES											
	INCOME			EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2012	2012	2013	2012	2013	2012
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2012
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Business Undertakings	1,732,998	1,260,465	1,390,261	1,167,275	342,737	93,190	-	-	9,160,755	-	9,398,380
Community Services	151,524	125,974	1,262,470	758,036	(1,110,946)	(632,062)	119,032	81,384	2,705,128	-	2,705,128
Culture	53,425	59,312	489,312	318,337	(435,887)	(259,025)	31,904	32,886	1,648,712	-	1,661,243
Economic Development	-	5,522	20,735	22,258	(20,735)	(16,736)	-	-	-	-	-
Environment	2,638,385	2,661,091	3,256,551	3,264,238	(618,166)	(603,147)	-	3,250	22,469,481	-	22,695,509
Recreation	9,635	5,789	661,421	583,842	(651,786)	(578,053)	-	-	20,085,131	-	20,085,131
Regulatory Services	155,902	148,562	1,035,848	802,095	(879,946)	(653,533)	-	-	-	-	-
Transport & Communication	45,036	247,025	4,592,365	4,777,858	(4,547,329)	(4,530,833)	-	187,900	90,562,685	-	90,066,796
Plant Hire & Depot/Indirect	69,447	15,352	1,663,870	1,507,674	(1,594,423)	(1,492,322)	-	-	5,172,388	-	4,944,854
Unclassified Activities	-	-	-	-	-	-	-	-	6,118,590	-	6,118,590
Governance	2,350,438	2,447,010	1,091,154	1,765,453	1,259,284	681,557	2,297,127	2,380,528	23,800	-	22,307
Support Services	1,367	1,993	492,323	329,997	(490,956)	(328,004)	-	-	2,679,215	-	1,094,034
Other Revenue/Expenses	5,255,945	4,928,016	-	-	5,255,945	4,928,016	-	-	-	-	-
TOTALS	12,464,101	11,906,111	15,956,311	15,297,063	(3,492,210)	(3,390,952)	2,448,063	2,685,948	160,625,885	158,791,972	158,791,972

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

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 12 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Business Undertakings

Camping Grounds, Airport, Private Works, Property Portfolio, Island Energy.

Community Services

Public Order and Safety, Other Fire Protection, Other Public Order and Safety, Health Services – Immunisation, Youth Services, Community Development, Community Transport, Cemeteries, Public Conveniences, Other Community Activities.

Culture

Library Services, Cultural Venues, Cultural Events.

Economic Development

Tourism and Other Economic Development.

Environment

Natural Resource Management Levy, Community Wastewater Management Systems, Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Stormwater and Drainage, Coastal Protection, Street Cleaning, Street Lighting, Water Standpipes.

Recreation

Parks and Gardens, Playgrounds, Sports Facilities – Outdoor, Swimming Pool – Outdoor, and Other Recreation.

Regulatory Services

Dog and Cat Control, Building Control, Town Planning, Health Inspection, Parking Control, and Other Regulatory Services.

Transport

Bridges, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, Car Parking, Other Transport. Jetties and Wharves, Other Marine Facilities.

Plant Hire & Depot

Plant & Equipment Hire, Works Depot Operations.

Unclassified Activities

Non Specific Activities.

Governance

Governance, Administration n.e.c., Elected Members, Organisational, Human Resources, Occupational Health and Safety .

Support Services

Accounting/Finance, Payroll, Information Technology, Communication, Rates Administration, Records, Customer Service, Asset Management.

Other Revenue and Expenditure

Revenues, LGGC – General Purpose, and Separate and Special Rates, Other Income and Rate Concessions.

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 13 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 2.75% and 3.5% (2012: 3.5% and 4.75%). Short term deposits have an average maturity of 90 days and an average interest rate of 3.13% (2012: 90 days, 4.33%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legals & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.	<p>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.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 2% (2012: 2%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>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.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <p>Carrying amount: approximates fair value.</p>
Receivables - Retirement Home Contributions	<p>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.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Retirement Home Contributions	<p>Accounting Policy: To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.</p> <p>Terms & conditions: Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.</p> <p>Carrying amount: approximates fair value for short tenancies; may be non-materially overstated for longer tenancies.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, fixed borrowings are repayable on the 6 monthly instalments of principal and interest; interest is charged at fixed rates between 5.67% and 6.8% (2012: 5.67% and 6.8%). The interest for the variable borrowing is charged at rates between 5% and 5.5%.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2013	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	790,245	-	-	790,245	790,245
Receivables	1,243,724	-	-	1,243,724	1,243,724
Total	2,033,969	-	-	2,033,969	2,033,969
Financial Liabilities					
Payables	2,265,709	-	-	2,265,709	2,265,709
Current Borrowings	1,050,371	-	-	1,050,371	540,532
Non-Current Borrowings		4,253,310	7,699,523	11,952,833	8,845,482
Total	3,316,080	4,253,310	7,699,523	15,268,913	11,651,723

2012	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents	352,947	-	-	352,947	352,947
Receivables	282,656	-	-	282,656	446,521
Other Financial Assets	-	-	-	-	-
Total	635,603	-	-	635,603	799,468
Financial Liabilities					
Payables	915,687	-	-	915,687	751,805
Current Borrowings	1,037,512	-	-	1,037,512	542,808
Non-Current Borrowings	-	4,039,039	6,512,450	10,551,489	7,455,767
Total	1,953,199	4,039,039	6,512,450	12,504,688	8,750,380

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

	30 June 2013		30 June 2012	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Overdraft	10.2		10.8	
Other Variable Rates	5.23	4,571,069	6.03	2,640,822
Fixed Interest Rates	6.57	4,814,945	6.57	5,357,753
		9,386,014		7,998,575

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 13 (cont) - FINANCIAL INSTRUMENTS

Net Fair Value

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

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 14 - COMMITMENTS FOR EXPENDITURE

	2013	2012
<u>Notes</u>	\$	\$
Other Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	38,242	56,372
Waste Management Services	7,350,484	6,849,577
Other	122,805	1,155,440
	<u>7,511,531</u>	<u>8,061,389</u>
Not later than one year	1,450,098	1,818,426
Later than one year and not later than 5 years	6,011,433	6,242,963
Later than 5 years	50,000	-
	<u>7,511,531</u>	<u>8,061,389</u>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 15 - FINANCIAL INDICATORS

	2013	2012	2011
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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.

Operating Surplus Ratio

<u>Operating Surplus</u>	(45%)	(46%)	(44%)
Rates - general & other less NRM levy			

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

Adjusted Operating Surplus Ratio

	(45%)	(53%)	(45%)
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In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The **Adjusted Operating Surplus Ratio** adjusts for the resulting distortion in the disclosed operating result for each year.

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	85%	81%	81%
Total Operating Revenue less NRM levy			

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

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	31%	6%	50%
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.

Amounts shown above as an asterisk (*) indicate that depreciation expense has been used as a proxy, pending finalisation of the Infrastructure & Asset Management Plan.

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 16 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2013 \$	2012 \$
Income	12,464,101	11,906,111
<i>less</i> Expenses	<u>15,956,310</u>	<u>15,297,062</u>
Operating Surplus / (Deficit)	(3,492,209)	(3,390,951)
 <i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	1,441,459	344,826
<i>less</i> Depreciation, Amortisation and Impairment	(4,368,232)	(4,570,142)
<i>less</i> Proceeds from Sale of Replaced Assets	<u>(104,648)</u>	<u>(88,183)</u>
	(3,031,421)	(4,313,499)
 <i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	1,725,697	2,700,901
<i>less</i> Amounts received specifically for New and Upgraded Assets	(1,168,783)	(1,259,446)
	<u>556,914</u>	<u>1,441,455</u>
Net Lending / (Borrowing) for Financial Year	<u>(1,017,702)</u>	<u>(518,909)</u>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 17 - OPERATING LEASES

Leases providing revenue to the Council

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

Investment Property

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

During 2013 a review and adjustment of Leases was undertaken & the 2012 disclosure has been adjusted accordingly.

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

	2013	2012
	\$	\$
Not later than one year	70,830	69,891
Later than one year and not later than 5 years	134,696	181,264
Later than 5 years	319,792	344,054
	<u>525,318</u>	<u>595,209</u>

Lease payment commitments of Council

Council has entered into non-cancellable operating leases for various items of computer, office space, photocopier, marina berths and jetties.

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

	2013	2012
	\$	\$
Not later than one year	92,494	56,063
Later than one year and not later than 5 years	130,348	107,305
Later than 5 years	16,008	16,509
	<u>238,850</u>	<u>179,877</u>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 18 – SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2012/13; 9% in 2011/12). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2011/12) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of salary for Salarylink members to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by each employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Scheme's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2011. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 19 - EQUITY ACCOUNTED COUNCIL BUSINESSES

All equity accounted Council businesses are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

Fleurieu Regional Waste Authority

The Fleurieu Regional Waste Authority (FRWA) is an authority under Section 43 of the Local Government Act (1999). FRWA is a regional subsidiary formed by the member councils; Alexandrina Council, City of Victor Harbor, Kangaroo Island Council and District Council of Yankalilla in South Australia in order to manage the operation of waste and recycling in the combined areas.

	2013	2012
Fleurieu Regional Waste Authority	\$	\$
Council's respective interests are:		
- interest in the operating result		
- ownership share of equity	15%	15%
- the proportion of voting power	22%	22%
<u>Movements in Investment in Joint Operation</u>	<u>\$</u>	<u>\$</u>
Opening Balance	51,201	35,850
Share in Operating Result	5,479	15,351
Share in Equity of Joint Operation	<u>56,680</u>	<u>51,201</u>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 20 - CONTINGENCIES, ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

The following assets and liabilities do not qualify for recognition in the Balance Sheet but knowledge of those items is considered relevant to users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. LAND UNDER ROADS

As reported elsewhere in these Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date.

At reporting date, Council controlled 2,485 km of road reserves of average width 20 metres.

2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. BANK GUARANTEES

Council has no guaranteed loans or other banking facilities advanced to community organisations or sporting bodies at the reporting date.

Council does not expect to incur any loss.

4. LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision direction or process of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 3 legal actions against planning or enforcement matters made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

5. "CARBON" TAX

From 1 July 2012 a new tax on emissions of certain "greenhouse" gases commenced operation. Council has a number of garbage landfill facilities which emit, and will continue for many years to emit, gases of this type.

Using current calculation methods, emissions from Council's landfill facilities are substantially below current taxable thresholds. This situation is expected to continue while thresholds remain at current levels.

Information currently available provides assurances that "legacy emissions" from garbage placed in landfills prior to commencement of the tax will not subsequently become liable to the tax. However, should taxable thresholds be substantially reduced Council may be subject to taxation on landfill deposits made after 1 July 2012. No liability has been recognised in these reports.

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 21 EVENTS OCCURRING AFTER BALANCE DATE

No significant events occurred after the balance date of 30 June 2013.

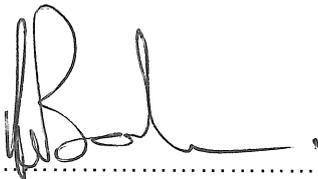
KANGAROO ISLAND COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2013

CERTIFICATION OF FINANCIAL STATEMENTS

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

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Council's financial position at 30 June 2013 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council's accounting and other records.



.....
Andrew Boardman
CHIEF EXECUTIVE OFFICER



.....
Jayne Bates
MAYOR

Date: 13th November 2013

KANGAROO ISLAND COUNCIL
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Kangaroo Island Council for the year ended 30 June 2013, the Council's Auditor, Deloitte Touche Tomatsu, 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 (5) *Local Government (Financial Management) Regulations 2011*.



.....
Andrew Boardman
CHIEF EXECUTIVE OFFICER



.....
Bill Cossey
PRESIDING MEMBER
AUDIT COMMITTEE

Dated this 13th day of ~~NOVEMBER~~ 2013

KANGAROO ISLAND COUNCIL

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013**

ADOPTION STATEMENT

I hereby state that the Financial Statements of the Council for the year ended 30 June 2013 were laid before the Kangaroo Island Council and adopted on the 13th day of November, 2013.



Jayne Bates
MAYOR

Dated: 13th November 2013

Members of Kangaroo Island Council
Kangaroo Island Council
PO Box 121
KINGSCOTE SA 5223

13 November 2013

Dear Members

Re: Kangaroo Island Council

In accordance with the Local Government (Financial Management) Regulations 2011, I am pleased to provide the following declaration of independence to the Members of Kangaroo Island Council.

I confirm that, for the audit of the financial statements of Kangaroo Island Council for the 30 June 2013 financial year, 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 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 (5) Local Government (Financial Management) Regulations 2011.

Yours sincerely

DELOITTE TOUCHE TOHMATSU



Philip Teale
Partner
Deloitte Touche Tohmatsu

Independent Auditor's Report to the Members of Kangaroo Island Council

We have audited the accompanying financial report of Kangaroo Island Council ("the Council"), which comprises the balance sheet as at 30 June 2013, the statement of comprehensive income, the cash flow statement and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Certification of Financial Statements as set out on pages 2 to 42.

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial report of Kangaroo Island Council presents fairly, in all material respects, the Council's financial position as at 30 June 2013 and its financial performance for the year then ended in accordance with Australian Accounting Standards, the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Philip Teale
Partner
Chartered Accountants
Adelaide, 13 November 2013



Annual Report

2012 - 2013



Constituent Councils:
 Alexandrina Council
 City of Victor Harbor
 Kangaroo Island Council
 Yankalilla District 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 and operates waste management services on behalf of the four councils. This includes:

- the operation of five Waste and Recycling Depots;
- the provision of waste, recycling and green waste kerbside collection services;
- public litter;
- event bin provision and collection; and
- the provision of community information and education

for the four Constituent Councils.

These services are covered by a Service Level Agreement with each Council setting out the Key Performance Indicators (KPI's) 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 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 gazetted on 11 February 2010.

Chairperson's Message



On behalf of the Board of Fleurieu Regional Waste Authority, it is my pleasure to present the Annual Report for the 2012/13 financial year.

Pursuant to Section 5.3.1 of its Charter, the Authority must submit to Constituent Councils by 30 September each year a report on the work and operations of the Authority for the preceding financial year. This report must detail achievements of the aims and objectives of its Business Plan and incorporate the Audited Financial Statements of the Authority for the relevant financial year and any other information or reports as required by the Constituent Councils or prescribed by the Local Government Act, 1999.

I am pleased to report that FRWA has discharged its responsibilities under the Charter in a fiscally and environmentally responsible manner.

In its work the Board is guided by the following five strategic directions within FRWA's 10 Year Strategic Plan (2010-2020).

- Educating and informing the community on recycling, resource recovery and responsible waste management.
- Providing a sustainable and cost effective kerbside collection service for Constituent Councils.
- Managing services and infrastructure that will enable efficient and effective waste management for Constituent Councils.
- Promoting and researching ecologically sustainable waste management and actively representing Constituent Councils.
- Meeting the highest standards for a Local Government Regional Subsidiary in governance.

The 2012/13 financial year marked the first full 12 month period that FRWA provided all waste and recycling services to its Constituent Councils. That gave us the opportunity to progress the implementation of regional efficiencies with our member councils, such as the closure of the Victor Harbor Waste and Recycling Depot and the commencement of the upgrade of the Goolwa Waste and Recycling Depot to a regional hub.

These great efforts were rewarded by establishing the first regional e.waste drop off centre under the

National Scheme for South Australia at the Goolwa site in December 2012.

With that, e.waste covered under the National Scheme became free of charge for our community, which was very well received.

The Waste and Recycling Depots at Strathalbyn and Yankalilla followed and became additional e.waste drop off sites - a great advantage to our large region.

FRWA's close cooperation with Zero Waste SA (ZWSA) continued and a number of projects were kindly supported with ZWSA grants.

FRWA has furthered its professional links to neighbouring councils, regional authorities and commercial business partners to ensure the continuous provision of efficient services for its communities.

FRWA increased its presence in local newspapers an example is its regular monthly column in one of the local papers.

The appointment of a dedicated Education Officer (part time) provided us with the opportunity to focus on waste and recycling education in childcare facilities and primary schools on two days each week, which was very well received. FRWA worked closely with KESAB and their Wipe Out Waste (WOW) program for schools.

FRWA continued its presentations to community groups and businesses and upgraded its webpage by including a dedicated education page.

During 2012/13 there were a number of changes to the Board with the departure of Steven Watson, former senior staff member for Kangaroo Island Council and Malcolm Schlein, Mayor of District Council of Yankalilla. Their input and knowledge has been greatly appreciated. Michael Culley and Jeremy Moller have since been appointed to the Board and continued the good work with the same enthusiasm and dedication.

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

CATHERINE COOPER
INDEPENDENT CHAIRPERSON

The Board

THE BOARD MEMBERS

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



Catherine Cooper
Independent Chairperson



Kym McHugh
Mayor
Alexandrina Council



Simon Grenfell
General Manager
Engineering & Open Space
Alexandrina Council



Cr Tim Telfer
Councillor
City of Victor Harbor



Glenn Sanford
Director Environment &
Infrastructure
City of Victor Harbor



John Tillack
Manager District Services
District Council of Yankalilla



Michael Cullley
Asset Services General Manager
Kangaroo Island Council



Jeremy Moller
Councillor
District Council of Yankalilla



Cr Malcolm Boxall
Councillor
Kangaroo Island Council

BOARD MEETINGS

The Board meets 6 times each year, with each council taking turns in hosting the proceedings. Special 'Out of Session' meetings are occasionally held for specific matters. All Board members complied with the statutory requirement to submit pecuniary interest returns.

Executive Officer's Message

The 2012/13 financial year marks the first year of full operation of all services for FRWA's Constituent Councils. I would like to thank all staff for their hard work and dedication and the FRWA Board for its continued support.



FRWA'S PEOPLE AND WORKPLACE HEALTH AND SAFETY (WHS)

FRWA employs 29 staff (to a 25.8 FTE equivalent) across Kerbside Collection Services, Waste and Recycling Depots, Education and Corporate Services.

FRWA is proud of its good record in workplace health and safety and the decrease in the number of incidents by 28% compared to the year before. All safe work procedures have been reviewed and updated in accordance with the new legislation. Continuous training and regular toolbox meetings with all staff form the basis to maintaining and further improving on workplace health and safety standards.

The Fleurieu Regional Waste Authority Enterprise Bargaining Agreement 2011 (the EBA) came into force on 1 December 2011 and sets out FRWA's industrial relations until 30 November 2014. In accordance with the EBA, FRWA established a Single Bargaining Unit as the consultative structure within the Authority.

For our employees we have implemented an Employee Assistance Program and a Trauma and Serious Incident Counselling Program.

FINANCE AND GOVERNANCE

I am pleased to report that the overall performance of the Authority during the 2012/13 financial year meets the 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 2013 form part of this report.

The Authority formed an Internal Audit Committee, consisting of three directors of the FRWA Board to assist the Board in its decision making process in respect to financial planning and management as well as internal risk controls and management reviews.

The progressive transition to a new finance and accounting software has been completed which improved efficiencies and reporting structures to the FRWA Board and Constituent Councils.

WASTE AND RECYCLING DEPOTS

Improving efficiencies for now and the future was the driver for the 2012 Business Review of FRWA's Waste and Recycling Depot operations and associated administrative processes.

Key findings have been progressively implemented which contributed to the good results of all Waste and Recycling Depots.

With the completion of its landfill operation and commencement of the capping at the site, the Victor Harbor Waste and Recycling Depot closed on 1 October 2012.

Alexandrina Council and City of Victor Harbor agreed to pooling their resources and working together by developing the Goolwa Waste and Recycling Depot as the regional hub.

The concept design for the redevelopment of the Goolwa Waste and Recycling Depot has been agreed to by all stakeholders and with that we achieved a significant milestone for the development of a much improved facility, which will be able to cater for the future needs of our communities.

FRWA worked closely with ANZRP, an Approved Arrangement under the National Television and Computer Recycling Scheme (the Scheme), and established the first regional drop off centre for e-waste in South Australia. In December 2012 the Goolwa site started as an approved site under the Scheme which is a fine example for the advantages of regional cooperation across council boundaries. Based on the good results achieved at Goolwa, the Waste and Recycling Depots in Strathalbyn and Yankalilla were also approved as official e-waste sites under the Scheme which provides an excellent coverage for e-waste across our region.

Upgraded processing and management of green waste at the Goolwa site has improved the quality of our finished mulch product. Regular campaigns, promoting the use of our quality mulches, support our endeavours to promote reuse and recycling in the region.

Executive Officer's Message

At the Kangaroo Island Resource Recovery Centre in Kingscote we commissioned a new baler for paper, cardboard and plastics which has resulted in improved quality of bales and increased transport efficiencies. Further upgrades of the general site layout improved presentation, safety and user friendliness of the site.

The upgrade of the Yankalilla Waste and Recycling Depot with a forklift improved workplace health and safety for our operator as well as efficiencies in our operations. The newly created salvage & save area has been well received by the community and was a cornerstone of the good results for the site.

We implemented the Plasback Take Back Scheme for farm silage and twins at all waste and recycling depots which has been well received by the farming community.

FRWA was successful in securing Zero Waste SA grant funding of \$60,000.00 for the following projects: purchase of e.waste shipment containers for the Goolwa WRD, the extension of kerbside green waste collections for Alexandrina Council and for improvements to kerbside collection systems within City of Victor Harbor and a contribution towards kerbside collection calendars for all Constituent Councils.

KERBSIDE COLLECTIONS

A new Kerbside Collection Policy (the Policy) was approved by the three mainland Constituent Councils and FRWA is now working with councils on the implementation of the Policy. The Policy includes a 'user pays' provision for services in addition to the standard kerbside services.

FRWA, in consultation with its Constituent Councils, reviewed options to improve the current kerbside collection system of weekly collection of general waste and 4-weekly collection of dry recyclables and green waste (where applicable) to a system that better promotes recycling and reduces waste to landfill. The fortnightly collection of all waste types was identified as the preferred option. FRWA and Councils are now working together on the regional implementation of improved kerbside services.

Kerbside collection for green waste has been extended within Alexandrina Council to include the townships of Mount Compass, Milang, Langhorne Creek and Clayton.

COMMUNITY INFORMATION AND EDUCATION

FRWA allocated additional resources to community education and information, an improvement that enabled us to provide presentations to kindergartens and primary schools two days per week across all four Constituent Councils.

The 'Waste to Sculpture', a joint initiative between FRWA and KESAB, was well received and all competition entries were testimony of the increased level of awareness for waste reduction and recycling.

Upgrades to the FRWA webpage, regular articles and columns in local newspapers, more publications on the principles of waste reduction, reuse and recycling and facilitation of public forums have improved our presence in the community.

BUSINESS, GOVERNMENT AND COMMUNITY RELATIONS

FRWA has further consolidated its good working relationship with other regional waste authorities and neighbouring councils, councils from other regions in SA and interstate, state and local government agencies, expert consultants, commercial operators and the local media.

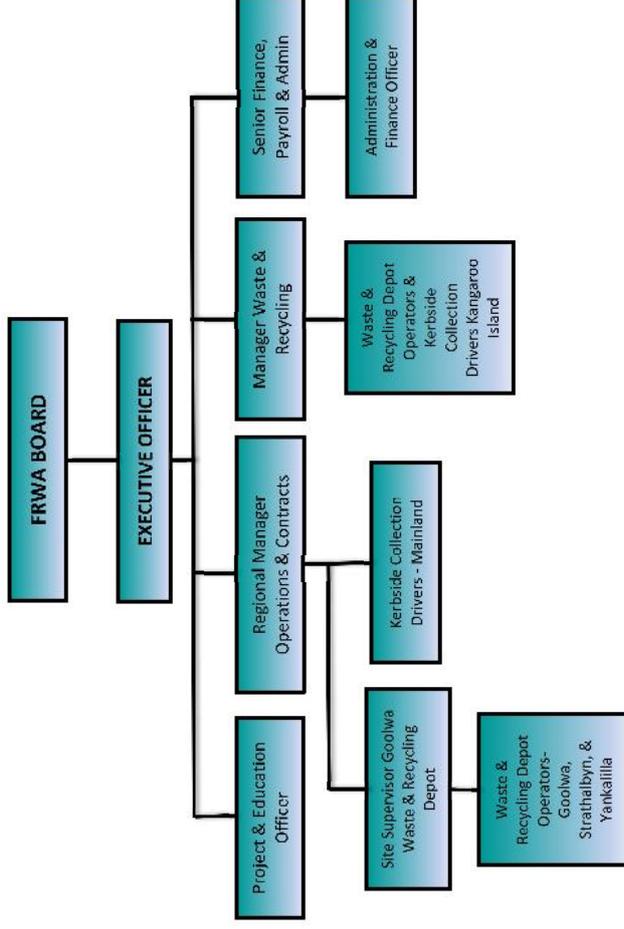
The visit by Dr Campbell Gemmel, GEO of the SA EPA, and senior staff members of the agency to the Authority in July 2012 is one example for our good working relationship with state government agencies.

Wherever possible, FRWA utilises local and regional businesses and services and has excellent experience with the dedication and service orientation from a large number of local suppliers. FRWA is also represented on relevant state-wide and national industry stakeholder working groups and forums, the LGA Waste Working Group and is an active member of the Waste Management Association of Australia.

MARINA WAGNER EXECUTIVE OFFICER

Our People

ORGANISATIONAL CHART



EMPLOYEES BY OCCUPATION

DESIGNATED GROUPS	2012/13 (FTE)
Executive Officer	1
Managers	2
Site Supervisor	1
Finance & Projects	1.8
Kerbside Drivers	10
Waste and Recycling Depot Operators	10
Total	25.8 FTE

EXECUTIVE OFFICER

Marina Wagner

MANAGERS

Jason Kerr, Regional Manager Operations & Contracts

Darren Stephens, Manager Waste and Recycling

Our People

ENTERPRISE BARGAINING AGREEMENT

The Authority's Enterprise Bargaining Agreement was collaboratively and cooperatively developed between management and employees and was implemented on 1st December 2011 and will remain in force until 30 November 2014.

This year in a Single Bargaining Unit was formed under the Authorities Enterprise Bargaining Agreement. Meetings will be held on a 6 monthly basis or more frequently if required.

EMPLOYEE ASSISTANCE PROGRAM & CRISIS CARE

An Employee Assistance Program and Crisis Care Program were established and made available to employees.

WORK HEALTH AND SAFETY

With the recent changes to WHS legislation a meeting was held in April with the LGA Appointed Consultants to assist FRWA with the review and update of WHS documentation.

TRAINING AND DEVELOPMENT

A review of training and development and funding requirements for all Authority staff were completed and consolidated in the Training and Development Plan.

Report, Regional Operations Manager

OCCUPATIONAL HEALTH & SAFETY

FRWA has introduced a risk rating system for incidents / near miss events, rating all incidents in the following categories: High, Medium, and Low.

2012 – 2013 STATISTICS		
Rating Type	Rating Description	Number
High	Investigated by Worksafe	0
Medium	Lodged with Workcover and/or requires medical attention or LTI	6
Low	No injury and/or minor plant damage or NLT, near miss	20

LTI – Lost Time Injury NLT – No Lost Time

Toolbox Meetings are held once a fortnight for Waste and Recycling Depot staff and every three weeks for RACV drivers on the mainland. Kangaroo Island hold separate Toolbox Meetings once a month with all staff.

A digital sound meter was used to conduct noise level testing on all plant operating at Waste and Recycling Depots. All plant met Worksafe SA guidelines.

PLANT AND EQUIPMENT

A forklift was purchased for the Yankalilla Waste and Recycling Depot to make the handling of e.waste and other large waste items easier ensuring compliance with WHS requirements for solo operators.

The purchase of an excavator for the Goolwa Waste and Recycling Depot met the sites growing demands for processing waste and recycling streams.

KERBSIDE COLLECTION

The RACV fleet has been upgraded in accordance with four re-calls Iveco Australia released.

The kerbside team serviced approximately 32,000 properties for the collection of general waste and dry recyclables and approximately 25,000

properties for the collection of green waste during the year.

As of 1st February the kerbside green waste collection was extended to include the townships of Clayton Bay, Milang, Mount Compass and Langhorne Creek.

The Regional Kerbside Collection Policy has been finalised and adopted by the mainland Constituent Councils. FRWA is now in the process of working through the implementation of the policy.

WASTE AND RECYCLING DEPOTS

In December 2012 the Goolwa Waste and Recycling Depot became the first regional e.waste collection center under the National E.Waste Scheme in SA, Strathalbyn and Yankalilla sites followed soon after. Residents have been very responsive to the availability of free e.waste disposal across the region with all three sites receiving excellent tonnages.

All Waste and Recycling Depots experienced a very busy summer holiday season with large numbers of additional customers and larger than normal volume of telephone enquiries.

Plasback Campaign to recycle silage wrap has been implemented across all Waste and Recycling Depots.

Goolwa Site

The Goolwa Waste and Recycling Depot's waste and recycling stream tonnages have nearly doubled since the closure of the Victor Harbor site. The largest increase has been the green waste stream. Mulch levels at the Goolwa Site have increased due to the rise in green waste coming into the site. Current grindings are around 2000m³ every 2-3 months, an increase of 1000m³ each quarter.

Strathalbyn Site

Sales of mulch and timber chips have been constant throughout the year due to an increase in commercial sales in the district.

Kangaroo Island Site

A new cardboard and plastics bailer has been installed at the Kingscote Site resulting in a better product for resale and an increase in transport efficiencies.

Corporate Governance

Good governance activities play a key role in ensuring the Authority achieves the highest standards of integrity and transparency.

The Authority's approach to good governance includes policy development and review, strategic planning, adherence to legislation and open and transparent reporting.

AUDITED FINANCIAL STATEMENTS 2012-2013

Edward Marshall audited the 2012-2013 books and issued the Financial Statements which were provided to all Constituent Councils.

EXTERNAL MANAGEMENT REVIEW

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

INTERNAL AUDIT COMMITTEE MEETINGS

Four meetings of the Internal Audit Committee were conducted throughout the year on 2 October 2012, 20 November 2012, 26 February 2013 and 21 May 2013.

POLICY DEVELOPMENT AND REVIEW

Through this financial year the Authority continued to develop and review its Policies and Procedures. Newly developed:

Flexible Time Accrual Policy
Kerbside Waste Collection Policy
Drug and Alcohol Policy

UPGRADE OF FRWA'S FINANCE SYSTEM

Synergy, the new financial system is now fully operational with both payroll and all accounting functions having been transferred over. The system has allowed for better management, reporting and budgeting across the 4 Constituent Council areas.

FRWA WEBSITE

FRWA has progressed with the upgrade of its webpage by including a search engine for kerbside bin collections by street name.

Major Achievements

E. WASTE

After the very successful e.waste campaign conducted during May 2012 at the Goolwa Waste and Recycling Depot FRWA signed a contract to make Goolwa Waste and Recycling Depot the first regional e.waste drop off centre under the scheme.

The program commenced early in December 2012 and due to the success was extended to include the Strathalbyn and Yankalilla Waste and Recycling Depots from the end of January 2013.

YANKALILLA WASTE AND RECYCLING DEPOT

Site improvements have taken place with rain water tanks being installed and general maintenance being completed. Wooden crates have been purchased for the recycling of cans and bottles, plastics and cardboard.

KANGAROO ISLAND WASTE AND RECYCLING DEPOT

Further improvements have been completed to the Kangaroo Island Site with more drop-off bays being created and signposted and the steel pile being relocated.

Improvements have also been completed to the salvage shop to include a workshop and maintenance area. This has provided much needed additional storage space and allows staff to complete small plant maintenance.

GRANTS APPROVED

- \$14,760.00 ZWSA grant for the purchase of shipping containers, crates and signage for e.waste at the Goolwa Site.
- \$1,300 grant for Alexandria Council to assist with the extension of the kerbside green waste program.
- \$32,790 grant for City of Victor Harbor, of which \$16,395 is being used this financial year, retrospective payment for understated numbers for the 2 or 3 bin kerbside system.
- \$8,000 grant towards the production of the kerbside calendars for the four Constituent Councils.

JOINT AGREEMENT

The City of Victor Harbor and Alexandrina Council have both accepted the proposals put before them for the redevelopment of a Regional Waste Transfer Station at the Goolwa site.

The engineering contract for the concept design for the development has been finalised and the project has commenced.

WASTE TO SCULPTURE PROJECT

In conjunction with KESAB FRWA conducted a "Waste to Sculpture" project which was open to primary schools in the region. The project was linked to the KESAB "Wipe Out Waste" program. Schools were asked to create a sculpture from recycled materials.

Five Primary Schools entered the competition; Encounter Lutheran College 'Tree of Life', Eastern Fleurieu R-6 Strathalbyn Campus 'Tin Man', Goolwa Primary School 'The Tree of Extended Life', Mount Compass Area School 'Bottle Cap Curtain' and Victor Harbor R-7 'Manufactured Nature'.

Photographs of the sculptures were displayed at the Leafy Sea Dragon Festival at Bungala Park Family Fun Day on 13th April as well as the 'Hooked on Books' store in Yankalilla. The Community was invited to vote for their favourite sculpture at the displays and also online on KESAB's Facebook site.

The Presentation Day was held at the Alexandrina Council Chambers on Thursday 30 May 2013 with Kym McHugh, Alexandrina Council Mayor presenting the awards to the winning schools.



EASTERN FLEURIEU SCHOOL STUDENTS AND TEACHERS RECEIVING 1st PRIZE FOR THEIR TIN MAN FROM MARINA WAGNER, EXECUTIVE OFFICER FRWA AND KYM MCHUGH, MAYOR ALEXANDRINA COUNCIL.

Major Achievements

WASTE STATISTICS FOR 2012 -2013

WASTE SUMMARY ALL COUNCILS (WRD and kerbside)	Tonnages
Total Waste Collected and Received	48,986.03
Total Waste Diverted from Landfill	31,177.04
Total Waste to Landfill	17,808.99

WASTE TO LANDFILL PER COUNCIL	
Council	Tonnage Total
Alexandrina Council	10,153.60
City of Victor Harbor	3,656.75
DC of Yankalilla	1,990.60
Kangaroo Island Council	2,008.04
TOTAL TONNAGE	17,808.99

DIVERTED FROM LANDFILL PER COUNCIL THROUGH KERBSIDE COLLECTION SERVICE

	Alexandrina Council	City of Victor Harbor	DC of Yankalilla	Kangaroo Island
Green Organic Waste	1,582.32	1,201.47	NA	NA
Recyclables	1,689.33	1,147.22	322.33	255.80
TOTAL TONNAGE	3,271.65	2,348.69	322.33	255.80

Note: Kangaroo Island kerbside figures for recyclables are not separated from the Waste & Recycling Depot recyclables, the above figure is from both sources.

DIVERSION OF WASTE FROM LANDFILL PER COUNCIL (From all sources – WRD and Kerbside)

Council	Tonnage Total
Alexandrina Council	27,446.37
City of Victor Harbor	2,969.38
DC of Yankalilla	493.16
Kangaroo Island Council	268.13
TOTAL TONNAGE	31,177.04

Note: The above figure includes all waste types from both Waste & Recycling Depots and Kerbside Collection. Victor Harbor's figure only includes tonnages from the VH W&R Depot up to its closure at the end of October 2012.

DIVERSION OF E.WASTE FROM LANDFILL PER COUNCIL

Council	Tonnage Total
Alexandrina Council	191.32
City of Victor Harbor	3.67
DC of Yankalilla	25.62
Kangaroo Island Council	10.70
TOTAL TONNAGE	231.31

Note: Victor Harbor's figure only includes tonnages from the VH W&R Depot up to its closure at the end of October 2012.

MULCH PRODUCED FROM GREEN ORGANIC WASTE

Council	Tonnage Totals
Alexandrina Council	3,294.04
City of Victor Harbor	300.37
DC of Yankalilla	323.01
Kangaroo Island Council	599.4
TOTAL TONNAGE	4,516.82

Note: Victor Harbor - The above figure only includes tonnages from the VH Waste & Recycling Depot up to its closure at the end of October 2012.

Financial Statements

2012 – 2013

Fleurieu Regional Waste Authority Annual Report

FLEURIEU REGIONAL WASTE AUTHORITY

General Purpose Financial Reports for the year ended 30 June 2013

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FLEURIEU REGIONAL WASTE AUTHORITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2013

CERTIFICATION OF FINANCIAL STATEMENTS

I 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 1993, 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 2013 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 Council'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.



 Catherine Cooper
CHAIR OF BOARD

Date: 17 Sep 2013

FLEURIEU REGIONAL WASTE AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2013

	Notes	2013 \$	2012 \$
INCOME			
User charges	2	6,403,974	5,843,477
Grants, subsidies and contributions	2	51,662	25,489
Investment income	2	33,735	70,862
Reimbursements	2	93,216	34,771
Other income	2	74,042	64,770
Total Income		6,656,629	6,039,369
EXPENSES			
Employee costs	3	2,030,996	1,845,184
Materials, contracts & other expenses	3	3,916,878	3,507,601
Depreciation, amortisation & impairment	3	522,785	414,342
Finance costs	3	149,443	169,905
Total Expenses		6,620,102	5,937,032
NET SURPLUS / (DEFICIT)		36,527	102,337
Transferred to Equity Statement			
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		36,527	102,337

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

FLEURIEU REGIONAL WASTE AUTHORITY

BALANCE SHEET as at 30 June 2013

	Notes	2013 \$	2012 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	860,948	808,826
Trade & other receivables	4	116,875	123,378
Inventories	4	10,912	-
Total Current Assets		988,735	932,204
Non-current Assets			
Infrastructure, property, plant & equipment	5	2,397,806	2,789,304
Total Non-current Assets		2,397,806	2,789,304
Total Assets		3,386,541	3,721,508
LIABILITIES			
Current Liabilities			
Trade & other payables	6	677,469	774,636
Borrowings	6	336,387	398,822
Provisions	6	165,840	117,699
Total Current Liabilities		1,179,696	1,291,157
Non-current Liabilities			
Borrowings	6	1,818,323	2,070,974
Provisions	6	10,657	18,039
Total Non-current Liabilities		1,828,980	2,089,013
Total Liabilities		3,008,676	3,380,170
NET ASSETS		377,865	341,338
EQUITY			
Accumulated Surplus		377,865	341,338
TOTAL EQUITY		377,865	341,338

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 2013

	2013	Notes	Accumulated Surplus	TOTAL EQUITY
			\$	\$
Balance at end of previous reporting period			341,338	341,338
Net Surplus / (Deficit) for Year			36,527	36,527
Other Comprehensive Income			-	-
Balance at end of period			<u>377,865</u>	<u>377,865</u>
	2012			
Balance at end of previous reporting period			239,001	239,001
Net Surplus / (Deficit) for Year			102,337	102,337
Other Comprehensive Income			-	-
Balance at end of period			<u>341,338</u>	<u>341,338</u>

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

FLEURIEU REGIONAL WASTE AUTHORITY

CASH FLOW STATEMENT for the year ended 30 June 2013

	2013	Notes	2012
	\$		\$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
User charges	6,893,221		6,645,873
Investment receipts	33,735		70,862
Grants utilised for operating purposes	51,662		25,489
Reimbursements	93,216		34,771
Other revenues	74,042		64,770
<u>Payments</u>			
Employee costs	(2,026,119)		(1,828,220)
Materials, contracts & other expenses	(4,462,173)		(4,143,189)
Finance payments	(159,089)		(94,552)
Net Cash provided by (or used in) Operating Activities	<u>498,495</u>		<u>775,804</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Payments</u>			
Expenditure on new/upgraded assets	(131,287)		(3,152,357)
Net Cash provided by (or used in) Investing Activities	<u>(131,287)</u>		<u>(3,152,357)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from borrowings	-		3,058,775
<u>Payments</u>			
Repayments of borrowings	(315,086)		(638,979)
Net Cash provided by (or used in) Financing Activities	<u>(315,086)</u>		<u>2,419,796</u>
Net Increase (Decrease) in cash held	<u>52,122</u>		<u>43,243</u>
Cash & cash equivalents at beginning of period		7	765,583
Cash & cash equivalents at end of period	<u>808,826</u>		<u>808,826</u>
		7	<u>860,948</u>

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 2013

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 Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of the City of Victor Harbor, Alexandrina Council, The District Council of Yankalilla and The District Council of Kangaroo Island. The Authority commenced trading as from the 5th July 2010.
The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 17th September 2013.
- 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 the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.
- 2 The Local Government Reporting Entity**
The Fleurieu Regional Waste Authority operates as a regional subsidiary pursuant to Section 43 of the SA Local Government Act 1999 and has its principal place of business at 25b Hutchinson Street, Goolwa SA 5214. These financial statements have been prepared for use by the constituent Councils of the Authority.
- 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.
- 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.

Fleurieu Regional Waste Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 1 - Significant Accounting Policies (cont)

Receivables are generally unsecured and do not bear interest.

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 8.

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.

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.

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

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. Examples of capitalisation thresholds applied during the year are given in Note 5. No capitalisation threshold is applied to the acquisition of land or interests in land.

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. Further detail of existing valuations, methods and valuers are provided at Note 5.

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.

Major depreciation periods for each class of asset are shown in Note 5. Depreciation periods for infrastructure assets have been estimated based on the best information available to the Authority, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Fleurieu Regional Waste Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

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

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

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to the Authority assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

No accrual is made for sick leave as the 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.

Fleurieu Regional Waste Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 1 - Significant Accounting Policies (cont)

9.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and the Authority's involvement with the schemes are reported in Note 13.

10 Leases

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

In respect of finance leases, where the Authority substantially carries the entire risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Authority is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

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

11 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.

12 Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2013 reporting period and have not been used in preparing these reports.

AASB 9	Financial Instruments
AASB 10	Consolidated Financial Statements
AASB 11	Joint Arrangements
AASB 12	Disclosure of Interests in Other Entities
AASB 13	Fair Value Measurement
AASB 119	Employee Benefits
AASB 127	Separate Financial Statements
AASB 128	Investments in Associates and Joint Ventures

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2011-7, AASB 2011-8, AASB 2011-10, AASB 2012-2, AASB 2012-3, AASB 2012-5, AASB 2012-6 and AASB 2012-10.
(Standards not affecting local government have been excluded from the above list.)

The Authority is of the view that 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.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 2 - INCOME

	2013 \$	2012 \$
USER CHARGES		
Waste Disposal Operations	<u>6,403,974</u>	<u>5,843,477</u>
	<u>6,403,974</u>	<u>5,843,477</u>
INVESTMENT INCOME		
Interest on investments	4,621	-
Local Government Finance Authority	<u>29,114</u>	<u>70,862</u>
Banks & Other	<u>33,735</u>	<u>70,862</u>
	<u>93,216</u>	<u>34,771</u>
	<u>93,216</u>	<u>34,771</u>
REIMBURSEMENTS		
- other		
	<u>30,644</u>	<u>24,794</u>
	<u>43,398</u>	<u>39,976</u>
	<u>74,042</u>	<u>64,770</u>
	<u>51,662</u>	<u>25,489</u>
	<u>51,662</u>	<u>25,489</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS		
Other grants, subsidies and contributions		
	<u>51,662</u>	<u>25,489</u>
	<u>51,662</u>	<u>25,489</u>
Sources of grants		
Other		
	<u>51,662</u>	<u>25,489</u>
	<u>51,662</u>	<u>25,489</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 3 - EXPENSES

	2013 \$	2012 \$
EMPLOYEE COSTS		
Salaries and Wages	1,747,417	1,506,511
Employee leave expense	<u>24,193</u>	<u>162,295</u>
Superannuation - defined contribution plan contributions	<u>131,100</u>	<u>110,468</u>
Superannuation - defined benefit plan contributions	<u>17,489</u>	<u>19,652</u>
Workers' Compensation Insurance	<u>97,933</u>	<u>35,634</u>
Other	<u>12,864</u>	<u>10,624</u>
Total Operating Employee Costs	<u>2,030,996</u>	<u>1,845,184</u>
Total Number of Employees	<u>26</u>	<u>24</u>
<i>(Full time equivalent at end of reporting period)</i>		
MATERIALS, CONTRACTS & OTHER EXPENSES		
Prescribed Expenses		
Auditor's Remuneration	9,000	9,530
- Auditing the financial reports	<u>1,206</u>	<u>210</u>
Bad and Doubtful Debts	<u>22,408</u>	<u>22,633</u>
Board members' expenses		
Operating Lease Rentals - non-cancellable leases		
- minimum lease payments	<u>26,000</u>	<u>23,133</u>
Subtotal - Prescribed Expenses	<u>58,614</u>	<u>55,506</u>
Other Materials, Contracts & Expenses		
Contractors	1,128,797	960,666
Fuel	<u>540,106</u>	<u>520,889</u>
Waste Disposal	<u>1,028,880</u>	<u>928,835</u>
Maintenance	<u>379,845</u>	<u>365,816</u>
Parts, accessories & consumables	<u>6,840</u>	<u>9,166</u>
Professional services	<u>64,243</u>	<u>53,052</u>
Sundry	<u>709,553</u>	<u>613,671</u>
Subtotal - Other Materials, Contracts & Expenses	<u>3,858,264</u>	<u>3,452,095</u>
	<u>3,916,878</u>	<u>3,507,601</u>
DEPRECIATION, AMORTISATION & IMPAIRMENT		
Depreciation		
Buildings & Other Structures	1,061	1,061
Plant & Equipment	<u>514,846</u>	<u>411,192</u>
Furniture & Fittings	<u>6,878</u>	<u>2,089</u>
	<u>522,785</u>	<u>414,342</u>
FINANCE COSTS		
Interest on Loans	<u>149,443</u>	<u>169,905</u>
	<u>149,443</u>	<u>169,905</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note 4 - CURRENT ASSETS

	2013	2012
	\$	\$
CASH & EQUIVALENT ASSETS		
Cash on Hand and at Bank	74,128	48,788
Deposits at Call	786,820	760,038
	<u>860,948</u>	<u>808,826</u>
TRADE & OTHER RECEIVABLES		
Debtors - general	116,875	123,378
Total	<u>116,875</u>	<u>123,378</u>
Less: Allowance for Doubtful Debts	-	-
	<u>116,875</u>	<u>123,378</u>
	-	-
	<u>10,912</u>	<u>-</u>
	<u>10,912</u>	<u>-</u>

Amounts included in receivables that are not expected to be received within 12 months of reporting date.

INVENTORIES
Stores & Materials

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note 5 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2012				2013			
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Buildings & Other Structures	-	3,181	(1,149)	2,032	-	3,181	(2,210)	971
Plant & Equipment	-	3,182,905	(414,178)	2,768,727	-	3,314,193	(929,025)	2,385,168
Furniture & Fixings	-	20,634	(2,089)	18,545	-	20,634	(8,967)	11,667
TOTAL PROPERTY, PLANT & EQUIPMENT	-	3,206,720	(417,416)	2,789,304	-	3,338,008	(940,202)	2,397,806
Comparatives		54,363	(3,074)	51,289		3,206,720	(417,416)	2,789,304

This Note continues on the following pages.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note 5 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

Buildings & Other Structures
Buildings and other structures generally are recognised on the cost basis.

Plant, Furniture & Equipment
These assets are recognised on the cost basis.

Capitalisation Thresholds

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	\$1,000

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 2013

Note 5 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR										2013 \$ CARRYING AMOUNT
	2012 \$ CARRYING AMOUNT	Additions New/Upgrade	Renewals	Disposals	Depreciation	Impairment	Transfers	Net Revaluation			
Buildings & Other Structures	2,032	-	-	-	(1,061)	-	-	-	-	971	971
Plant & Equipment	2,768,727	131,287	-	-	(514,946)	-	-	-	-	2,385,168	2,385,168
Furniture & Fittings	18,545	-	-	-	(6,878)	-	-	-	-	11,667	11,667
TOTAL INFRASTRUCTURE PROPERTY, PLANT & EQUIPMENT	2,789,304	131,287	-	-	(522,785)	-	-	-	-	2,397,806	2,397,806
<i>Comparatives</i>	<i>51,289</i>	<i>3,152,357</i>			<i>(414,342)</i>						<i>2,789,304</i>

This Note continues on the following pages.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 6 - LIABILITIES

	2013		2012	
	Current	Non-current	Current	Non-current
	\$		\$	
TRADE & OTHER PAYABLES				
Goods & Services	403,522	-	368,322	-
Payments received in advance	-	-	166,480	-
Accrued expenses - employee entitlements	148,000	-	148,883	-
Accrued expenses - other	123,545	-	84,352	-
Other	<u>2,492</u>	-	<u>4,599</u>	-
	677,469	-	774,636	-
<i>Amounts included in trade & other payables that are not expected to be settled within 12 months of reporting date.</i>				
BORROWINGS				
Loans	336,387	1,818,323	398,822	2,070,974
	<u>336,387</u>	<u>1,818,323</u>	<u>398,822</u>	<u>2,070,974</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>				
PROVISIONS				
Employee entitlements (including oncosts)	95,840	10,657	82,699	18,039
Other	<u>70,000</u>	-	<u>35,000</u>	-
	165,840	10,657	117,699	18,039

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 7 - 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:

	2013	2012
	\$	
Total cash & equivalent assets	860,948	808,826
Balances per Cash Flow Statement	<u>860,948</u>	<u>808,826</u>

Notes
4

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

Net Surplus (Deficit)	36,527	102,337
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	522,785	414,342
	<u>559,312</u>	<u>516,679</u>

Add (Less): Changes in Net Current Assets

Net (increase) decrease in receivables	6,503	(3,244)
Net (increase) decrease in inventories	(10,912)	-
Net increase (decrease) in trade & other payables	(97,167)	280,780
Net increase (decrease) in other provisions	40,759	(18,411)

Net Cash provided by (or used in) operations

	<u>498,495</u>	<u>775,804</u>
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(c) Financing Arrangements

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

Corporate Credit Cards	10,000
LGFA Cash Advance Debiture facility	500,000

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 8 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank Deposits at Call, Short Term Deposits	Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned. Terms & conditions: Deposits are returning fixed interest rates between 1% and 3.50% (2012: 1% and 4.25%).
Receivables - Fees & other chargers	Carrying amount: approximates fair value due to the short term to maturity. Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and reassessed 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.
Liabilities - Creditors and Accruals	Carrying amount: approximates fair value (after deduction of any allowance). 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.
Liabilities - Interest 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 on a 6 monthly basis; interest is charged at fixed rate of 6.65% (2012: 6.65%)
Liabilities - Finance Lease	Accounting Policy: accounted for in accordance with MASB 117.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 8 (cont) - FINANCIAL INSTRUMENTS Liquidity Analysis

	2013		2012		Total	
	Due < 1 year	Due > 1 year, ≤ 5 years	Due < 1 year	Due > 1 year, ≤ 5 years	Contractual Cash Flow	Carrying Values
Financial Assets						
Cash & Equivalents	\$ 860,948	\$ -	\$ 860,948	\$ -	\$ 860,948	\$ 860,948
Receivables	116,875	-	116,875	-	116,875	116,875
Financial Liabilities						
Payables	529,469	-	529,469	-	529,469	405,924
Current Borrowings	474,174	-	474,174	-	474,174	336,387
Non-Current Borrowings	-	2,137,784	-	2,137,784	2,137,784	1,818,323
Total	1,003,843	2,137,784	1,442,207	2,137,784	3,141,427	2,560,934
Financial Assets						
Cash & Equivalents	\$ 808,826	\$ -	\$ 808,826	\$ -	\$ 808,826	\$ 808,826
Receivables	123,378	-	123,378	-	123,378	123,378
Other Financial Assets	-	-	-	-	-	-
Total	932,204	-	932,204	-	932,204	932,204
Financial Liabilities						
Payables	734,284	-	734,284	-	734,284	541,401
Current Borrowings	474,174	-	474,174	-	474,174	398,822
Non-Current Borrowings	-	2,370,870	-	237,087	2,607,957	2,070,974
Total	1,208,458	2,370,870	1,208,458	237,087	3,816,415	3,011,197

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

	30 June 2013		3- June 2012	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
Fixed Interest Rates	6.65	\$ 2,154,710	6.65	\$ 2,545,148
		2,154,710		2,545,148

Net Fair Value

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

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Note 4 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk adverse manner.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 9 - COMMITMENTS FOR EXPENDITURE

	Notes	2013 \$	2012 \$
Other Expenditure Commitments			
Other expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		18,000	27,000
Kangaroo Island Bin Replacement		175,000	210,000
Employee Remuneration Contracts		292,871	390,609
Maintenance contracts		33,000	43,333
		518,871	670,942
These expenditures are payable:			
Not later than one year		220,564	193,977
Later than one year and not later than 5 years		298,307	441,965
Later than 5 years		-	35,000
		518,871	670,942

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 10 - FINANCIAL INDICATORS

2013 2012 2011

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

Operating Surplus Ratio			
<u>Operating Surplus</u>	0.55%	2%	8%
Total Operating Revenue			
<i>This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.</i>			

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	31%	41%	-6%
Total Operating Revenue			

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

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	NA	NA	NA
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.

Amounts shown above an asterisk () indicate that depreciation expense has been used as a proxy, pending finalisation of the Infrastructure & Asset Management Plan.*

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note 11 - 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.

	2013	2012
Income	\$ 6,656,629	\$ 6,039,369
less Expenses	6,620,102	5,937,032
Operating Surplus / (Deficit)	<u>36,527</u>	<u>102,337</u>
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	-	-
less Depreciation, Amortisation and Impairment	522,785	414,342
less Proceeds from Sale of Replaced Assets	-	-
	<u>(522,785)</u>	<u>(414,342)</u>
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	131,287	3,152,357
less Amounts received specifically for New and Upgraded Assets	-	-
less Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	-	-
	<u>131,287</u>	<u>3,152,357</u>
Net Lending / (Borrowing) for Financial Year	<u>428,025</u>	<u>(2,635,678)</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note 12 - OPERATING LEASES

Lease payment commitments of Authority

The Authority has entered into non-cancellable operating leases for its two motor vehicles and for office premises in Goolwa. The lease for the two motor vehicles expired in July 2012.

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:

	2013	2012
Not later than one year	\$ 17,333	\$ 78,833
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>17,333</u>	<u>78,833</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 13 – SUPERANNUATION

The Authority makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to Marktelink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marktelink.

Marktelink (Accumulation Fund) Members
Marktelink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2012/13; 9% in 2011/12). No further liability accrues to the Authority as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members
Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. The Authority makes employer contributions to Salarylink as determined by the Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2011/12) of "superannuation" salary.

In addition, the Authority makes a separate contribution of 3% of salary for Salarylink members to their Marktelink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by each employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), the Authority does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Scheme's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2011. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.

Contributions to Other Superannuation Schemes

The Authority also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Authority.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Note 14 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

At times there are contingencies, assets or 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 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.



Edwards Marshall

**FLEURIEU REGIONAL WASTE AUTHORITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013
STATEMENT BY AUDITOR**

I confirm that, for the audit of the financial statements of Fleurieu Regional Waste Authority for the year ended 30 June 2013, 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
Partner

Edwards Marshall
Chartered Accountants

Dated this 17 day of September 2013



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FLEURIEU REGIONAL WASTE AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

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 2013, 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*.

Marina Wagner
Executive Officer
Fleurieu Regional Waste Authority

**PRESIDING MEMBER
AUDIT COMMITTEE**
Subsidiary is exempt from requirements
for an Audit Committee

Date: 17 Sep 2013

FLEURIEU REGIONAL WASTE AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013**

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 2013, the Authority's Auditor, Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1989* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) Local Government (*Financial Management*) Regulations 2011.


.....
Peter Dinning

CHIEF EXECUTIVE OFFICER
Alexandrina Council

Date: 29/08/2013

**PRESIDING MEMBER
AUDIT COMMITTEE**

Subsidiary is exempt from requirements for an Audit Committee

FLEURIEU REGIONAL WASTE AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013**

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 2013, the Authority's Auditor, Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1989* 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
City Manager
City of Victor Harbor

**PRESIDING MEMBER
AUDIT COMMITTEE**

Subsidiary is exempt from requirements for an Audit Committee

Date: 03 September 2013

FLEURIEU REGIONAL WASTE AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013**

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 2013, 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*.


.....
Andrew Boardman

CHIEF EXECUTIVE OFFICER
Kangaroo Island Council

Date: 11/09/13.

**PRESIDING MEMBER
AUDIT COMMITTEE**

Subsidiary is exempt from requirements
for an Audit Committee

FLEURIEU REGIONAL WASTE AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013**

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 2013, 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*.


.....
Adrian Skuli

CHIEF EXECUTIVE OFFICER
District Council of Yankalilla

Date: 2.9.13

**PRESIDING MEMBER
AUDIT COMMITTEE**

Subsidiary is exempt from requirements
for an Audit Committee

FLEURIEU REGIONAL WASTE AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013**

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 2013, 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 BOARD

**PRESIDING MEMBER
AUDIT COMMITTEE**

Subsidiary is exempt from requirements
for an Audit Committee

Date: 17 Sep 2013

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

Report on the Financial Report

We have audited the accompanying financial report of Fleurieu Regional Waste Authority, which comprises the Balance Sheet as at 30 June 2013 and the Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Certification of Financial Statements.

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.

Auditor's Responsibility

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

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

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

Independence

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

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

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Fleurieu Regional Waste Authority as at 30 June 2013, 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.


Edwards Marshall
Chartered Accountants


Jamie Dreckow
Partner

Adelaide
South Australia

Date 17/9/13

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