KANGAROO ISLAND COUNCIL

Kangaroo Island Council

Annual Report 2017-18

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ARRIVALS

Welcome

Kangaroo Island Council is pleased to present the 2017-18 Annual Report and Audited Financial Statements.

Section 1 of this Report reviews Council's performance as against its Strategic Management Plan 2014-2018, Annual Business Plan 2017-18 and other Council plans, from the perspective of our key work area priorities namely: Infrastructure, Community and Island Culture, Collaboration, Supporting Our Economy, Our Island, Our Organisation and embedded in them, Our Strategic Vision.

Section 2 covers Governance and **Section 3** Finance.

Council's performance in each of the key work area priorities builds into our three Strategic Imperatives of Cost Reduction, Revenue and Stimulus/Service.

With respect to these Strategic Imperatives, so far we have completed the following as against our Strategic Plan 2014-2018.

- Cost reduction 77%
- Revenue 78%
- Stimulus/Service 85%
- Grand Total 81%

Overall, we have achieved 76% of the plan, with many of the objectives embedded into the way the business works. What has not been achieved will be re-evaluated and where relevant, will be added into the new Strategic Plan 2019-2023 which is being developed.

We would like to thank our Elected Members, the Commissioner for Kangaroo Island, and our staff and volunteers for their commitment, energy and hard work.

We also wish to thank the many members of the Kangaroo Island Community who selflessly contribute substantial time and effort to generate great outcomes, including getting projects moving in their local Communities, keeping our clubs and associations thriving, protecting our health and welfare, or our safety within our natural environment. These hard working volunteers do what they do to make our Island a better place to live and they successfully add another dimension to what Council is able to offer.

Andrew Boardman
Chief Executive Officer

Island Profile

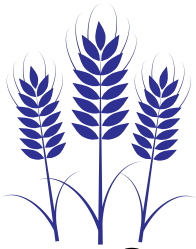
4,702
population

1,362
km of roads

81%
unsealed roads

4,405km²
third largest island in Australia

27%
parks/rural land



65%
primary production

4th
most recoginised tourism destination in Australia

649
students

8%
residential, businesses and Council

Fast Facts

226,051
visitors

26,678
library books borrowed

294
annual boat ramp permits

1,672/242
dogs/cats registered

1,721
customer requests

8,393
received

21
cruise ships

$1,176
average residential rates levied

1,135
after-hour calls

Message from the Mayor

Mayor Peter Clements

In the past year, Council has helped set the economic seeds to ready us for an exciting and rewarding future.

We completed the new Airport facility earlier this year which fundamentally future proofs our Island's air travel requirements for the forseeable future. While the end result is something of which we can all be proud, the project was not without its difficulties – an approved major contractor went into voluntary liquidation causing significant additional cost to the project. As Mayor, I worked extremely hard lobbying State and Federal Government to provide the additional funding required so that ratepayers would not have to bear the brunt of the additional costs. We subsequently received an additional $2.5m in funding from the State and Federal Governments.

In another first, Council is moving cautiously ahead to develop what will be a major boost to the Island economy with Biomass conversion to energy and agricultural products such as fertilizer. Utilising a portion of the plantation timbers including forestry waste and other combustible waste products, the intention is to produce cheap power for the Island as well as ammonium nitrate, biochar and plenty of reserve steam driven energy for economic desalination of water - in association with SA Water. We are looking forward to entering into the full feasibility stage of this exciting venture early in 2019.

We also are continuing to support the Commissioner for Kangaroo Island's Growth Project, which has been focusing on strengthening businesses and building the leadership skills of selected members of our Community – strong businesses and good leadership also plays a key role in helping to future proof our Island.

Leadership of this Community, and striving to achieve significant goals for its sustainability, is a real privilege. I have found it highly rewarding, and at times quite challenging.

Our future is what we make it both individually, and co-operatively as a Community. My personal mentor 45 years ago asked me the simplest of questions, he said, "is your glass half full or is it half empty" to which my quick response was, "it is always half full". I know many of you would share this philosophy and positive approach as it underpins much of the drive and enthusiasm to strengthen our Community, which I see in action consistently across the Island.

We all need to be involved, even in the smallest of ways: our Kingscote Men's Shed is a classic example of how people can change their lives for the better by becoming involved in the Community and giving something of themselves, while enjoying the experience and camaraderie that goes hand in hand with shared achievement.

I see commitment to Community everywhere I look - in our many progress associations, and in our social, services and sporting groups, and it is this outstanding level of voluntary contribution that gives us our culture and provides the positive cohesion we can all benefit from, on this unique Island we all call home.

Elected Members

as at 1 July 2018

Mayor Peter Clements

Deputy Mayor Larry Turner
(from November 2017)

Councillor Graeme Ricketts
(Deputy Mayor until November 2017)

Councillor Sharon Kauppila

Councillor Pip Masters

Councillor Peter Denholm

Councillor Joy Willson

Councillor Ken Liu

Councillor Cathie Tydeman
(Retired May 2018)

SECTION 1

The Year in Review

Our Vision

A confident, growing and cohesive Community:

- Benefiting from a thriving economy based on strong tourism and primary production
- 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 Strategic Imperatives

- Revenue
- Cost Reduction
- Stimulus/Service

Our Work Priorities

- **Infrastructure** – the responsible management and provision of essential Council services
- **Community and Island Culture** – supporting our diverse Community and culture
- **Collaboration** – partnerships and cross government relations
- **Our Island** – healthy natural and cultural environment
- **Supporting our Economy** – working to facilitate and develop an attractive environment in which to conduct business
- **Our Organisation** – internal management and organisational effectiveness
- **Our Shared Vision** – planning for our Island's future

Message from the CEO

Andrew Boardman, CEO

2017-18 was another year of achievement for Council with continued focus on consolidation of the works undertaken in the previous six years and building on the confidence gained through delivery of significant positive changes to the way we approach work, perform, communicate, and collaborate with our Community.

It is pleasing to confirm that once again – seven years in a row – we have delivered better than budget results, with our operating revenue at 111% of budget and our operating costs at 98.6% of budget with a 4.1% reduction over budget for labour and material costs and an 11% reduction in finance costs. In real terms, another year where we have been able to reduce core costs to operate without impacting on service levels. It is pleasing to note that we can also confirm our delivery of a 5.5% decrease in management costs (as a percentage of total labour costs) over the past seven years (from 30.9% to 25.3%). This has effectively diverted over $660,000 from management overhead to operational delivery programs and is symptomatic of the focus on getting best bang for the limited buck we have.

That Staff have been able to deliver these excellent results, with robust controls in place that have earned the business another unqualified audit from Deloitte (our eighth in succession), is validation of their commitment and determination to improve the way our business operates and provides services to our Community, and for that I am very grateful.

Since 2012 we have maintained the disciplines of minimising rate increases to CPI-only, holding service charges to last year's levels - or increasing by a maximum of CPI only, whilst optimising other revenue options together with holding or decreasing costs against budget. Provided that this strategy is continued, we will deliver substantial reductions in debt over the next five years as well as long term financial sustainability.

The rate benefits that will arise from the significant private sector developments that are now very close to commencement after several years of planning, are not included in the Long Term Plan at this stage – being prudent to include only when they are under construction. These, and other revenue positive projects, add the potential for significant upside in our long term financial plan.

2017-18 saw the completion and commissioning of the $21M Kangaroo Island Airport Upgrade Project. This project has been nominated for several awards including a prestigious World Architecture Festival Award, in the Transport category, which will be judged in the Netherlands in November and the Australian Airport Association, Small Regional Airport of the Year, also to be announced in November. This Project is further discussed under the infrastructure section later in this report.

New services, courtesy of Qantas, have increased the visibility of the Island to the travelling public with passenger numbers increasing by over 12% on 2016-17 financial year despite only being in place for the past seven months. These services are locked in for 2018-19 as well and we look forward to increasing numbers travelling through our unique facilities.

The Airport also provides an opportunity to showcase our Island's Artists with the initial exhibition of 50 pieces of work, inside and outside of the building, from 22 Island Artists. The public display generated almost $16,000 in direct sales and raised significant interest and awareness in the Island's Artists. In addition the Airport Café will become the first Social Enterprise for the Island with the MOBO Group operating the Café/retail hub, providing work experience and training opportunities to those in the Community who may otherwise have difficulty in securing employment in the conventional workplace. This is another first for the Island and a great example of the foresight that Council has to leverage public assets into tangible outcomes for its Community.

Even with all of this going on, the Team were busy delivering significant additional projects for our Community with over $4million of capital works in completion, and the planning and successful applications for other significant projects that will be delivered in 2018-19 such as the Emu Bay Boat Ramp and the Prospect Hill Stairs Upgrade projects.

In this respect, 2018-19 will be another very busy year for Council, where the Team will continue the disciplined approach to managing cost and optimizing revenue in our core operation, as well as driving planning and completion of major projects. Our Staff (and therefore our business) continue to demonstrate the commitment, flexibility and adaptability that we need to meet the changing demands and opportunities that are before us and, as a result, we are confident that we will continue to deliver great outcomes for our Community.

We go into 2019 with a new Council shortly to be elected. I would take this opportunity to thank those outgoing Councillors for their hard work, support and commitment to improving the lot of our Community. There are many in our Community who see and appreciate the value in the works and changes that Council have made over the past seven years and acknowledge that, without their collaborative approach, we would not have been able to deliver the results that we have.

On a sad note, there has been a very vocal and disruptive minority which has spent time and energy trying to undermine the perceptions of Council's independently verified achievements. They have employed excessive use of process in their attempts to challenge and disrupt operations, unfortunately costing Council, and therefore the Community, significant monies in responding to investigation, and therefore diversion from productive duties. This has been a cause for significant concern to Council and for our Community as their unsubstantiated allegations and demands for investigation have singularly failed to expose any concerns of note.

We therefore remain committed to the course that Council has set which is to continue the disciplines of working towards financial sustainability, striving for the delivery of excellence of service and leading or assisting wherever possible to support our Community in their endeavours to improve life on our Island, whether social, business or sporting.

Infrastructure

The responsible management and provision of essential Council services

An essential requirement of functional Communities is quality infrastructure. Council works hard to deliver infrastructure that will provide good service well into the future. The size of our Island compared to the size of our ratepayer base poses some unique challenges and to assist, we seek State and Federal Government funding and offer Capital Infrastructure grants to local Community Groups. Council-managed infrastructure includes roads, boat ramps/jetties, airport, water, sewerage, sports grounds, pools, playgrounds, campgrounds and Council owned buildings.

New Airport for Kangaroo Island

The building of the business case for the upgrade of the **Kangaroo Island Airport** commenced in 2012 and completed in 2015 with the State-Government supported submission of the Upgrade Project to the Commonwealth Government's National Stronger Regions Fund. The Project – initially budgeted at $18million – was to lengthen and strengthen the main airstrip, taxiway and apron, as well as upgrade airport lighting for the apron and approach to meet the needs of Code 3 Aircraft. Typically these are 100 to 120-seat regional jet aircraft and were determined to be the logical maximum sized operating aircraft for the future needs of the tourism industry. The project also included the construction of new Terminal facilities, designed to class C levels of airline industry standards of comfort, while incorporating the space and equipment required to manage security screening of greater passenger numbers, together with hand-held and checked-in baggage.

We were notified of **grant application success** in late 2015, which allowed the Project Management Board (comprising two General Managers from State Government and the CEO of Council) to build the project design team, create final designs and run the tendering process during 2016. The Airside element of earthworks was awarded in December 2016 to BMD Construction with a separate Material Raising Contract to NBS. The Landside element of works was awarded in April 2017 to Mossop Construction & Interiors. Early in the project an unsealed alternate runway was extended and this, and its taxiway, were sealed by Council as part of the project to enable air services to continue without interruption during the course of the extended construction period.

Concurrent with the project were negotiations with airlines for the provision of new services to the Island and **Qantas** announced their intent to commence new services in December 2017 from Adelaide, with a program of five services per week and then for a six-week trial of three direct flight services weekly from Melbourne across the summer holiday season. Both services were considered successful and are being repeated in FY2018-19.

Despite utilising State Government pre-qualified contractors for the Project, the materials crushing contractor chose to enter **voluntary liquidation** soon after the commencement of works. This placed the project under significant pressure through delays and work inefficiency whilst alternate materials were sought. All new earthworks were completed prior to winter 2017 and it was decided to demobilise the principal contractor prior to winter and then remobilise in spring to complete earthworks to the existing infrastructure, once materials were available. A second material crushing contractor, Bettsco, was appointed for the balance of the material raising works.

Airside works were completed in mid-December in time for the new services to commence without restriction. The Landside element of works (Terminal and ancillary construction) commenced in May 2017 and completed in late April 2018 as planned, with no major issues arising throughout the build. The design incorporated the old terminal and its refurbishment and repurposing, together with significant landscaping works to the environs which were undertaken by Council staff as part of the overall project. The project also incorporated hanging and lighting infrastructure for **artwork** inside and outside of the terminal and this has created opportunities for the local arts community to showcase their art (the initial exhibition of 50 works from 22 Artists generated sales of almost $16,000).

All elements of work were delivered with no reportable incidents and accidents, and a significant number of Island-based businesses were employed as sub-contractors to the project.

The **formal opening** of the project took place on 4 July 2018 officiated by the Prime Minister of Australia, the Hon. Malcolm Turnbull MP, State Premier, the Hon. Steven Marshall MP and Mayor Peter Clements in front of Councillors, Community representatives, Principal Contractors, Staff and the many Island businesses that contributed to the project.

The voluntary liquidation of the material crushing contractor cost the project an additional $2.9million. The Commonwealth and State Government Funding bodies assessed the incident as being "circumstances beyond reasonable control of the Project" and both entities provided an additional **$1.25million** to assist Council in the successful delivery of the works. The Project is in financial close as we write and is expected to cost in total $21.3million, of which $20.5million will have been funded by grants. This leaves Council with the responsibility to fund the balance of $859,000 – a total overspend of 4.2%. This is a manageable level of expense for such a significant investment in an asset that effectively future proofs the Island air access for the foreseeable future.

Future growth in services to the Island will depend on aircraft and pilot availability as much as it will depend on visitation continuing to grow and services being cost effective to run. There is a world-wide shortage of pilots and this is impacting aircraft availability for new routes and creating a focus in the airline industry on flying profitable routes. Council will continue to work with SA Tourism Commission, as well as established and new Island businesses, to collaborate with air service providers to package and create opportunities to optimise plane fill and therefore profitability. Doing this will build on the Island's reputation as a destination of choice and will continue to fuel the growth in visitation and the growing commitment and interest in investing in tourism businesses on the Island, creating jobs and economic development.

Construction

Planned works on unsealed roads were all completed this year, improving safety and amenity.

Unsealed Roads Upgrade Program

AREA	ROAD
Dudley	Pennington Bay Road
Wisanger	Gap Road, Ten Trees Road
Western Districts	Cape Borda Road (partial)
Vivonne Bay	Jetty Road
Baudin Beach	All streets
Kingscote	Seaview Road upgraded (now German Row)
Redbanks	Min Oil Road resheeted (4 km)
Nepean Bay	Esplanade
Penneshaw	safety issue rectified on Cheopis Street, and works on Trethewey Terrace continue
Muston	Council utilised the remaining $110,000 of its $185,000 **Federal Government Supplementary Roads Grant** to upgrade 2km of Muston Road.

The **DPTI $2M Unsealed Road Upgrade Program Stage 7** enabled all works to be completed on Rowland Hill Highway. These works were project managed directly by DPTI and an external contractor with limited Council involvement. An upgrade of 5km of the North Coast Road was also planned for Stage 7 and this work will be completed FY 2018-19.

All planned works on sealed roads went ahead this year.

Sealed Roads Upgrade Program

AREA	ROAD
Kingscote	Kingscote Streets sealed with a **Federal Government Supplementary Roads Grant** included Wheelton Street, Burdon Drive, Flinders Avenue and Osmond Street, utilising $75,000 of the $185,000 grant. As a road safety improvement Council staff sealed the Brownlow Road/Lovers Lane/Acacia Drive intersection.
Kingscote	Cordes Road and Ayliffe Street (partial) were sealed to extend their service life.
Dover Farm	The Dover Court extension was sealed to connect Dover Farm to North Coast Road (via Bellmore Road).
Penneshaw	Work on Penneshaw's Trethewey Terrace is continuing and will be completed in 2018-19.

New **kerb** installations were organised and project managed by Council in Giles Street and Flinders Avenue, Kingscote. Planned kerbing for Investigator Avenue will be undertaken in FY2018-19. Streets that received the new kerbing were subsequently sealed by Council staff to complete the projects and improve the overall amenity.

Stormwater works included the rehabilitation and upgrade of the Ford Crossing on East West Highway 2 over Harriet Road, and a pipe and pit installation in Tangara Drive, American River.

Rising Main C

The upgrade of Rising Main C as part of the Kingscote Community Wastewater Management Scheme (CWMS) was essential given the old system was approaching the end of its operational life (this is the Pressure Sewer Main that transports waste water from Kingscote to the Waste Water Treatment Plant). Being identified in Council's Long Term Financial Plan and Asset Management Plans it helped us win a $320,000 **State Local Government Infrastructure Partnership (SGLIP) Grant** in FY2016-17. The project was valued at $1.6M. The SLGIP partnership enabled us to enter into a specially discounted loan agreement over 10 years through the **Local Government Finance Authority** for the remaining $1,280,000. Work commenced on the project in FY 2017-18 and will be completed FY 2018-19. This grant allowed Council to bring forward planned works and complete the project.

Council Projects

Council completed Stage 4 of the Kingscote Walking Trail through a 50% co-funded **2016-17 Open Spaces Grant** for $75,000 from the **Department of Planning Transport and Infrastructure**. This section of the Trail runs from the hospital precinct to the entrance to Reeves Point. Council received a further $125,000 in the **2017-18 Open Spaces Grant** to co-fund 50% of Stage 5. This last section of the project will pick up the Trail from the end of Stage 4 and follow the old track to the Flagstaff Hill lookout. This work will be undertaken in FY 2018-19.

Stage 1 of the **Emu Bay Boat Ramp** project commenced with a commitment of 50% of eligible project costs to a maximum of $1.9m grant funding from the **SA Boating Facilities Advisory Committee**. The works involve the development of new launching lanes, fixed landing structures with wave attenuation boards, and new rock revetment.

Community Capital Infrastructure Grants Program

This year the Kangaroo Island Council **Community Capital Infrastructure Grants Program 2018–19** allocated an initial $41,128 to five Community projects helping to enhance the built environment through improving boating, community, art and heritage facilities. A further discretionary payment of $86,695 was made to Penneshaw Progress Association for the Kangaroo Island Sculpture Trail, Penneshaw, which gained Federal Government Funding of $202,000 through the Building Better Regions Fund. The infrastructure projects have a combined value of $451,995 with Council contributing 28% in funding. Every $1.00 Council contributed was matched by $2.58 from the Community in cash, funding or in-kind support.

PROJECT	ORGANISATION	GRANT
Baudin Beach Boat Ramp Upgrade Stage 2	Baudin Beach Progress Association	$ 9,025
Exhibition Space Remodel	Kangaroo Island Art Society	$ 5,030
Ken McWhinnie Shed	Parndana Progress Association (auspice for Parndana Soldier Settlement Museum)	$ 7,767
Front Entrance Improvement – Hope Cottage	National Trust of KI SA Branch	$ 3,000
Let the Light In – Penneshaw Town Hall entry	Penneshaw Progress Association	$ 4,800
Sculpture Trail	Penneshaw Progress Association (auspice)	$ 86,695
TOTAL		$ 126,232

During the past six years, Council's Community Capital Infrastructure Grant Program has contributed $923,786 towards 47 Community projects with a combined project value of $2,656,224. Ten are valued at over $100,000 and 15 have leveraged funding through grant co-contribution. In all, Council has contributed 36% in funding towards the value of these projects.

Equipment Upgrades

Council procured two major pieces of plant this year namely a multi-wheel roller and one new general purpose truck and upgraded its tar truck.

Community and Island Culture

Council in the Community

Council supports the Community and Island Culture in a number of ways, such as offering and assisting with grants and sponsorship, working with Progress Associations on achieving local outcomes, hosting or facilitating key civic events and providing support for the arts, youth, tourism, business and sport and service clubs.

Grants and Sponsorship

This year $20,000 was set aside for the **Community Partnership Grant Program**. A total of $16,711.92 was awarded to 12 Community projects, with the remaining budget transferred to the Community Capital Infrastructure Grants Fund.

ORGANISATION	PROJECT	GRANT EX GST
Dudley United Netball Club	Purchase of high pressure cleaner for courts	$ 1,918.00
Art Museum of KI Establishment Association	Strategic Planning for AMKI	$ 3,000.00
Baudin Beach Progress Association	Replacement of Basketball Post and System	$ 1,522.73
Bicycle User Group (auspiced by Bike SA)	Series of Cycle Trail brochures	$ 1,818.18
Parndana Golf Club	Men's Toilet Upgrade	$ 2,000.00
Parndana Progress Association	Town Hall & Museum Precinct Flag Pole Project	$ 400.00
Kangaroo Island Pioneers Association	Review of the Frenchmen's Rock & Contemplation Seat Sites	$ 1,000.00
Penneshaw Progress Association	Upgrade to the new entrance to the Dudley Hall and west window blinds	$ 852.73
Heartsafe KI (auspiced by AKPA)	Heartsafe KI Community AED and CPR training	$ 1,553.00
NTSA Penneshaw Maritime & Folk Museum (auspiced by National Trust SA)	Erection of a stand and water tank	$ 783.64
Western Districts MCSC	Strategic Master Planning and Constitution Review	$ 1,363.64
Friends of Parks KI Western Districts	Gazetting and promotional materials for 100th anniversary	$ 500.00
TOTAL		**$ 16,711.92**

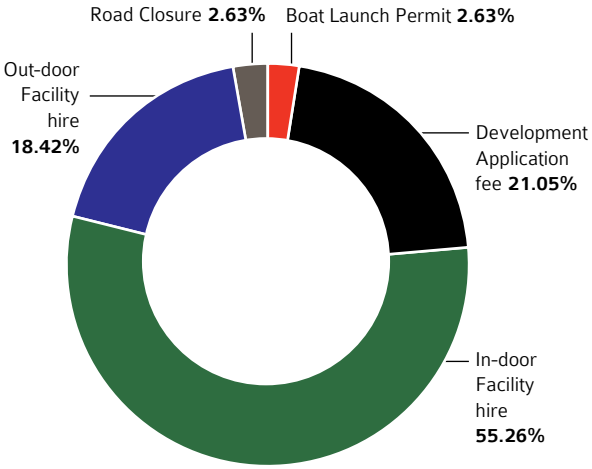
It was a pleasure to see the opening of the **Kingscote Youth and Community Skate Park** this year, a project driven by Advance Kingscote Progress Association. In addition to awarding this project a Community Partnership Grant in 2012-2013 for $8,300 and a Community Capital Infrastructure Grant in 2016-17 for $7,590, Council also committed to providing an additional amount of $63,007 in the same year, representing 30% of the total cost of the build, the remainder being picked up by an Office of Sport and Recreation grant.

Council's **Sponsorship Program**, which is designed to ease the burden on local clubs and not-for-profits, was also slightly underutilized with only $11,500 in value requested from a possible $15,000. Over 55% of Sponsorships related to indoor facility hire followed by 21% for development applications and 18% for outdoor facility hire such as ovals and parks.

Airport Art Exhibition

To further enhance the opening of the new Airport, the Commissioner's Arts Committee facilitated the **Kangaroo Island Airport Opening Art Exhibition**. The exhibition, which ran for three months, showcased 50 works from 22 of the Island's leading artists.

Sponsorships by Type

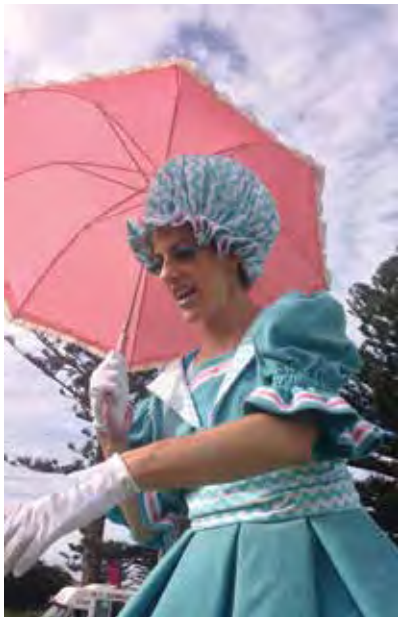


Events

One of the event highlights of the year was the **Queens Baton Relay** (QBR) which visited the Island on Tuesday 20 February. Following months of planning between the QBR team and a local working group comprising Council staff, SAPOL and members of Advance Kingscote Progress Association, the event ran without a hitch. In all, 24 local people carried the Baton along the Penneshaw and Kingscote circuits, accompanied by a caravan of 20 brightly coloured vehicles, QBR staff and SAPOL officers.

Adding to the buzz in Penneshaw on 20 February was the **Regional Launch of the Adelaide Fringe** with its two sell out shows – *Mother's Ruin* and *Charolais*, accompanied by free outdoor music and roaming artists. There was also a **Cruise Ship Market** on the oval for the **Queen Mary II** which arrived the same morning.

In November the Island experienced its first **Sufferfest Triathlon** which involved a series of races over three days, with road, swim and cycle legs. The main cycle race on Sunday 26th saw the closure of 22.5km of Hog Bay Road from Kingscote to the Moores Road intersection. However, because the closure created an unacceptable level of inconvenience for locals and tourists alike, that section of road will not be considered a part of the course in future years should the Triathlon return to Kangaroo Island.



Commemorative Services

Council worked with the RSL and Legacy to host **ANZAC Day** and **Remembrance Day** commemorative services, and for the first time, a **Vietnam Veterans Day** commemorative a service on 18 August at Memorial Park in Kingscote. We also received a special visit from the Governor-General, His Excellency General the Honourable Sir Peter Cosgrove AK MC (Retd) on Remembrance Day. The Governor-General was met by Mayor Peter Clements and CEO Andrew Boardman and after visiting various organisations on the Island, attended a civic reception in the evening at the Aurora Ozone in Kingscote.

Celebrations and Awards

Council's **Australia Day** ceremony at Hope Cottage included the traditional presentation of Council's Citizen of the Year Awards. Joy Willson was awarded **Citizen of the Year** while Beth Davis was recognized with a **Special Commendation for Community Service**. **Event of the Year** was the 100th Kingscote Show, and the 15th Islands of the World Conference picked up **Project of the Year**.

This year's **Young Achiever Awards** were presented by Mayor Peter Clements at Council's Settlement Day ceremony at Reeves Point on 27 July. Holly Muecke won **Young Achiever of the Year**, Jai Turner won an award for **Outstanding Achievement in Community Service – Individual Category** and the Gymnastics Beginner Coaches won **Outstanding Achievement in Community Service – Group Category**.

Civic Youth Programs

This year Council assisted KICE in helping six students to take part in the KICE to Canberra study trip; and enabled a further three students to attend the YMCA Youth Parliament in Adelaide.

Library

The Kangaroo Island Library recognises the importance of having **volunteers** and values their commitment. We have increased the number to four Community members volunteering their time and we appreciate their efforts in helping with Library services.

This year we upgraded the Children's picture book area with new **shelving**, making it a bright and attractive area for Children to easily choose books. Since the new shelves went in we have seen a sharp increase in children's book borrowing which is a great outcome. A new shelf for library book sale items has also been installed.

The new registration of Dogs & Cats Online (DACO) database is managed by the Dog & Cat Management Board and will be the new central database for microchipped and registered dogs and cats, as well as for registration payments. DACO will also be the Register of Breeders central database. South Australian Councils using the new central database currently number 68. Visit: www.dogsandcatsonline.com.au

Collaboration

Cross government relations

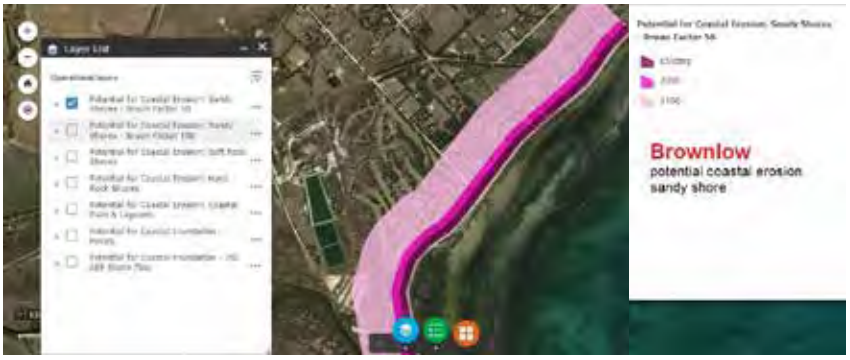
Kangaroo Island Council continues to work closely with State Government and the Commissioner for Kangaroo Island, to improve the leveraging of resources and ensure the Island's businesses and organisations are best placed to experience growth. Council also works collaboratively with local, regional and federal government agencies, Island-based peak bodies and our local Community to achieve positive outcomes for the Island.

Resilient Hills and Coasts

Resilient Hills and Coasts is a collaborative initiative, formed by Fleurieu Peninsula and Kangaroo Island Councils, and the Natural Resource Management Boards of the Adelaide and Mount Lofty Ranges to develop a **Regional Climate Change Adaptation Plan**. Following the regional plan sign off in FY2017, Kangaroo Island Council developed and began implementing a **Local Action Plan** to guide and support Council decision making in order to build resilience and capacity across the Community, economy and natural and built environs.

Projects arising out of the Local Action Plan included the **LIDAR Hazard Mapping Pilot Project** which provides baseline data to help Council plan for the impact of sea level rise and to determine triggers that will activate the implementation of mitigation strategies in particular areas. The outcomes of this project have the potential to inform a broad cross section of future Council Plans and the new Council will determine how best to incorporate these outcomes into our strategic, business and long term financial plans.

Kangaroo Island Coastal Hazard Mapping Project



Brownlow and Cygnet River – potential storm tide impacts

Southern & Hills Local Government Association

As part of our continued participation in the **Resilient Hills & Coast Climate Change Mitigation** planning process, **Southern & Hills Local Government Association** (S&HLGA) Councils have been investigating energy efficiency and savings options for the region's Communities and Councils. A **Community Energy Business** would manage a bulk power buy process across the region, and look into a solar / battery bulk purchase schemes, demand management initiatives and other energy efficiency measures.

The group is working with two organisations (Moreland Energy Foundation & Tandem Energy) to put together a formal proposal for Councils to consider. As part of this process our Elected Members attended a workshop in Yankalilla to discuss a **Community Energy Business**, to get their input, and consider options.

As members of the **S&HLGA** we also attended a meeting of the **Regional Roads Working Party** to commence a review of the 2020 Transport Plan. We subsequently redrafted Kangaroo Island's Action Priorities including listing Wedgewood and Hickman Roads as a primary Community access route and a secondary tourism route – as a connector between the south coast attractions and Parndana.

We also attended a meeting of the **Regional CWMS Working Party**.

Working with the KI Commissioner

Council continues to work closely with the Office of the Commissioner for Kangaroo Island (OCKI). The $155,300 **Building Better Regions Fund** grant for the Kangaroo Island Growth project, to which OCKI and Council both contributed $40,000 each, commenced in 2017-18 with courses to build local skills in business, marketing and leadership, and increase networking opportunities.

We also had representatives on the following OCKI initiated working groups:

- **Housing Management Plan** Local Advisory Board
- Local Advisory board for **Economic Growth** on Kangaroo Island
- **Energy Security** Focus Group
- **Visual Arts** Committee
- **Native Vegetation** Advisory Board

Other Group and Committee involvement

Council sits on the **KI Bushfire Management Committee** along with Department of Environment and Water, NRM Board, SA Water, KI Agriculture, CFS, CFS Volunteer Association, SAPOL, DPTI and Tourism KI. The committee is set up to consider the threat of bushfire for the Island, and to suggest potential mitigation strategies. Funding for works is always challenging but the group continues to work together to access funding where available.

Council is also represented on the **Kangaroo Island Emergency Services Operational Advisory Group** along with SES, Ambulance, CFS, Red Cross, SA Health, SA Ambulance, Sealink, DCSI, PIRSA, KI Veterinary Clinic, KI Wildlife Network and SAVEM.

For the full list of groups and committees, refer pp 36-38

Grants

Council worked closely with Community groups to assist with applications or auspicing grants, including KIxFM (State Government equipment purchase grant) and Parndana Progress Association (Fund my Idea grant). We also worked with the State Government on the **Fund My Idea** and **Fund My Community** programs and with Rebekha Sharkie, the Member for Mayo, on the **Mayo Stronger Communities Grant** program.

Council Community Working Bee

Council's Park's and Gardens team extended their **working bee program** to include Penneshaw and American River townships in addition to Kingscote and Parndana. Two or three members of the team visit the townships as often as once a month, to tidy up areas designated by the progress association, and working alongside local volunteers. The local progress associations determine the activities and book the team well in advance to allow for scheduling.

Frenchman's Rock

Frenchman's Rock and its immediate surrounds were upgraded following a request from the Penneshaw Progress Association. As a listed Heritage SA Item the work required a development application to ensure the structure was protected and the paint compliant. A local accredited painter recoated the surfaces and Council's Parks and Gardens team cleaned up the garden area and installed a new pathway providing easier access.

Our Island

Healthy Natural and Cultural Environment

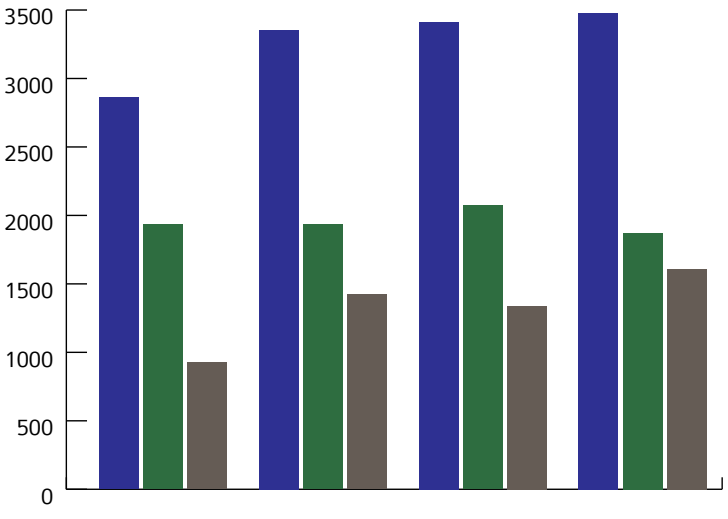
The quality of our natural environment has a major impact on the success of Island businesses and lifestyle, and the general liveability of the Island. Council is responsible for the environmental sustainability of its own land, land over which it has "Care and Control" for the Crown and land that is held on behalf of the Community. It also has responsibility for sustaining the health and cleanliness of our public areas.

Waste Management and Collection

This year saw the implementation of the Fleurieu Regional Waste Management Authority (FRWA) Policy changes to waste management on Kangaroo Island. These included:

- review of collection routes
- roll out of **fortnightly** bin collections
- changeover to 240L yellow (recycling) bins
- introduction of 240L **green waste bin** collections in townships
- changeover to 240L maroon bins in public places
- introduction of 240L CDL blue bins for bottles and cans in selected locations
- closure of the bulky waste stations
- one $25 KIRRC disposal pass per ratepayer for non-commercial loads
- subsidised sale of bench top caddies, compost bins and worm farms

FRWA have been able to select the system that best suits our situation and volumes, and have presented results to Council which have demonstrated **substantial future savings** in cost by reducing the quantum of waste going to landfill on the mainland. Provided that our township Communities participate fully in diversion of their food and green waste into the "green" bin and dry recyclables into the "yellow" bin then the volume of waste destined for export to mainland landfill will be contained within the "red" bins. This has the potential to reduce the tonnage of waste going to landfill by almost 50% - a significant saving in transport cost, landfill use levy and the State Government's Landfill Tax.



	2014/15	2015/16	2016/17	2017/18
Total Waste	2,860	3,355	3,411	3,478
Landfill	1,935	1,933	2,071	1,871
Diverted	925	1,423	1,340	1,607

Allied to this diversion initiative is the need for an alternative handling/processing system for the "green" bin contents here on the Island. Throughout 2017-18 FRWA investigated alternative technologies and recommended to Council the acquisition of an in-vessel composting system. They were also successful in obtaining a substantial grant towards the acquisition of the system. An in-vessel composting process effectively ensures that processing temperatures are high enough to properly compost green waste and food material and denature any harmful micro-organisms that may otherwise develop. The resultant compost is a high quality product. The introduction of this technology combined with greater public education about our need to reduce waste to landfill will continue Council's desire to **sustainably manage waste** on Kangaroo Island while providing a **useable product** to the Community. Our current production of our highly sought-after green waste mulch will continue.

Council also removed 780 tonnes of scrap metal from the Island FY17-18.

For the full report on FRWA's activity FY2017-18, refer to the Fleurieu Regional Waste Management Authority Annual Report in this publication.

As an additional service to further support **recycling**, Council also introduced a disused **battery collection point** at Customer Service.

Green Initiatives

Climate change and sea level rise are some of the largest issues facing all levels of Government in Australia today. Kangaroo Island Council acknowledges this challenge and identified the need for a means to communicate the issues to the Community, stakeholders and politicians.

Council obtained funding through the **Natural Disaster Resilience Program** ($70,000) to undertake a **pilot Coastal Hazard Mapping Project** for sections of the Kangaroo Island coast (subject to LiDAR data availability).

The focus on coastal hazards associated with current and projected sea level rise aligns with the outcomes of the **Resilient Hills and Coasts** (RH&C) **Regional Climate Change Adaptation Plan**, which identified built coastal assets as one of four priority areas of adaptation on Kangaroo Island.

The key outputs of the project are:

- detailed modelling using LiDAR data to develop future erosion and flood scenarios,
- analysis of the modelling to inform decision making,
- development of a communication and engagement strategy aimed at working with the community to build capacity and resilience,
- final report that assesses response options and makes recommendations to Kangaroo Island Council on adaptation actions, and
- preparation and distribution of a case study to promote and inform similar exercises in other council areas.

This year we also began investigations into the feasibility of a **biomass energy plant** which has the potential to use plantation forest wastes to produce **syngas** which is then used to produce:

- electricity (for domestic and export sales)
- urea fertilizer (for domestic and export sales),
- biochar by-product for soil remediation on Island,
- hydrogen as a liquid vehicle fuel for tourist buses, and
- waste heat and steam to produce an alternative supply of potable water using thermal distillation rather than energy hungry reverse-osmosis desalination.

This will also have a positive impact in removing uncertainty around power supply and cost of that supply through participation in a Community-based retail program, reduction in greenhouse gases and potentially the elimination of waste to landfill entirely. This action is supported in our Strategic Management Plan, Financial Plan and the Kangaroo Island Natural Resources Management Plan.

A **Significant Environmental Benefit (SEB)** project to **offset** vegetation clearance caused by the establishment of the Brownlow to Kingscote Walking Trail commenced this year with the planting of 3000 trees at Flagstaff Hill. This is part of a five year tree planting program to install 10,000 new trees. The project is a requirement of the Native Vegetation Council (NVC) and is fully funded through the NVC's SEB Grants program.

In a bid to reduce our carbon footprint Council has a number of **solar systems** in place including at the Airport, in Dauncey Street and at the Depot. Furthermore, the Penneshaw CWMS is operated from a 60kW solar and battery system – all pumps associated with the scheme operate during daylight hours where possible, using solar generated on-site, with battery and generator back up.

By-laws

A new suite of By-laws came into effect on 4 November 2017 which also gave rise to some further specific determinations under those laws, for:

- definition of areas for **beach access** for vehicles and boat launching which now apply to 13 locations around Kangaroo Island complementing available boat launching options at Council's established Boat Ramp facilities,
- off-leash and on-leash defined areas for **dogs**, and
- the **domestic keeping** of livestock, fowl and bees, filling a regulatory void which gave rise to a number of domestic and neighbourly issues regarding these animal keeping activities.

Other animal matters...

Council's **Animal Management Plan** was revised from the previous version (2010) which will now be current until 2022. It incorporates Dog and Cat related matters and the diverse range of other animal management issues, including biosecurity and livestock management. This, along with the Kangaroo Island Cat By-law, complements the Naturals Resources Management Board (NRM) initiatives for **feral cat control**.

As part of its continued involvement in the feral cat eradication project, Council continued to make **cat traps** available to the public and purchased 10 additional traps. Our General Inspectors have been targeting high risk ecological areas such as the Little Penguin habitat zone at Emu Bay where several feral cats have been successfully trapped there. Council also introduced a euthanizing service for humanely killing feral cats, and continued to share all feral cat data with NRM.

Our Development Services Department prepared and submitted a response to **RSPCA** on its '*Discussion Paper for Identifying Best Practice Management of Cats in Australia*'. The submission was well received and RSPCA advised that five of Council's six recommendations, and much of the detail, were adopted in RSPCA's final recommendations.

Community Wastewater Management Scheme

Council achieved 89% completion of installation and commissioning of **Penneshaw CWMS** stage 1 and 2 in 2017-18..

In Kingscote the **CWMS septic tank pump out scheme** commenced. The program will continue into the townships of Parndana and a portion of American River as part of its ongoing four-yearly cycle, where Council pumps out septic systems of households based in townships to maintain the health of the CWMS system.

Walking Trails

The **Prospect Hill Trail Redevelopment Project** comprises a new staircase leading to the top of Prospect Hill. This will be a great asset to our Island and the opportunity will be made possible through a successful application for $750,000 from the Commonwealth Government's **Building Better Regions Fund (BBRF)** grant program. This will be leveraged with a $125,000 South Australian State Government **Open Spaces** grant and $125,000 from Council's own Open Spaces Reserve and cash flow. The new staircase will be built in FY18-19.

The **Kangaroo Island Sculpture Trail**, Penneshaw, an initiative of the Penneshaw Progress Association, will add a substantial art dimension to the township when complete. This project, which opened in the first quarter of 2018-19, was also the recipient of a **BBRF** grant for $202,000. A further $86,695 was contributed by Council, being 30% of the cost of the project. The Council and Penneshaw Progress Association worked collaboratively to incorporate a **solar electricity generation initiative** as a way for the Progress Association to offset future costs of insurance and maintenance for the new **Sculpture Trail** and ensure the asset will be sustainable long into the future without recourse to Council's participation.

Continued extension of the **Kingscote to Brownlow shared used path** encourages more people to walk or ride, rather than take the car. This year we finished Stage 4 which runs from the hospital to the Reeves Point entrance, and we received a **Department of Planning, Transport & Infrastructure Open Spaces Grant** to assist with Stage 5. This will formalize the path from the Reeves Point entrance up to Flagstaff Hill, where the path will culminate. In FY 2019-20, Administration intends to submit, for Council consideration, the conversion of Governor Wallen Drive to a one-way road, sealing and incorporating a multi-use trail right along the coast of the Bay of Shoals linking the Boat-ramp facilities with the coastal trail.

A DPTI Open Spaces grant also part funded the plans and costings for a walking trail around Parndana. The plans were developed in association with the Parndana Progress Association (PPA) and the costings and plan were presented to Council this financial year. This completes the first stage of the project. Council and PPA will investigate funding options for the construction stage.

Supporting our Economy

Working to facilitate and develop an attractive environment in which to conduct business

Council is an enabler of economic growth. It does this through infrastructure and service provision and the development and management of land use and development policies. One of the most significant foundations for growth has been the upgrading of the Kangaroo Island Airport. Equally important is securing power for the Island.

Undersea cable

One of the key pieces of infrastructure underpinning our economy is the **reliable delivery of electricity**. The installation of a new undersea power cable commenced in 2017 and it is due to be commissioned in 2018. This cable will initially work alongside of the existing cable and eventually become the sole carrier of electricity to and from the Island. Council, working with the Futures Authority from 2012-15 and then the Office for the Commissioner from 2015 onwards, played a significant role in advocating for the upgrade of this essential piece of infrastructure, assisting and supporting SA Power Networks (SAPN) in building their case for replacement prior to failure for the Australian Energy Regulator.

The new cable was originally specified to have a capacity of 20 Mega Volt Amp (MVA) running at 33,000 volts switchable to 40MVA running at 66,000 volts. SAPN chose to downgrade the specification based on revised demand projections so we have a 20MVA cable running at 33,000volts. This is effectively **double the capacity of the original cable**, however it will limit the Island's ability to generate and export renewable electricity to the mainland grid in the future which is unfortunate. Council and the Commissioner contested this decision with the Australian Energy Regulator (AER) and, whilst not altering the outcome, the contest did highlight to the AER that changes are required to their regulatory processes to make the distributed network service providers consider export and import demands in future submissions.

Coupled with an additional 2MW of stand-by emergency diesel generation at Kingscote (providing a total of 8MW), the cable will provide enhanced overall security and volume of supply but it will not address the issues associated with distribution of power around the Island and the lack of capability of the network to accept surplus solar or other forms of renewable energy in reasonable quantities.

Supporting Business Growth

Managed by the Office of the Commissioner for Kangaroo Island (OCKI), and jointly funded by the Federal Government, Council and OCKI, the **Building Better Regions Fund grant** for the **Kangaroo Island Growth Project** has provided an excellent stimulus for our local businesses, developing their business planning and marketing skills and helping grow their business connections.

Stream 1 included a business expo and a business networking event, which led into 2 x 2½ day workshops and a series of immersion events where individuals work with specialists in areas of business growth interest. Stream 2 involved consultation on financial modeling for industry associations and a regional skills audit. Stream 3 has a portfolio of 13 projects and included a Leadership growth program component, and a business leadership series component, with a total of 127 businesses participating.

Planning

The **Penneshaw Structure Planning Project** commenced in May with four Community drop-in sessions to enable early consultation and engagement with the Community and to learn what they would like to see included in a medium to long term vision for Penneshaw. This feedback will help inform the development of ideas and strategies for the Penneshaw township and surrounds which will be presented to Council in 2018-19 as a **Draft Penneshaw Structure Plan**, and then released for formal Community Consultation.

Once the Structure Plan is completed it will be endorsed by Council, forwarded to the relevant Minister and used as the basis for assisting Council and the Community with longer term Community planning, such as infrastructure and Community services planning, grant attraction for special projects, and future zoning and town planning.

Council's Development and Environmental Services Staff continue weekly appointments for meetings with customers and prospective developers, to improve initial proposals and proof check applications prior to being lodged – yielding **improved processing times** mostly by solving issues at the early stages of preparation. In fact, 12 months of reporting demonstrated compliance within statutory processing of applications – most applications being completed within approximately 50% of the allowable time.

Similarly, **inspection ratios** continued to surpass the minimum levels of inspection required in the Building Inspection Policy, ensuring good stewardship of proper building practices and sound oversight of building work.

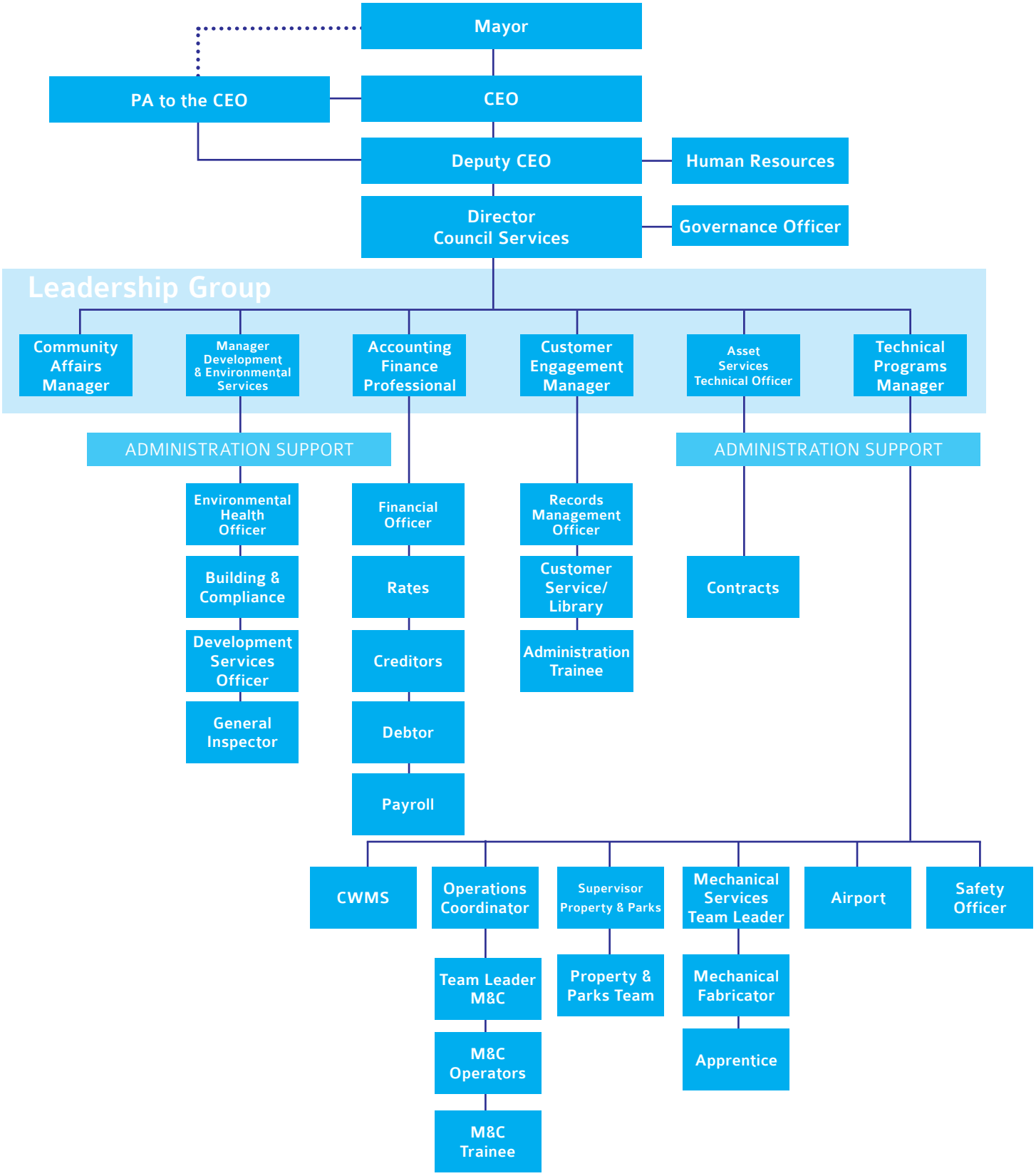
Mobile Food Vendors

Council's **Mobile Food Vendor** (MFV) Policy and Procedure documents were reviewed to make more flexible provision for mobile food vending in accord with the *Local Government Act* & Health Standards. Council continues to support diverse mobile food and beverage opportunities in appropriate areas around Kangaroo Island and its townships. Two new mobile food van businesses opened on the Island this year.

Our Organisation As at July 2017

Internal management and organisational effectiveness

Council works together as one team to deliver on our mission to *provide leadership, direction and responsible stewardship of resources, and deliver efficient, cost-effective key services to our Community.*



Staff Development Program

Graduate and Traineeship Program

Our Organisation

Internal management and organisational effectiveness

Council works as a unified team to deliver on its mission which is to provide leadership, direction and responsible stewardship of resources, and deliver efficient, cost-effective key services to our Community.

Council Executive Leadership Team

This year reflected the results of two years of dedication to building a flexible, resilient and efficient workforce. We have had a focus on succession planning throughout the organisation and this led to the introduction of the Deputy CEO role and internal appointment of the new Director Council Services (early 2017). This structure supports the newly promoted Director and created a sustainable Executive Leadership Team which has assisted in maintaining stability within the organisation. We are creating a workforce with strength, in-depth capacity and one that is united and engaged.

The Executive Leadership team

- Chief Executive Officer, Andrew Boardman
- Deputy Chief Executive Officer, Ted Botham (July-December 2017)
- Director Council Services, Nicki Putland

A new Deputy CEO, Greg Georgopoulos, was appointed late in the financial year to commence work in August 2018.

Council Leadership Team

- John Howe, Accountant Finance Professional
- John Fernandez, Technical Programs Manager
- Yarran Iversen, Asset Services Technical Officer
- Aaron Wilksch, Development and Environmental Services Manager
- Danielle Fleet, Customer Engagement Manager
- Pat Austin, Community Affairs Manager

Our People

Recognition of Service Awards this year were awarded to:

- David Geci 10 years
- Jan Sundberg 10 Years
- Brad Tonkin 10 years
- David West 15 Years
- Shaun Prince 15 years
- Tanya Tweden 15 Years

This year also saw **David "Johnno" Johnson** reach a record 40 year milestone with Council. Johnno is one of a group of long-serving staff with a wealth of knowledge in Council activities. He is valued for his leadership and sound work ethic, and is a popular and supportive member of staff who speaks up for others and offers a balanced point of view. Congratulations Johnno.

Vision, Mission, Values & Behaviours

Council employees participated in a review of Council's Vision Mission, Values & Behaviours as part of a 'Next Steps' team building training day. Among the outcomes was the addition of **Safety** to our **Values** and the development of a one sentence narrative to clarify the intent of each Value. Consideration was also given to increasing the relevance of our list of behaviours, designed to reflect how the Values are expressed. New behaviours were added and others removed.

Further consideration was given to our Key Result Areas focusing on how we can contribute to, and drive, results in these areas and how this can be measured. The five areas discussed were;

1. Maintain/improve excellence of service *i.e. how we can provide great customer service, all of the time.*
2. Maximize our revenue opportunities whilst meeting our service obligations *i.e. how we can look to get the most out of the facilities/services we provide whilst respecting the Community's capability to pay.*
3. Do this at optimal cost *i.e. not necessarily cutting cost but ensuring the best outcome with the most effective use of resources.*
4. Develop people to their maximum potential *i.e. making the most of developmental opportunities for our staff to ensure they have the skills to do their job now, as well as preparing them for future success in more demanding roles.*
5. The long term sustainability of our Council Operations *i.e. ensuring Council provides fit for purpose service and solutions that offer long term benefit to the Community, economy and environment.*

Training and Development

Providing our staff with skills to ensure they can fulfil the requirements of their roles and meet legislative compliance is essential. Training is identified through the PDP process, needs of the business, and annual budget allocations. Employee training over the year included:

- The effect of unconscious bias in the workplace and how to manage it
- Discrimination, bullying and harassment in the workplace
- Community governance and risk management
- Dog Behavioural training
- Vision, values and behaviours in the workplace
- Develop self-awareness, responsibility and accountability in the workplace
- Team and individual coaching in the workplace
- Forklift training
- Certificate II Security Operations
- Confined Spaces training
- Aircraft Refueling training
- Dangerous Goods Licence
- Diploma Project Management
- Emotional Intelligence training
- Child Safe Environment training
- Council and Committee meeting agenda and minute preparation
- Aerodrome Reporting Officer training
- Pavement Recycling and Stabilisation
- Health and Safety Representative training
- First Aid training
- Chainsaw training
- Certificate IV Human Resources
- Leadership Success training

As part of Council's **Airport** upgrade, and with a new **screening** regime being considered for regional airports, a number of people were selected to receive skills training in transporting dangerous goods and passenger and baggage screening. Others participated in aircraft refueling training. As operator of the Airport, it is important that Council has people at the ready, skilled in these areas, who can assist when needed.

LG Professionals Rural Challenge

Kangaroo Island Council participated in its first Local Government Professionals Rural Management Challenge. This was a great opportunity for four managers to challenge themselves, sharpen their skills, and rely on each other while working against the clock on a series of crisis scenarios involving Council leadership.

Health and Wellbeing

The **health and well-being** of our employees is important to Council and we offer a number of opportunities that may help people to make informed life and wellbeing choices. These included:

- Annual health assessment through the LGA Workers Compensation Scheme (LGAWCS). This year employees were offered a 60 minute health assessment and a phone coaching service.
- Helping Your Mates Workshop – Healthy Lifestyles Program
- Annual flu vaccination
- Skin cancer screenings through LGAWCS

Confidential access to Council's **Employee Assistance Program** is provided to all Staff members needing assistance with difficulties in the workplace or other personal concerns.

Our Workplace

Kangaroo Island Council experienced **no industrial issues** affecting the workplace in 2017-18.

This is a pleasing outcome and largely the result of our leadership's commitment to fostering positive employee relations.

Council maintains its commitment to equal employment opportunities, guided by its **Equal Opportunity Policy**. Council staff span a wide range of age groups ranging from 18 years to over 65 years of age. We also maintain a relatively balanced gender representation. Council is committed to providing a working environment free from discrimination, harassment and workplace bullying.

Council's **Employee Code of Conduct** defines the principles of probity and ethical behaviour that is expected of staff.

KANGAROO
ISLAND
AIRPORT

Section 2: Governance

Council and Council meetings

Monthly Council meetings are held on the second Tuesday of each month. All meeting times and locations are advertised in *The Islander* newspaper, in the front window of Council's Dauncey Street office, at the Penneshaw Community Business Centre and on Council's website.

Each month the Council agenda and minutes are posted on the Council website and made available to read at the main Council office at 43 Dauncey Street Kingscote, the Penneshaw Community Business Centre and the Parndana and American River Post Offices, between 9:00am and 5:00pm.

Meetings are generally held in the Council Chambers, 43 Dauncey Street, Kingscote (except the October meeting which will rotate annually between Penneshaw, American River and Parndana or unless otherwise advised).

Public forum

The October Council meeting, held in Penneshaw during this financial year, commenced with a Community engagement session to provide an opportunity for remote residents to meet with Elected Members before the Council meeting. The public is encouraged to attend. At all Ordinary Meetings of Council, formal provision is also made for Petitions, Deputations and Questions from the Gallery.

Members of the public may seek a time to present a Petition or Deputation to a Council meeting by making an application in writing to the Chief Executive Officer. Approval for Petitions and Deputations rests with the Mayor.

Elected Member Attendance 2017-18

COUNCILLOR	MEETING TYPE	% ATTENDANCE	TOTAL
Cr Peter Denholm	Council	100%	12
	Informal Gathering	100%	11
	Special Council	83%	5
Cr Joy Willson	Council	92%	11
	Informal Gathering	91%	10
	Special Council	67%	4
Cr Ken Liu	Council	83%	10
	Informal Gathering	54%	6
	Special Council	50%	3
Mayor Peter Clements	Council	100%	12
	Informal Gathering	82%	9
	Special Council	67%	4
Cr Cathie Tydeman	Council	58%	7
	Informal Gathering	0%	0
	Special Council	83%	5
Cr Larry Turner (Dep. Mayor 14/11/17 – current)	Council	100%	12
	Informal Gathering	91%	10
	Special Council	83%	5
Cr Graeme Ricketts (Dep. Mayor 1/7/17 – 14/11/17)	Council	100%	12
	Informal Gathering	73%	8
	Special Council	100%	6
Cr Pip Masters	Council	67%	8
	Informal Gathering	91%	10
	Special Council	100%	6
Cr Sharon Kauppila	Council	92%	11
	Informal Gathering	54%	6
	Special Council	83%	5

Committees

Section 41 Committees

Pursuant to Section 41 of the *Local Government Act* 1999, Council may establish committees to:

- assist it in the performance of its functions
- inquire into, and report on, matters within the ambit of its responsibilities
- provide advice, and/or
- exercise, perform or discharge delegated powers, functions or duties.

Documentation for each meeting (agenda with reports, attachments and minutes) can be accessed on Council's website www.kicouncil.sa.gov.au. Refer to the Council Representation on the Various Committees table below for more information.

Other Committees and Panels

Council is also represented on a number of other committees including Regional Subsidiaries, Council Assessment Panel and Bushfire Safety Committee. These committees, along with internal operational committees, contribute to Council's decision making. For a full list of committees, refer to the Council Representation on the Various Committees table below.

Council Representation on Various Committees

Section 41 Committees

COMMITTEE	MEMBERSHIP	ROLE/FUNCTION
Audit Committee 2 meetings held 06/11/17 16/04/18	Mayor Clements Crs Willson, Kauppila & Ricketts Independent Chair Mr Greg Connor Advice – CEO, DCS, FM, & TPM	Reviews the Annual Financial Statements to ensure they present fairly the state of affairs of the Council. Also includes matters such as: Proposing and providing information relevant to the Council's Strategic Management Plans or Annual Business Plans. Examining and reviewing any other matter relating to financial management, or the efficiency and economy with which the Council manages or uses its resources to achieve its objectives. Liaises with the Council's auditor. Reviews the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Council on a regular basis.
Awards & Grants Assessment Panel	Crs Masters, Denholm & Kauppila Mayor Clements (ex-officio) *(term of Council)* Advice – CAM	Determines the winners of Council awards and recommends distribution of the Community Partnership Grants Scheme funds.
Boating Facilities	Mayor Clements Crs Denholm & Turner, Community Reps Graeme Connell, Art Hay, Des Lanthois, Les Field, Tim Williams & Lance Tyley Advice - Cr Willson, DCS & TPM	Discusses and recommends actions regarding the Council-owned or managed boating facilities on Kangaroo Island.

COMMITTEE	MEMBERSHIP	ROLE/FUNCTION
Finance Committee 3 meetings held 06/11/17 01/03/18 07/05/18	Mayor Clements Crs Kauppila, Willson, Denholm & Turner Advice - CEO, DCS & FM	Ensures legislative compliance. Considers reports on Council's performance against budget. Considers reports on the immediate and long term financial plans of Council. Considers alignment of Council priorities with Strategic Management Plan and other plans. Considers items such as infrastructure needs, budget appropriations as recommended by other Committees and asset replacement and construction.

Regional Subsidiaries (Section 43)

COMMITTEE	MEMBERSHIP
Southern & Hills LGA (Executive & General meetings)	Mayor & CEO (Proxy first Deputy Mayor & second DCEO)
Fleurieu Regional Waste Authority	Cr Denholm (proxy Cr Turner) DCEO

Development Act

COMMITTEE	MEMBERSHIP
Council Assessment Panel	Panel of 5 Members comprising 1 appointed Elected Member – Cr Masters, Independent Chair (Jayne Bates) & 3 Independent Reps (Roger Hartley, David Ellis & Janice Kelly) Cr Kauppila (Deputy Member)
Building Fire Safety Committee	Development Officer Building & Compliance, Manager Development & Environmental Services Rep from SA CFS & Consultant Building Surveyor
Strategic Planning & Development Policy Committee (Section 101A)	Full Council

Internal Operational Committees

COMMITTEE	MEMBERSHIP
Airport Safety	CEO, Airport Services Coordinator, Airport Administration Officer (ex-officio) Reps of Regional Express, DOIRD, Royal Flying Doctor Service, Hertz KI, Budget KI, SAPOL, KI Transfers
Airport Security	CEO, Airport Services Coordinator, Airport Administration Officer (ex-officio) Reps of Regional Express, DOIRD, Royal Flying Doctor Service, Hertz KI, Budget KI, SAPOL, KI Transfers
CEO Performance Management Panel	Mayor, Cr Willson, Cr Kauppila & Independent Facilitator
Kangaroo Island Airport Emergency Committee	Reps of KIC, SAPOL, SAAS, KICFS, KISES, Emergency Management Australia, Regional Express & Families SA
Workplace Consultative Committee	DCEO, DCS, HRO, ASU Employee Rep, AWU Employee Rep, 5 Employee Reps
Workplace Health and Safety Committee	DCS, TPM, 6 WHS Employee Reps

External Committees / Boards

COMMITTEE	MEMBERSHIP
Community Centres Working Group	Mayor, Reps from Progress Associations, Advice – CEO DCEO, TPM, DCS & CAM
Indigenous Reference Group	DCS
KI Bushfire Management Committee	CEO or nominee
KI Community Housing	Cr Denholm & CAM
KI Emergency Services Operational Advisory Group	CEO or nominee
KI Health Advisory Council	Councillor Masters
KI Natural Resources Management Board	DCS (non-voting rep)
LGA SA	Mayor (Proxy Deputy Mayor)
National Sea Change Taskforce	Mayor & CEO
Penneshaw Community Business Centre	Cr Denholm
Regional Development Australia	Mayor
Southern & Hills LGA Roads Working Party	DCS
STARCLUB	CAM
Tourism KI	Mayor (Proxy Deputy Mayor)
Tourism Optimisation Management Model	CAM
ZEMC	MDES
Resilient Hills & Coast	Cr Masters

Scheme of Delegation

By the direction of the Local Government Act (1999) S44; "*A Council may delegate a power or function vested or confirmed under this or another Act*". By Motion of Council [C307:2017], the chief executive officer has been provided with the decision making powers in terms of prescribed actions in order for Council to manage its operations. By the direction of the Local Government Act (1999) S101(1) and through Motion of Council [C307:2017], "*the chief executive officer may delegate (or sub-delegate) a power or function vested or confirmed in or on the chief executive officer under this Act*". These delegations have been granted to specific staff positions in order that those staff can carry out their roles and responsibilities. The delegation of powers occurs on an annual basis.

Council Allowances

Elected Members

Elected Members' allowances are determined by the State Government's Remuneration Tribunal. The annual allowances as of 7 November 2017 for 12 months were:

- Councillor $9,487
- Deputy Mayor $11,859
- Mayor $37,948

In addition to their allowances, the Mayor and Councillors received the following reimbursements from Council for performing and discharging official functions and duties.

ELECTED MEMBER	REIMBURSEMENT ALLOWANCE
Mayor Clements	$13,030.46
Cr Denholm	$4,451.70
Cr Willson	$3,805.56
Cr Kauppila	$0
Cr Tydeman	$0
Cr Turner	$0
Cr Liu	$84.48
Cr Ricketts	$ 0
Cr Masters	$0
GRAND TOTAL	**$21,372.20**

In addition, the Section 41 Audit Committee Chair, Mr Greg Connor received $3,936.61 in allowances from Council, including sitting fees and travel disbursements.

Executive Management

Salary packages for members of the Executive Leadership Team include the provision of a motor vehicle, superannuation and income protection.

Training and Development for Elected Members

The following training and development sessions were attended by Elected Members during the 2017–18 financial year.

COUNCILOR	TRAINING
Mayor Peter Clements	Nil
Mayor Graeme Ricketts (Deputy Mayor 01/07/2017 – 14/11/2017	Nil
Cr Peter Denholm	Nil
Cr Sharon Kauppila	Nil
Cr Ken Liu	Nil
Cr Pip Masters	Nil
Cr Larry Turner (Deputy Mayor 14/11/2017 – current)	Nil
Cr Cathie Tydeman	Nil
Cr Joy Willson	Nil

Confidential Items – Pursuant to Section 90 and 91 of the Act

Section 90(1) 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. Section 90(2) of the *Local Government Act 1999* allows that the public may be excluded from attendance for certain matters listed in section 90(3). Section 91(7) then allows for matters deemed confidential under section 90(2) to be excluded from the requirement for minutes to be placed on public display and available for inspection.

During 2017-18, provisions of the *Local Government Act 1999* section 90(2) were utilised 16 times, or for **4.7%** of the total agenda items considered. They are summarised below:

(a)	Matters relating to the personal affairs of a person	10
(d)	Matters relating to commercial information	6
	TOTAL	**16**

Details on the use of 90(2) Order to Exclude and 91(7) Confidentiality Orders during the 2017-18 Financial Year are:

MEETING DATE	LG ACT SECTION	ITEM DETAILS
11-Jul-17	90(3)(a)	Awards & Grants Committee Minutes - 4 July 2017
8-Aug-17	90(3)(d)	Airport Upgrade Project - Item 18.2 - 14 March 2017 Council Meeting
30-Oct-17	90(3)(a)	CEO Performance Review
30-Oct-17	90(3)(d)	Forestry Road Use Assessment
30-Oct-17	90(3)(d)	Emu Bay Boat Ramp Funding
30-Oct-17	90(3)(d)	Airport Update
14-Nov-17	90(3)(a)	Recruitment of the Independent Chairperson for the FRWA Board
2-Nov-17	90(3)(d)	Airport Project Update
13-Feb-18	90(3)(a)	Report for Information - CEO Contract
26-Apr-18	90(3)(a)	DCEO Appointment
10-Apr-18	90(3)(a)	Verbal update provided by Mayor on Staff Matter
12-Jun-18	90(3)(a)	Final report on Code of Conduct complaint against CEO
12-Jun-18	90(3)(a)	Debt Management - Section 181-184 of LGA
12-Jun-18	90(3)(a)	Insurance Claim against Council
12-Jun-18	90(3)(a)	Outstanding Rates
12-Jun-18	90(3)(d)	Forestry Update

Three confidential items were revoked, none expired and none ceased to apply during the financial year with 181 items still remaining in confidence, detailed in the table below.

MEETING DATE	LG ACT SECTION	ITEM DETAILS
7-Jul-04	90(3)(a)	Staff Matters
27-Sep-04	90(3)(a)(h)	Mayor's Report
14-Feb-05	90(3)(d)	Commercial Issues
14-Sep-05	90(3)(a)	Rates
16-Nov-05	90(3)(a)	Rates
14-Dec-05	90(3)(g)	CEO Performance Evaluation
14-Dec-05	90(3)(a)	LGA Workers Compensation Scheme
14-Dec-05	90(3)(a)	Rates
14-Dec-05	90(3)(a)	Rates
10-May-06	90(3)(a)	Rates
9-Aug-06	90(3)(a)	CEO Review
13-Sep-06	90(3)(a)	Rates
8-Nov-06	90(3)(a)	LGA Workers Comp Scheme
13-Dec-06	90(3)(h)	Car Parking Fund
13-Dec-06	90(3)(b)	Lot 89 Penneshaw
13-Dec-06	90(3)(a)	Rates
13-Apr-07	90(3)(a)	Rates
9-May-08	90(3)(b)	Centre Pivot Irrigation Contract
16-May-08	90(3)(b)	Central Pivot Irrigation System
10-Oct-08	90(3)(a)	Rates Rebate Application
10-Oct-08	90(3)(a)	Rates Remission Application
11-Nov-08	90(3)(e)	Airport Operations - Staff Matter
12-Dec-08	90(3)(b)	Rates
16-Jan-09	90(3)(a)	Rate Query
13-Feb-09	90(3)(i)	Airport Storage Facility Lease
13-Feb-09	90(3)(a)	Rate Remission
13-Feb-09	90(3)(a)	Rates Query
9-Apr-09	90(3)(a)	Chapter X - Ratepayers
9-Apr-09	90(3)(d)	Leases and Licences
8-May-09	90(3)(b)	Rodney Bell Water Agreement
9-Oct-09	90(3)(g)	Debt Write Off
9-Oct-09	90(3)(d)	Discretionary Rebate of Rates
11-Dec-09	90(3)(d)	Chapter X Proceedings
12-Feb-10	90(3)(b)	Chapter X Proceedings
8-Oct-10	90(3)(i)	Debt Write-off
10-Dec-10	90(3)(b)	Lot 4 Hd Dudley
7-Jan-11	90(3)(a)	Employee Incident Reports
19-Jan-11	90(3)(a)	Employee Issues (sealed)
9-Feb-11	90(3)(a)	Code of Conduct Employees Policy (sealed)
8-Mar-11	90(3)(a)	Code of Conduct Report 1 (sealed)
8-Mar-11	90(3)(a)	OH&S Incident Report (sealed)
29-Mar-11	90(3)(a)	Business Arising - 8/3/11 Meeting
13-Apr-11	90(3)(b)	Sale of Lot 4 Hog Bay Road, Hd Dudley
4-May-11	90(3)(b)	Code of Conduct Issue

MEETING DATE	LG ACT SECTION	ITEM DETAILS
4-May-11	90(3)(a)	Code of Conduct Report 2
4-May-11	90(3)(a)	Cr Walkom - Question on Notice - 7/1/11 Meeting
4-May-11	90(3)(a)	Recruitment Process
11-May-11	90(3)(d)	Commercial Lease Discussion
11-May-11	90(3)(a)	Staff Correspondence
25-May-11	90(3)(a)	CEO Appointment Process
8-Jun-11	90(3)(d)	Commercial Lease Discussion
8-Jun-11	90(3)(a)	Staff Request
30-Jun-11	90(3)(a)	CEO Appointment
30-Jun-11	90(3)(b)	Lot 4 Hog Bay Road, Baudin Beach, Hd Dudley
5-Jul-11	90(3)(a)	CEO Appointment
13-Jul-11	90(3)(d)	Commercial Lease Discussion
13-Jul-11	90(3)(d)	Kingscote Airport Garaging Facilities
17-Aug-11	90(3)(b)	Potential for Land Exchange
21-Sep-11	90(3)(b)	Lot 4 Baudin Beach
2-Nov-11	90(3)(a)	CEO Performance Review Report
9-Nov-11	90(3)(a)	CEO Performance Report
14-Dec-11	90(3)(a)	Mr & Mrs Felix, Howard Drive, Penneshaw
18-Jan-12	90(3)(a)	CEO Contract Variation (sealed)
18-Jan-12	90(3)(a)	CEO Recruitment Panel Update (sealed)
18-Jan-12	90(3)(a)	Cr Walkom - Notice of Motion (sealed)
18-Jan-12	90(3)(a)(h)	Vehicular Access Howard Drive, Penneshaw
8-Feb-12	90(3)(a)	Lot 4 Baudin Beach
28-Feb-12	90(3)(a)	CEO Review
14-Mar-12	90(3)(a)	CEO Review (sealed)
20-Mar-12	90(3)(a)	Organisational Restructure
11-Apr-12	90(3)(b)(i&ii)	Confidential Land Lease
11-Apr-12	90(3)(a)	Confidential Mayor's Report (sealed)
13-Jun-12	90(3)(a)(h)	Legal Advice
13-Jun-12	90(3)(d)(i&ii)	Penneshaw Penguin Centre Lease
13-Jun-12	90(3)(a)	Waste Management - Waiver Request
11-Jul-12	90(3)(d)(i&ii)	Commercial Correspondence
11-Jul-12	90(3)(a)(h)	Deputation - Unmade Public Road
11-Jul-12	90(3)(a)	Desal Drive
11-Jul-12	90(3)(a)(h)	ERD 12/157 - Illegal Development
15-Aug-12	90(3)(a)(h)	Desal Drive, Penneshaw - G & S Dobson
31-Aug-12	90(3)(a)	Ombudsman's Draft Report
14-Nov-12	90(3)(a)	Purchase Land - Sec 451 Shell Track
12-Dec-12	90(3)(a)	CEO Review Report (sealed)
13-Feb-13	90(3)(a)	Rates Rebate Request
13-Mar-13	90(3)(a)	Request for Rate Rebate
13-Mar-13	90(3)(a)(i)	Unauthorised Development - Vivonne Ave, Kct
10-Apr-13	90(3)(a)	Assessment Rebate Request
10-Apr-13	90(3)(a)	Expiation Issues
8-May-13	90(3)(d)(i&ii)	Land Sale
8-May-13	90(3)(e)	Lot 101, Hog Bay Rd (Old Penn Tip)
8-May-13	90(3)(h)	Mayor's Legal Advice (sealed)

MEETING DATE	LG ACT SECTION	ITEM DETAILS
8-May-13	90(3)(d)(i&ii)	Rates Rebate
12-Jun-13	90(3)(a)	2012/13 In-confidence Items
12-Jun-13	90(3)(a)	Assessment Rebate Request
12-Jun-13	90(3)(a)	CEO Review Panel Report (sealed)
12-Jun-13	90(3)(a)	Correspondence from Cr Walkom (sealed)
12-Jun-13	90(3)(g)	DS – ERD Court Appeals – Update
10-Jul-13	90(3)(a)	Lot 101, Hog Bay Road
14-Aug-13	90(3)(a)	CEO Annual Review Process (sealed)
11-Sep-13	90(3)(a)	Request for Rate Assistance
8-Oct-13	90(3)(a)(h)	OH&S Responsibilities & Legal Advice (sealed)
30-Oct-13	90(3)(a)	CEO Performance Review
30-Oct-13	90(3)(a)	Organisation Performance Review
1-Nov-13	90(3)(a)(h)	OH&S Update
13-Nov-13	90(3)(a)	Community Service Award
13-Nov-13	90(3)(a)	Cr Walkom – QON Special Council Meeting 8.10.13
13-Nov-13	90(3)(a)	Lot 101 Penneshaw
13-Nov-13	90(3)(a)	Request from a Ratepayer
11-Dec-13	90(3)(a)(b)(d)(g)(h)	2004/07 In-confidence Items
11-Dec-13	90(3)(g)	Sec 84 Dev Act – Costs Report
22-Jan-14	90(3)(d)(i&ii)	Land Sale (excluding Council decision)
29-Jan-14	90(3)(a)	CEO Review Panel Report (sealed)
12-Feb-14	90(3)(a)	Cr Walkom - QON - Court Action
12-Feb-14	90(3)(a)	Rating Matter
12-Feb-14	90(3)(a)	Staff Matter
12-Mar-14	90(3)(a)	Rates Outstanding 3+ Years (excluding Council decision)
14-Mar-14	90(3)(a)	Employee Update
9-Apr-14	90(3)(b)(i&ii)	26 March 2014 Workshop Notes (report sealed)
9-Apr-14	90(3)(e)	5 March 2014 Workshop Notes (report sealed)
9-Apr-14	90(3)(a)	Code of Conduct 01/2014 (report sealed)
26-May-14	90(3)(a)	Code of Conduct 04/2014
11-Jun-14	90(3)(h)	Mayor's Legal Advice
18-Jun-14	90(3)(a)	Code of Conduct 06/2014
26-Jun-14	90(3)(a)	Code of Conduct 07/2014 & 08/2014
9-Jul-14	90(3)(a)	CEO Review Panel Report
9-Jul-14	90(3)(a)	Code of Conduct 05/2014 Assessment from the LGGP
9-Jul-14	90(3)(a)	Code of Conduct 09/2014
9-Jul-14	90(3)(a)(h)	Cr Walkom Notice of Motion - Mayors Legal Advice
10-Jul-14	90(3)(a)	Code of Conduct 07/2014 Final Report
10-Jul-14	90(3)(a)	Code of Conduct 08/2014 - Final Report
10-Jul-14	90(3)(a)	Code of Conduct 08/2014 - Final Report
13-Aug-14	90(3)(a)	COC 10/2014 Final Report
13-Aug-14	90(3)(a)	Staff Exit Interview Report
20-Aug-14	90(3)(a)	CEO Performance Review
8-Oct-14	90(3)(h)	Legal Advice
20-Nov-14	90(3)(a)	Appointment of Independent DAP Members - Attachments Only
9-Dec-14	90(3)(a)	Commercial Lease
20-Jan-15	90(3)(a)	Code of Conduct 2015/01

MEETING DATE	LG ACT SECTION	ITEM DETAILS
20-Jan-15	90(3)(a)	Nominations for DAC
20-Jan-15	90(3)(a)	Outstanding Rates Payment request
10-Feb-15	90(3)(a)	Rates Payment Arrangement
10-Mar-15	90(3)(a)	Non Payment of Rates
14-Apr-15	90(3)(k)	ICT Service Agreement
14-Apr-15	90(3)(a)	Soldier Memorial Gates
30-Apr-15	90(3)(a)	Code of Conduct 2015/04
12-May-15	90(3)(a)	Request for rates refund / waiver
9-Jun-15	90(3)(g)	2015-01- 2015-03 Code of Conducts verbal update - COC's finalised
9-Jun-15	90(3)(g)	In-confidence Items - Annual Review
14-Jul-15	90(3)(g)	Camper Vans on Public Places
18-Aug-15	90(3)(a)	Code of Conduct 2015/04
18-Aug-15	90(3)(a)	Code of Conduct 2015/05
18-Aug-15	90(3)(a)	Legal Matter
8-Sep-15	90(3)(a)	Code of Conduct 2015/07
13-Oct-15	90(3)(a)	Confidential Report to Mayor
13-Oct-15	90(3)(d)(i&ii)	Island Development #1
13-Oct-15	90(3)(d)(i&ii)	Island Development #2
10-Nov-15	90(3)(a)	CEO Review
8-Dec-15	90(3)(g)	Legal Advice #2
8-Dec-15	90(3)(g)	Legal Advice
8-Mar-16	90(3)(g)	Audit Committee Minutes
27-Oct-16	90(3)(a)	CEO Annual Review Process
8-Nov-16	90(3)(g)	Legal Matter
8-Nov-16	90(3)(g)	Organisational Chart
13-Dec-16	90(3)(g)	Legal Matter - Business Arising from In confidence Minutes 18.2 - 8/11/16
14-Mar-17	90(3)(d)(i&ii)	Airport Upgrade Project
16-Mar-17	90(3)(a)	Code of Conduct 2017/01
20-Apr-17	90(3)(d)(i&ii)	Kingscote Wharf
9-May-17	90(3)(a)	Code of Conduct 2017/01
29-Jun-17	90(3)(a)	Code of Conduct 2017/02
29-Jun-17	90(3)(g)	Legal Advice
8-Aug-17	90(3)(d)	Airport Upgrade Project - Item 18.2 - 14 March 2017 Council Meeting
30-Oct-17	90(3)(a)	CEO Performance Review
30-Oct-17	90(3)(d)	Forestry Road Use Assessment
30-Oct-17	90(3)(d)	Emu Bay Boat Ramp Funding
30-Oct-17	90(3)(d)	Airport Update
14-Nov-17	90(3)(a)	Recruitment of the Independent Chairperson for the FRWA Board
12-Jun-18	90(3)(a)	Final report on Code of Conduct complaint against CEO
12-Jun-18	90(3)(a)	Debt Management - Section 181-184 of LGA
12-Jun-18	90(3)(a)	Insurance Claim against Council
12-Jun-18	90(3)(a)	Outstanding Rates
12-Jun-18	90(3)(d)	Forestry Update

This results in an average retention in Confidence of **2.4%** which is less than the maximum recommended rate of 3% (Ombudsman Report November 2012, "In the Public Eye").

Procurement and Competitive Tender

The 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 while supporting local businesses where possible. Tenders are assessed across a basket of criteria, appropriate for the works or services being tendered for and to ensure a "fair go" for local businesses. One of the criteria assessed is Local Content with a weighting of up to 20%. The Procurement Policy is also mindful of the *Government Business Enterprises (Competition) Act 1996*. The contracting of significant works or services is released to open competitive tender unless there are mitigating reasons, for example, specialist expertise is required, and then a limited select tender process is carried out. While the policy has a focus on buying locally, there remains a commitment to ensuring the best value for money is received.

Council has a complaints mechanism in place and in 2017-18 no complaints were received with regard to Competitive Neutrality.

List of Registers and Codes required to be kept

Register of By-Laws
Register of Campaign Donation Returns
Register of Confidential Items
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
Register of Community Land
Register of Registered Cats
Register of Registered Dogs
Schedule of Fees and Charges

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	Keeping of Livestock, Fowl and Bees
By-Law 8	Foreshores & Boat Facilities

As required by Legislation, Council By-Laws were reviewed during 2016-17, inclusive of a full public consultation process. The revised Council By-Laws came into effect in November 2017.

Code of Conduct

On 29 August 2013, a new Code of Conduct for Elected Members was made by Legislation. The Code of Conduct applies to all Elected Members across the Local Government sector and may be the subject of an investigation by an Independent Investigator, Council, the Local Government Governance Panel, the Ombudsman, ICAC and/or SAPOL, depending on the nature of the issue.

The Code of Conduct also contains sanctions which may be imposed by Council on an Elected Member where a breach of the Code is found to be sustained. The Code of Conduct for Elected Members underwent Periodic Review in June 2017.

A similar Code of Conduct, applicable to Council Employees, was revoked by Legislation and replaced by the *Local Government (General) (Employee Code of Conduct) Variation Regulations* 2018 - Code of Conduct for Council Employees (Gifts & Benefits) and Complaints Against Council Employees Policy, endorsed by Council on 10 April 2018. The full Codes of Conduct and other policies pertaining to the behaviour of Elected Members and Council Employees may be found at the Council's website www.kangarooisland.sa.gov.au or at 43 Dauncey St, Kingscote.

Code of Conduct for Council Employees
Complaints Against Council Employees Policy
Code of Conduct for Elected Members
Council Assessment Panel Code of Conduct

Codes of Practice

Access to Council Meetings and Documents
Roadside Signage and Display Permit and Regulation
Meeting Procedures
Caretaker Guidelines
Election Signage Guidelines

Documents

Many of the documents listed below are available for public inspection free of charge at the Kingscote Office, 43 Dauncey Street, Kingscote, between 9.00am and 5.00pm weekdays. Most documents can also be found on the Council's website www.kangarooisland.sa.gov.au. Copies may be purchased at a cost of $0.40 per single A4 page or $0.80 per doubled sided A4 page.

Documents include but are not limited to:

- Access Economics – Impacts Study of a Travelers' Levy
- Airport Master and Strategic Plans
- Annual Report
- Annual Business Plan
- Annual Financial Statements
- Asset Management Plans
- Environmental Management Plan
- Infrastructure Management Plan
- Business Continuity Plan
- Council and Committee Agendas and Minutes
- Council Budget
- Council Assessment Panel Agendas and Minutes
- Development Plan
- EconSearch – Economic Analysis of Road Funding Options
- Kangaroo Island Study
- Lands Management Plan
- Long Term Financial Plan
- Paradise Girt By Sea
- Policies and Procedures
- Schedule of Fees and Charges
- Strategic Plan
- Town Centres Plan
- Transport Plan

Freedom of Information

Where possible Council provides information to residents and/or ratepayers without referral to the provisions of the *Freedom of Information Act 1991*. Where information is requested under the *Freedom of Information Act 1991* a request form (provided for in the Act) must be completed and forwarded with the required application fee (unless an exemption is granted).

Requests for other information not publicly available will be considered in accordance with the *Freedom of Information Act 1991* (SA) which gives individuals the right to access documents (subject to certain restrictions) that are within the Council's possession. It also allows for the amendment of documents which contain personal information that is incomplete, incorrect, out of date or misleading.

There were 21 requests for information from 1 July 2017 to 30 June 2018.

NEW APPLICATIONS	21
Applications brought forward from previous year	0
Access granted in full	0
Access granted in part or the majority	20
Access refused	1
Transferred	0
Closed/withdrawn	0
Undetermined at 30 June 2018	0
Internal review – decision confirmed	0
Internal review – decision varied	0

Time Limits

An application will be dealt with by an accredited FOI officer as soon as practicable and within 30 days after its receipt, unless an extension of time is required to process the application.

Exemptions

Access to documents under the Freedom of Information Act 1991 may be refused subject to prescribed exemptions. These are to ensure that other people's privacy is not breached or that the proper administration of the Council is not adversely affected.

Internal Review of Council Decisions

There have been no Internal Review of Council Decisions requests for the period governed by this Annual Report.

Council Representation Quota Review

In accordance with the requirements of Section 12(4) of the *Local Government Act* 1999 [the Act], the Review was completed and endorsed by the Electoral Commissioner of South Australia [ECSA] on 14 February 2017. The Representation Quota remains unchanged and the new Quota period comes into effect at the first sitting of the new Council in November 2018.

- The Council area will not be divided into wards.
- The Elected Council will comprise the Mayor and nine (9) Area Councillors who represent the Council area as a whole.

Community Land

The major review and update of the Community Land Register [the Register] was completed and endorsed in June 2016. The Register is now updated on an as-required basis and is available on Council's website www.kangarooisland.sa.gov.au or at 43 Dauncey St, Kingscote. Council maintains leases and permits for the use of Community Land in the Care and Control of Council. This process is regularly reviewed and improved upon and, commencing July 2018, with consideration to the impact of Climate Change on Community Lands, and the Island as a whole.

Local Nuisance and Litter Control Act and Regulations

There were no complaints of local nuisance or littering received by Council.

Offences under the Act that were expiated	Nil
Offences under the Act that were prosecuted	Nil
Nuisance abatement notices or litter abatement notices issued	Nil
Civil penalties negotiated under section 34 of the Act	Nil
Applications by the Council to the Court for orders made by the Court on those applications	Nil
Any other functions performed by Council under the Act	Nil

Commonly used acronyms

Legend – Council Personnel

CAM	Community Affairs Manager	KIIBA	Kangaroo Island Industry Brand Alliance
CEO	Chief Executive Officer	KIFA	Kangaroo Island Futures Authority
CLG	Council Leadership Group	KIHS	KI Health Service
DCS	Director Council Services	KINRM	Kangaroo Island Natural Resource Management
DCEO	Deputy Chief Executive Officer	KIPMG	KI Ports Management Group
DSA	Developmental Services Advisor	KPIs	Key Performance Indicators
EM	Elected Members	KIRRC	KI Resource Recovery Centre
EHO	Environmental Health Officer	KIRSC	KI Road Safety Committee
FM	Finance Manager	LG	Local Government
FPO	Fire Prevention Officer	LGA	Local Government Association
GI	General Inspector	LGS	Local Government Services
GO	Governance Officer	MOU	Memorandum of Understanding
HR	Human Resources	MOA	Memorandum of Agreement
MDES	Mgr Development & Environmental Services	NVC	Native Vegetation Council
TPM	Technical Programs Manager	PAR	Plan Amendment Review
WHS	Workplace Health & Safety	PDs	Position Description
BCP	Business Continuity Plan	PDI Act	Planning, Development & Infrastructure Act 2016)
CDAP	Council Development Assessment Panel	PDP	Personal Development Plan
CFS	Country Fire Service	RDA	Regional Development Australia
CKI	Commissioner for Kangaroo Island	RDIF	Regional Development Infrastructure Fund
CPN	Community Passenger Network	RH&C	Resilient Hills & Coats
CWMS	Community Wastewater Management Scheme	RPT	Regular Passenger Transport
DAC	Development Assessment Commission	SA Govt	South Australian Government
DEWNR	Dept for Environment, Water & Natural Resources	SATC	South Australian Tourism Commission
DPA	Development Plan Amendment	SCAP	State Commission Assessment Panel
DPTI	Dept of Planning, Transport & Infrastructure	SEB	Significant Environmental Benefit
DMITRE	Department for Manufacturing, Innovation, Trade, Resources & Energy	SHLGA	Southern & Hills Local Government Association
EPA	Environment Protection Authority	SIRPA	Sapphiretown, Island Beach Residents Association
ERD	Environment, Resources & Development	SOP	Safe Operating Procedure
FRWA	Fleurieu Regional Waste Authority	SPC	State Planning Commission
FWS	Finding Workable Solutions	TKI	Tourism Kangaroo Island
FY	Financial Year	TOMM	Tourism Optimisation Management Model
HAC	Health Advisory Committee	URPS	Urban & Regional Planning Solutions
KIC	Kangaroo Island Council	YAC	Youth Advisory Committee
KICHA	KI Community Housing Association	ZEMC	Zone Emergency Management Committee
KIBMC	Kangaroo Island Bushfire Management Committee		

SECTION 3

Finance Report 2017-18 year

For the eighth consecutive year, Council has been issued with an unqualified audit opinion from our external Auditors, Deloitte. This confirms Council's financial accounts for the 2017-18 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. Council's 2017-18 Annual Financial Statements were formally adopted on 22 November 2018.

Unqualified audits reflect well on Council's ability to manage finances across the broad-range of mandated and chosen activities and Staff are to be congratulated for the degree of attention to detail that they master to achieve these results. The fact that these unqualified audits determinations are with Deloitte is something that should not be marginalized or ignored. They undoubtedly provide Council with significant provenance in the eyes of external funding bodies such as the State and Commonwealth Government when applying for grants and, as the accounts show, grant funding is an essential element of Council's revenue stream.

This year has seen another positive return for Council with a net surplus of $1.73M. This result is an increase of $705K on last year's result.

Some of the major influences impacting our bottom line are detailed as follows:

- **Operating Grants** decreased by $260K (down from $3.44M in 2017 to $3.18M in 2018). The reason for this being, an advance payment was received in June 2018 of $1.06M compared to a June 2017 advance of $944K. There was an overall decrease in the Financial Assistance Grant Scheme (FAGS) payment for 2018-19 because there was no advance payment in FY2016. Council was successful in obtaining other operating grants including Supplementary Local Road Funding of $199K and Community Operating Grants of $258K.
- **Physical resource**s received free of charge in 2018 were budgeted at $2.0M as per previous years, however DPTI was only able to complete $1.56M during the financial year. The balance of the $2.0M will carry forward to be completed in the 2018-19 year. In addition to works provided to the Kangaroo Island Council by DPTI – Council received other physical resources free of charge from private development of $4,510.
- **Reimbursements** decreased from $1.75M to $503K. In 2017 Council saw an increase in private works jobs undertaken for Government agencies and for private business which Council did not receive in 2018.
- The 2017-18 results show an increase in **User Charges** from $1.04M in 2017 to $1.17M in 2018. Council's investment in the Kangaroo Island Airport has seen an increase in aerodrome fees collected during 2018, up by $50K from 2017. Campground fees increased by $28K from 2017, Sealink income increased by $20K, Property Rental and Hall & Equipment hire has remained steady with 2017 results, however other user charges were down for FY2018 including Marina Launch Fees and Marina Berth Fees down by $9K and $4K respectively. The increase in income from the water standpipes is offset by an increase in amounts paid.
- Work on the Kangaroo Island Airport which started in 2015-16, continued through 2016-17 and was finished in 2017-18. In line with **Accounting Standards** this was moved from Council's Work in Progress to its Asset Schedule.
- In line with the two funding agreements (South Australian State Government ($10.25M) and the Commonwealth's National Stronger Regions Fund ($10.25M)) and Councils Accounting Policy, the $20.5M funding Council received over the 2017-18 and 2018-19 financial years for the Kangaroo Island Airport redevelopment will be recorded as **Income Received in Advance**, to be recognised as per the funding agreement over the next 20 years. The redeveloped airport was opened by the Prime Minister on July 4 2018 and the final payment from the Commonwealth's National Stronger Regions Fund will be received in the 2018-19 financial year.
- **Total expenses** were down $561K compared with the previous year. The largest decrease in costs is attributable to materials, contracts and other expenses where costs were down by $463K in FY2018. Employee costs reduced slightly when compared with FY2017. Finance costs also decreased by $45K in FY2018.

- FY2018 shows an **increase in depreciation** of $60K from FY2017, which is largely attributable to the upgrade of the airport. Depreciation for the new airport was $265K, CWMS depreciation increased by $62K due to the Penneshaw expansion in 2017, while depreciation for the old airport decreased by $75K, and plant and machinery depreciation decreased by $202K. It is expected that depreciation costs will continue to increase in future years as the Penneshaw CWMS scheme continues to expand, and the Kangaroo Island Airport project is depreciated for a full year.

Deloitte continues with their four year audit engagement, following the cessation of their previous contract at the end of the FY 2015 audit. Audit fees for FY 2018 were paid in line with the current service agreement: $43.3K for the internal and external audit of our financial accounts and grant agreements, and $3.9K for associated disbursements.

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.

Council continued to work on a Long-Term Financial Plan (LTFP) that targets a 'break-even' position within the next 10 year planning period.

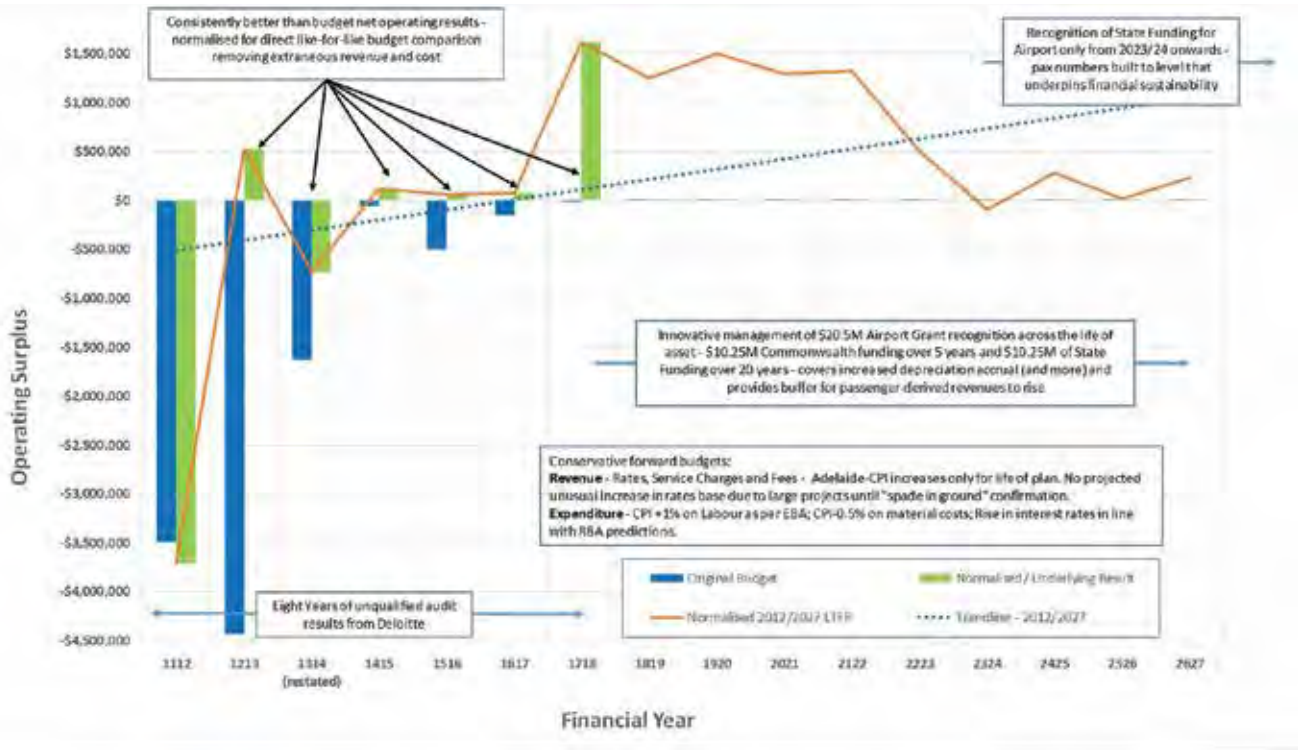
The most recent Long Term Financial Plan (LTFP) was adopted in May 2017 after Council presented an updated version to its Audit Committee for review on 20 April 2017.

Key conclusions of the proposed LTFP:

- Council is targeting operating surplus in 9 of the 10 years of the plan.
  - Our LTFP includes Income in Advance from the Airport Grant amortised in two tranches – with the Grant from the Federal Government amortised over 5 years (with a half year in the first and sixth years of the LTFP) and the Grant from the State Government amortised over the next 20 years. This income is not included in our annual budget.
- Operational Revenue increases by 22% over the 10 year period of the Plan.
- Operational Expenditure increases by 26% over the 10 year period of the Plan.

The graph shows Council's Operating Surplus Position and our journey towards achieving financial sustainability. Our LTFP is grounded in deliverables, and there is the potential for substantial upside in revenue terms should developments proposed for the Island mature to reality.

Financial Year Operating Surplus Position – Actual and Long Term Projections



It should be noted that Kangaroo Island Council will continue to face challenges in its quest for long term financial sustainability.

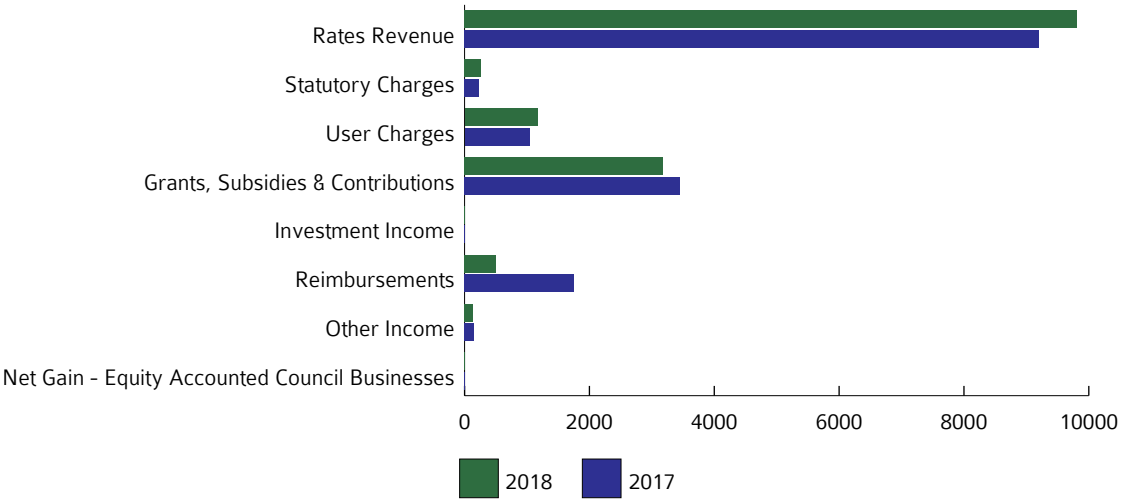
Council's LTFP is reviewed annually once the audited accounts for the previous financial year are completed – it is expected that further fine-tuning and changes will be made as Council continues to explore other options to manage the gap between available funding and the needs of the Asset Management Plans.

Funding

During 2017-18, Council continued to rely heavily on rates (65% of revenue, compared to 58% last year) and total grants (21%, compared to 22% last year) as its prime revenue sources. Reimbursement income is lower in 2018 (4% compared to 11% last year).

The proportion of funding sources can be seen in the following graph:

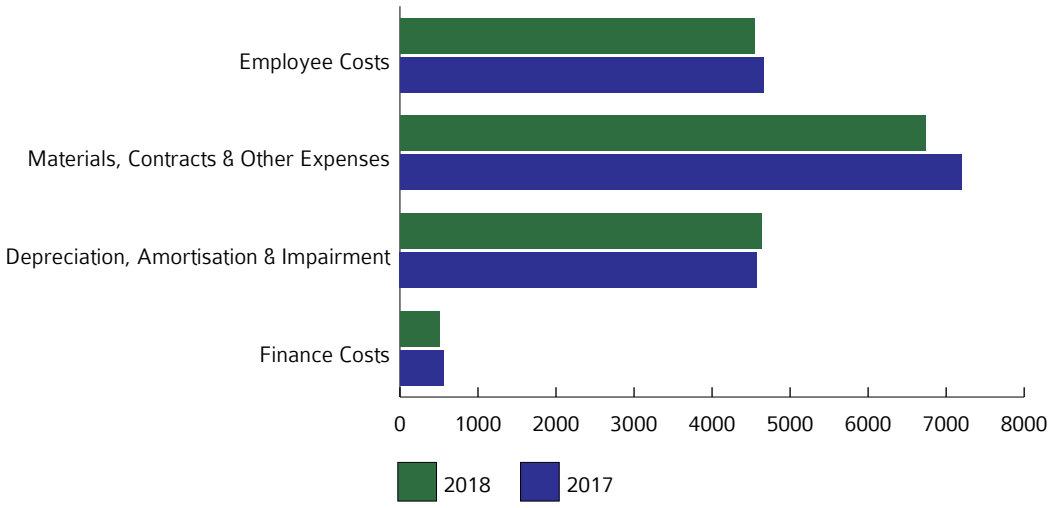
Chart 1: Revenue Sources



Expenditure

Further challenges to Council's long term financial planning are the year to year variations in operational expenditure as reflected in the chart below.

Chart 2: Expenditure Areas



It is noted that management costs as a percentage of total employee costs have decreased from 30.9% in 2012-13 FY to 25.6% in FY2017-18 with the funds saved being employed in delivery activities of Council.

Borrowings / Debt Management

Council continued its policy of borrowing funds for the development of key infrastructure assets for the Community, including road upgrades. It used the borrowings as a means of allocating costs to consumers over the useful life of the assets. From time to time Council also uses borrowings to cover shortfalls in its immediate cash management needs.

Outstanding borrowings as at 30 June 2018 are $17.13M, an increase in borrowings from $15.03M the previous year. At 30 June 2018 Council was carrying $4.35M of debt for the airport, an increase of $3.06M on the previous year. It is expected that this loan will be fully repaid in 2018-19 with the final funds from the Commonwealth National Stronger Regions Grant, a transfer from the investment account of the final grant payment from the State Government which was received on the 30th June and a transfer from the Airport Reserve. Council's long-term financial plan provides for borrowings of $1.5M each year to fund capital expenditure (new, renewed, and upgrade).This, combined with temporary loans put in place to cover cash shortfalls incurred during receipt/expenditure timing differences on the Airport redevelopment project, has resulted in an increase in borrowings in FY2018. Council was able to make early repayment of the outstanding balance $935K on Cash Advance Debenture number 33 prior to June 30 2018. This CAD has an expiry date of July 2023.

Provided we continue to maintain our financial discipline we shall be able to continue to retire debt before it is due as demonstrated in our Long-term Financial Plan.

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.

Operating Surplus Ratio	The operating surplus expressed as a percentage of general and other rates, net of rate rebates and NRM Levy.
Net Financial Liabilities Ratio	Net financial liabilities at the end of Year as a percentage of operating revenue for the year.
Asset Sustainability Ratio	Measuring capital expenditure on renewal or replacement of assets relative to the optimal level proposed in Council's Infrastructure and Assets Management Plan.

Table 1: Financial Indicators

	2014/15	2015/16	2016/17	2017/18
Operating Surplus / (Deficit) ($'000)	1,463	-2,951	-1,143	-1,346
Operating Surplus Ratio	18%	-23%	-7%	-9%
Adjusted Operating Surplus Ratio	6%	-16%	-13%	-10%
Net Financial Liabilities ($'000)	11,335	10,857	17,953	14,880
Net Financial Liabilities Ratio	64%	84%	113%	99%
Asset Sustainability Ratio	184%	33%	47%	155%

The Financial indicators table has been updated in line with Note 15 of the Financial Statements for each of the financial years reported. The Financial Statements for each financial year are available on Council's website.

Council continues to face significant challenges in relation to delivering an operating surplus and the management of its asset-driven indicators.

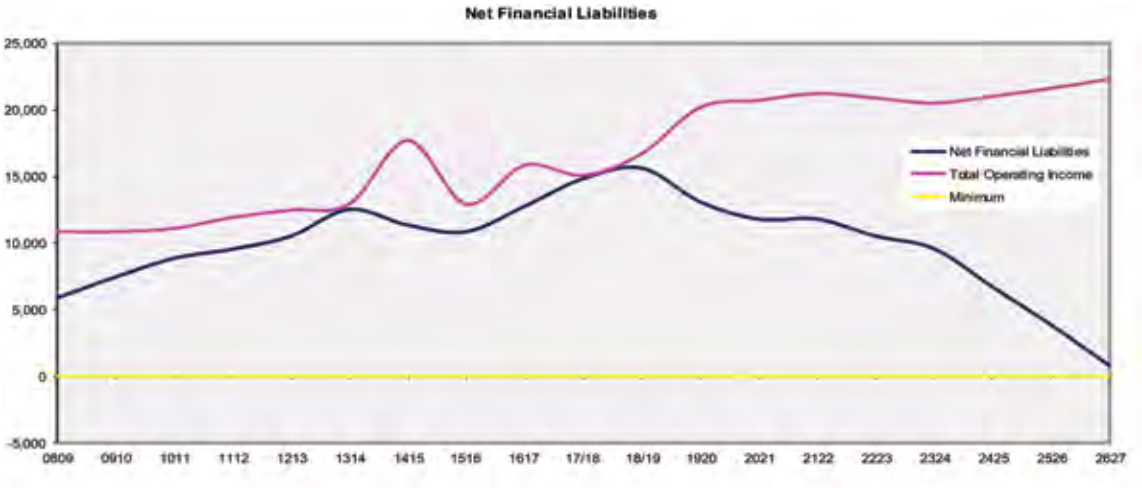
The Asset Sustainability Ratio figure for 2017-18 should be read in context of the positive impact of the State Government's annual, ongoing $2M Regional Road Infrastructure Program.

Council's Net Financial Liabilities Ratio is within the target range (0-100%) but is as expected. The Net Financial Liabilities Ratio excludes the liability "Income received in Advance" which is made up of the grant funds for the airport which will be recognised as income over a twenty year period. This trend is in line with Council's 2017-27 Long-term Financial Plan.

Refer graph below illustrating trend.

Net Financial Liabilities

This ratio indicates what is owed to others less money held, invested or owed to the Authority.



Target: Council's level of Net Financial Liabilities is no greater than its Annual Operating Revenue and not less than zero.

Rates

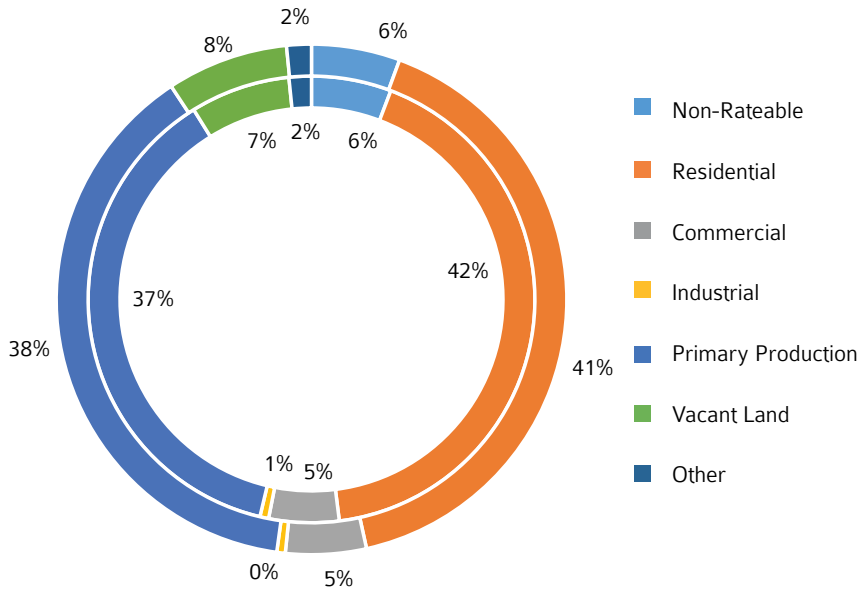
All land within the Council area, except for land specifically exempt (eg. Crown Land, Council occupied land and other land prescribed in the *Local Government Act, 1999*) is rateable. The *Local Government Act, 1999* provides for Council to raise revenue for the broad purposes of the Council through a general rate which applies to all ratable properties, or through differential general rates which apply to classes of properties. In addition, Council can raise separate rates for specific areas of the Council, or service rates or charges for specific services.

The capital value of rateable properties on Kangaroo Island increased by approximately 6% during the 2017-18 year, to a total of $1.66BN, (in 2017 $1.57BN). The number of rateable properties has remained relatively constant at 5,549 properties (in 2016-17, the number was 5,492).

Table 2: Capital valuations

DESCRIPTION	2017-18	2016-17	% CHANGE
Non-Rateable	$96,254,432	$88,174,140	9.16%
Residential	$702,893,114	$643,039,400	9.31%
Commercial	$84,442,621	$80,190,509	5.30%
Industrial	$10,497,487	$8,447,987	24.26%
Primary Production	$623,304,500	$605,834,008	2.88%
Vacant Land	$120,255,000	$120,945,500	-0.57%
Other	$26,922,746	$24,607,996	9.41%
	$1,664,569,900	**$1,571,239,540**	**5.94%**

Property Valuations by Rating Category

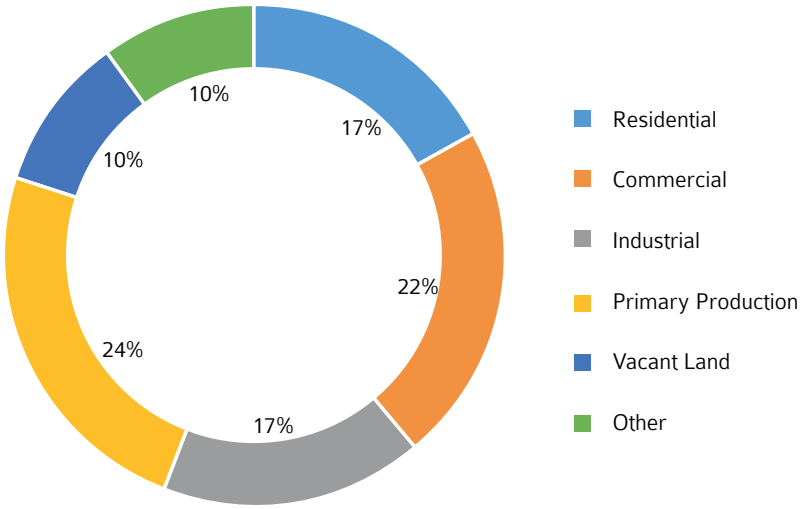


Average general rates for a residential property on Kangaroo Island were $1,227 (compared with $1,137 in FY 2017), being an overall increase of 11% over 2016-17. Average rates for primary production properties were $1,682 up from $1,554, being an increase of 13.96% from 2016-17.

Table 3: Average Rates Levied

DESCRIPTION	2017-18	2016-17	% CHANGE
Non-Rateable			
Residential	$1,227	$1,137	11.04%
Commercial	$1,540	$1,554	0.33%
Industrial	$1,188	$1,024	15.90%
Primary Production	$1,682	$1,554	13.96%
Vacant Land	$733	$702	4.71%
Other	$709	$640	-35.31%

Average General Rates Levied



Council offered both Mandatory and Discretionary Rebates during 2018. The payment of these rebates were made in accordance with the provisions stipulated in Chapter 10, Division 5 of the *Local Government Act, 1999*. The value of rebates and other concessions provided to ratepayers in 2018 was $94K and can be seen in Note 2 of the financial statements. This is the same as in 2017. Full details of rebates and rate capping provisions can be found in Council's rating and rebate policy available on Council's website.

Looking Ahead to 2018/19 (From 2018-19 Annual Business Plan)

Significant Influences and Priorities

CPI – set at Dec 2017 quarter: CPI rate (2.3%)

To meet the needs of the **Capital Works Program**, the Long Term Financial Plan demonstrates that a sustainable level of borrowing for the Council in future years is $1.5M. When coupled with the $2M that the State provides through the Unsealed Roads Upgrade Program and $655K provided by other funding sources, we expect to deliver over $4M of infrastructure and asset upgrades in 2018-19.

To meet Council-funded capital works and plant/equipment purchase requirements, it is intended that we establish variable cash advance debenture facilities (CAD) to the level required (with plant/equipment generally being funded on a fixed rate loan).

The Federal Government's **Financial Assistance Grants** (FAGs) are distributed to the States who in turn distribute the grants to Local Government via the State Grants Commission funding formula. For budgeting purposes it was included at 2017-18 rates plus CPI, with the expectation that an advance payment will be received.

The 2015-16 and 2016-17 financial years saw increased Federal Government **Roads to Recovery** funding however that period has ended. In planning for a much lower allocation for Kangaroo Island Council in 2018-19 we budgeted to receive $568K, the same as received in 2017-18. This will be allocated to the Capital Works Program.

A current **enterprise bargaining agreement** between Council and its staff sets out the employment conditions, which are then taken into account as part of the 2018-19 budget considerations.

The increase in **Rates Revenue** in 2018-19 will comprise of CPI at 2.3% only. An allowance of 1% has been made to cover property capital value increases which may result from the Valuer General's assessment of property values for the sland and is not under Council control. We note that this has varied between 0.1 and 1.0% over the past three years.

In addition to this, Council has determined that the temporary reduction in differential for Primary Production (land use code), introduced as a response to the drought in the late 2000s, will be phased out at 2.5% per year until parity with the residential differential is reached (100%), so in 2018-19 the differential will move from 90.2% to 92.5%.

With continued efficiencies in the **management of waste** the service charge for kerbside collection and waste management remain the same as in the 2017-18 year.

Community Wastewater Management Schemes (CWMS) service charges will increase by 2.3% in FY2019 to $631 in line with CPI, reflecting the forecast made in last year's Annual Business Plan. This service charge will be allocated to those properties that have the capability to be connected to one of the schemes and does not apply to all ratepayers.

The **Penneshaw CWMS** project commenced in 2015-16 and became operational in 2016-17, providing a modern and effective effluent system. Council will continue to expand the serviced area in Penneshaw during 2018-19.

General purpose financial statement

for the year ended 30 June 2018

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 evironment

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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 2018 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

Date: 22 November 2018

Michael Pengilly

MAYOR

I provide this certification whilst not the Mayor during the relevant period.

Statement of Comprehensive Income

for the year ended 30 June 2018

$ '000	NOTES	2018	2017
INCOME			
Rates Revenues	2a	9,807	9,206
Statutory Charges	2b	264	234
User Charges	2c	1,169	1,041
Grants, Subsidies and Contributions	2g	3,180	3,447
Investment Income	2d	7	12
Reimbursements	2e	503	1,751
Other Income	2f	138	147
Net Gain - Equity Accounted Council Businesses	19	13	7
TOTAL INCOME		**15,081**	**15,845**
EXPENSES			
Employee Costs	3a	4,544	4,657
Materials, Contracts & Other Expenses	3b	6,735	7,198
Depreciation, Amortisation & Impairment	3c	4,636	4,576
Finance Costs	3d	512	557
TOTAL EXPENSES		**16,427**	**16,988**
OPERATING SURPLUS / (DEFICIT)		**(1,346)**	**(1,143)**
Asset Disposal & Fair Value Adjustments	4	19	(111)
Amounts Received Specifically for New or Upgraded Assets	2g	1,496	258
Physical Resources Received Free of Charge	2i	1,564	2,024
NET SURPLUS / (DEFICIT)[1]		**1,733**	**1,028**
OTHER COMPREHENSIVE INCOME			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9a	-	723
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	9a	(13)	-
Total Other Comprehensive Income		**(13)**	**723**
TOTAL COMPREHENSIVE INCOME		**1,720**	**1,751**

1 Transferred to Statement of Changes in Equity

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

Statement of Financial Position

as at 30 June 2018

$ '000	NOTES	2018	2017
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	4,519	2,917
Trade & Other Receivables	5b	1,068	2,566
Inventories	5c	366	216
TOTAL CURRENT ASSETS		**5,953**	**5,699**
Non-Current Assets			
Equity Accounted Investments in Council Businesses	6a	121	108
Infrastructure, Property, Plant & Equipment	7a	218,387	197,346
Other Non-Current Assets	6b	965	6,132
TOTAL NON-CURRENT ASSETS		**219,473**	**203,586**
TOTAL ASSETS		**225,426**	**209,285**
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	4,716	2,191
Borrowings	8b	1,189	1,166
Provisions	8c	971	880
TOTAL CURRENT LIABILITIES		**6,876**	**4,237**
Non-Current Liabilities			
Trade & Other Payables	8a	14,013	4,324
Borrowings	8b	15,946	13,866
Provisions	8c	300	287
Total Non-Current Liabilities		**30,259**	**18,477**
TOTAL LIABILITIES		**37,135**	**22,714**
NET ASSETS		**188,291**	**186,571**
EQUITY			
Accumulated Surplus		14,240	13,093
Asset Revaluation Reserves	9a	171,700	171,713
Other Reserves	9b	2,351	1,765
TOTAL COUNCIL EQUITY		**188,291**	**186,571**

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

Statement of Changes in Equity

for the year ended 30 June 2018

$ '000	NOTES	ACCUMULATED SURPLUS	ASSET REVALUATION RESERVE	OTHER RESERVES	TOTAL EQUITY
2018					
Balance at the end of previous reporting period		**13,093**	**171,713**	**1,765**	**186,571**
a. Net Surplus / (Deficit) for Year		**1,733**	**-**	**-**	**1,733**
b. Other Comprehensive Income					
- IPP&E Impairment (Expense) / Recoupments Offset to ARR	7a	-	(13)	-	(13)
OTHER COMPREHENSIVE INCOME		**-**	**(13)**	**-**	**(13)**
TOTAL COMPREHENSIVE INCOME		**1,733**	**(13)**	**-**	**1,720**
c. Transfers between Reserves		**(586)**	**-**	**586**	**-**
BALANCE AT THE END OF PERIOD		**14,240**	**171,700**	**2,351**	**188,291**
2017					
Balance at the end of previous reporting period		**11,817**	**170,990**	**2,013**	**184,820**
a. Net Surplus / (Deficit) for Year		**1,028**	**-**	**-**	**1,028**
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	723	-	723
OTHER COMPREHENSIVE INCOME		**-**	**723**	**-**	**723**
TOTAL COMPREHENSIVE INCOME		**1,028**	**723**	**-**	**1,751**
c. Transfers between Reserves		**248**	**-**	**(248)**	**-**
BALANCE AT THE END OF PERIOD		**13,093**	**171,713**	**1,765**	**186,571**

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

Statement of Cash Flows

for the year ended 30 June 2018

$ '000	NOTES	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates Receipts		9,912	9,189
Statutory Charges		264	234
User Charges		1,195	1,041
Grants, Subsidies and Contributions (operating purpose)		3,012	3,447
Investment Receipts		6	12
Reimbursements		484	1,751
Other Receipts		16,296	4,936
Payments			
Payments to Employees		(4,455)	(4,542)
Payments for Materials, Contracts & Other Expenses		(9,268)	(8,258)
Finance Payments		(503)	(529)
NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES	**11B**	**16,943**	**7,281**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Amounts Received Specifically for New/Upgraded Assets		1,496	258
Sale of Replaced Assets		60	18
Sale of Surplus Assets		70	39
Payments			
Expenditure on Renewal/Replacement of Assets		(7,066)	(2,162)
Expenditure on New/Upgraded Assets		(12,004)	(7,958)
NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES		**(17,444)**	**(9,805)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from Borrowings		4,569	4,115
Proceeds from Bonds & Deposits		5	-
Payments			
Repayments of Borrowings		(2,466)	(1,276)
Repayment of Other Borrowings		(5)	-
Repayment of Bonds & Deposits		-	(45)
NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES		**2,103**	**2,794**
NET INCREASE (DECREASE) IN CASH HELD		**1,602**	**270**
plus: Cash & Cash Equivalents at beginning of period	11	2,917	2,647
CASH & CASH EQUIVALENTS AT END OF PERIOD	**11**	**4,519**	**2,917**

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

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Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements 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 on a going concern basis using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 22 November 2018.

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 these Notes.

1.4 Rounding

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

2 The Local Government Reporting Entity

Kangaroo Island Council is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 43 Dauncey St 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.

Other entities in which Council has an interest but does not control are reported in Note 19.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

As at 30 June 2018, Kangaroo Island Council has net current assets of $2,060,000 [2017 net current assets of $1,462,400].

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 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.

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 Council's operations for the current reporting period.

In recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

	Cash Payment Received $'000	Annual Allocation $'000	Difference $'000
2015/16	$896	$1,832	- $936
2016/17	$2,778	$1,834	+ $944
2017/18	$2,114	$1,997	+ $117

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

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.

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

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

Land Improvement	$10,000
Buildings and Other Structures	$10,000
Road – pavement for sealed and unsealed built to specification	$10,000
Road – wearing surface sealed and unsealed	$10,000
Bridge	$10,000
Footpaths, Kerb & Gutter	$10,000
Stormwater Drainage	$10,000
Community Wastewater Management Systems	$5,000
Furniture & Fittings	$5,000
Plant & Equipment	$5,000
Library Books	N/A

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. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

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 Council, 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 listed below. 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, and extreme care should be used in interpreting financial information based on these estimates.

Land Improvement	7 to 100 years
Building & Other Structures	7 to 100 years

Infrastructure

Roads – pavement for sealed and unsealed built to specification	N/A
Roads – wearing surface for sealed and unsealed	5 to 100 years
Bridges	5 to 100 years
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

6.5 Impairment

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, are not subject to impairment testing.

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

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

6.6 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 other than grants 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

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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 avg. discount rate 1.97% (2017, 1.5%)

Weighted avg. settlement period 7 years (2017, 7 years)

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide 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 Provisions for Reinstatement, Restoration and Rehabilitation

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. Council's policy to maximise recycling is extending the operational life of these facilities, and significant uncertainty exists in the estimation of the future closure date.

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 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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

received in advance are recognised as "payments received in advance".

For works undertaken on a fixed price contract basis, revenues and expenses are recognised on a percentage of completion basis. Costs incurred in advance of a future claimed entitlement are classified as work in progress in inventory. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

13 Equity Accounted Council Businesses

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.

14 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.

15 New accounting standards and UIG interpretations

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

Kangaroo Island Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

The standards that are expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 January 2018

- AASB 9 *Financial Instruments* This replaces AASB 139 Financial Instruments: Recognition and Measurement, and addresses the classification, measurement and disclosure of financial assets and liabilities.

  The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

- AASB 15 *Revenue from Contracts with Customers,* AASB 1058 *Income of Not-for-Profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

  AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

  Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards.

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 16 *Leases*

  Council has some leases that are not in the Statement of Financial Position. These will need to be included when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term.

The standards are not expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 January 2017

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*
- AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*

Effective for annual reporting periods beginning on or after 1 January 2018

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*
- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- AASB 2016-6 *Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*
- AASB 2017-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 4*

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 16 *Leases*
- AASB 16 *Leases (Appendix D)*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 1058 *Income of Not-for-Profit Entities (Appendix D)*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*
- AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*
- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 1059 *Service Concession Arrangements: Grantors (Appendix D)*

Effective for annual reporting periods beginning on or after 1 January 2021

- AASB 17 *Insurance Contracts*
- AASB 17 *Insurance Contracts (Appendix D)*

16 Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

17 Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

Note 2. Income

$ '000	NOTES	2018	2017
(A). RATES REVENUES			
General Rates			
General Rates		6,522	6,287
Less: Discretionary Rebates, Remissions & Write Offs		(94)	(94)
TOTAL GENERAL RATES		**6,428**	**6,193**
Other Rates (Including Service Charges)			
Natural Resource Management Levy		385	177
Waste Collection		1,545	1,512
Community Wastewater Management Systems		1,364	1,232
TOTAL OTHER RATES		**3,294**	**2,921**
Other Charges			
Penalties for Late Payment		84	77
Legal & Other Costs Recovered		1	15
TOTAL OTHER CHARGES		**85**	**92**
TOTAL RATES REVENUES		**9,807**	**9,206**
(B). STATUTORY CHARGES			
Development Act Fees		93	67
Health & Septic Tank Inspection Fees		52	43
Animal Registration Fees & Fines		54	51
Parking Fines / Expiation Fees		9	10
Other Licences, Fees & Fines		30	42
Rate Searches		26	21
TOTAL STATUTORY CHARGES		**264**	**234**
(C). USER CHARGES			
Cemetery/Crematoria Fees		38	32
Hall & Equipment Hire		145	155
Sales - General		-	1
Sundry		112	59
Biosolids Fees		7	11
Aerodrome Fees		441	402
Lease Fees		344	327
Camping Fees		82	54
TOTAL USER CHARGES		**1,169**	**1,041**

Note 2. Income (continued)

$ '000	NOTES	2018	2017
(D). INVESTMENT INCOME			
Interest on Investments			
- Local Government Finance Authority		7	12
TOTAL INVESTMENT INCOME		**7**	**12**
(E). REIMBURSEMENTS			
Private Works		334	781
Solar Contributions		2	4
Insurances		33	59
CWMS Connections		38	182
Airport Internal Works		22	677
Other		74	48
TOTAL REIMBURSEMENTS		**503**	**1,751**
(F). OTHER INCOME			
Sundry		52	54
Insurance Rebates		52	47
Traineeships		30	29
Donations		-	3
Standpipe Fees		1	4
Late Fees/Private Hire		3	4
Other		-	6
TOTAL OTHER INCOME		**138**	**147**
(G). GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts Received Specifically for New or Upgraded Assets		1,496	258
TOTAL AMOUNTS RECEIVED SPECIFICALLY FOR NEW OR UPGRADED ASSETS		**1,496**	**258**
Other Grants, Subsidies and Contributions		486	90
Untied - Financial Assistance Grant		1,023	1,834
Roads to Recovery		580	579
Library and Communications		30	-
Individually Significant Item - Additional Grants Commission Payment (refer below)		1,061	944
TOTAL OTHER GRANTS, SUBSIDIES AND CONTRIBUTIONS		**3,180**	**3,447**
TOTAL GRANTS, SUBSIDIES, CONTRIBUTIONS		**4,676**	**3,705**

The functions to which these grants relate are shown in Note 12.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

Note 2. Income (continued)

$ '000	NOTES	2018	2017
(G). GRANTS, SUBSIDIES, CONTRIBUTIONS (CONTINUED)			
(i) Sources of grants			
Commonwealth Government		758	3,411
State Government		3,841	194
Other		77	100
TOTAL		**4,676**	**3,705**
(ii) Individually Significant Items			
Grant Commission (FAG) Grant Recognised as Income		1,061	944
On the 22nd June 2018 Council received an advance payment of $1,060,930 being 50% of the estimated FAGS grant income for the 2018/19 financial year. In 2016/17 Council received an advance payment of $944,136 being 50% of estimated FAGS grant in 2017/18 year.			
(H). 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 arenot yet expended in accordance with those conditions, are as follows:			
Unexpended at the close of the previous reporting period		**257**	**1,231**
Less:			
Expended during the current period from revenues recognised in previous reporting periods			
Roads Infrastructure		(40)	-
Heritage & Cultural Services		(18)	-
CWMS		-	(1,126)
Community Services		(199)	-
SUBTOTAL		**(257)**	**(1,126)**
Plus:			
Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
Roads Infrastructure		110	40
Heritage & Cultural Services		-	18
Community Services		-	94
SUBTOTAL		**110**	**152**
Unexpended at the close of this reporting period		110	257
NET INCREASE (DECREASE) IN ASSETS SUBJECT TO CONDITIONS IN THE CURRENT REPORTING PERIOD		**(147)**	**(974)**
(I). PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Roads, Bridges & Footpaths		1,564	2,024
TOTAL PHYSICAL RESOURCES RECEIVED FREE OF CHARGE		**1,564**	**2,024**

Note 3. Expenses

$ '000	NOTES	2018	2017
(A). EMPLOYEE COSTS			
Salaries and Wages		2,971	2,994
Employee Leave Expense		797	836
Superannuation - Defined Contribution Plan Contributions	18	305	324
Superannuation - Defined Benefit Plan Contributions	18	76	75
Workers' Compensation Insurance		166	211
Other		229	217
TOTAL OPERATING EMPLOYEE COSTS		**4,544**	**4,657**
Total Number of Employees (full time equivalent at end of reporting period)		55	55
(B). MATERIALS, CONTRACTS AND OTHER EXPENSES			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports and Grant Acquittals		47	32
Elected Members' Expenses		218	223
Election Expenses		3	-
SUBTOTAL - PRESCRIBED EXPENSES		**268**	**255**
(ii) Other Materials, Contracts and Expenses			
Contractors		1,736	2,613
Contractors - Fleurieu Regional Waste Authority (FRWA)		1,418	1,277
Community Grants Provided		284	430
Energy		409	300
Insurances		251	257
Legal Expenses		47	52
Levies Paid to Government - NRM levy		385	176
Levies - Other		1	-
Parts, Accessories & Consumables		723	775
Professional Services		262	258
Sundry		617	502
Telecoms & Software		232	187
Lease & Rental		102	116
SUBTOTAL - OTHER MATERIAL, CONTRACTS & EXPENSES		**6,467**	**6,943**
TOTAL MATERIALS, CONTRACTS AND OTHER EXPENSES		**6,735**	**7,198**

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

Note 3. Expenses (continued)

$ '000	NOTES	2018	2017
(C). DEPRECIATION, AMORTISATION AND IMPAIRMENT			
(i) Depreciation and Amortisation			
Land Improvements		430	503
Buildings & Other Structures		323	324
Infrastructure			
- Stormwater Drainage		96	95
- CWMS		612	539
- Roads/Bridges/Footpaths		2,597	2,600
- Airport Upgrade		265	-
Library Books		1	1
Plant, Machinery & Equipment		279	481
Office Equipment, Furniture & Fittings		33	33
SUBTOTAL		**4,636**	**4,576**
(ii) Impairment			
Nil			
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT		**4,636**	**4,576**
(D). FINANCE COSTS			
Interest on Loans		507	557
Premiums & Discounts Recognised		5	-
TOTAL FINANCE COSTS		**512**	**557**

Note 4. Asset Disposal & Fair Value Adjustments

$ '000	NOTES	2018	2017
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		60	18
Less: Carrying Amount of Assets Sold		(60)	(94)
GAIN (LOSS) ON DISPOSAL		**-**	**(76)**
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		70	39
Less: Carrying Amount of Assets Sold		(51)	(74)
GAIN (LOSS) ON DISPOSAL		**19**	**(35)**
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		**19**	**(111)**

Note 5. Current Assets

$ '000	NOTES	2018	2017
(A). CASH & CASH EQUIVALENTS			
Cash on Hand at Bank		1,652	236
Deposits at Call		2,867	2,681
TOTAL CASH & CASH EQUIVALENTS		**4,519**	**2,917**
(B). TRADE & OTHER RECEIVABLES			
Rates - General & Other		667	772
Accrued Revenues		12	50
Debtors - General		357	1,642
GST Recoupment		11	26
Prepayments		21	76
TOTAL TRADE & OTHER RECEIVABLES		**1,068**	**2,566**
(C). INVENTORIES			
Stores & Materials		366	216
TOTAL INVENTORIES		**366**	**216**

Note 6. Non-Current Assets

$ '000	NOTES	2018	2017
(A). EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES			
Fleurieu Regional Waste Authority	19	121	108
TOTAL EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES		**121**	**108**
(B). OTHER NON-CURRENT ASSETS			
Capital Works-in-Progress		965	6,132
TOTAL OTHER NON-CURRENT ASSETS		**965**	**6,132**

Note 7a. Infrastructure, Property, Plant & Equipment

$ '000		AS AT 30/6/2017					ASSET MOVEMENTS DURING THE REPORTING PERIOD							AS AT 30/6/2018				
	FAIR VALUE LEVEL	AT FAIR VALUE	AT COST	ACCUMULATED DEP'N	ACCUMULATED IMPAIRMENT	CARRYING VALUE	ASSET ADDITIONS NEW / UPGRADE	ASSET ADDITIONS RENEWALS	WDV OF ASSET DISPOSALS	DEPRECIATION EXPENSE (NOTE 3C)	IMPAIRMENT LOSS (RECOGNISED IN EQUITY) (NOTE 9)	TFRS FROM/(TO) - AMALG-AMATIONS	AT FAIR VALUE	AT COST	ACCUMULATED DEP'N	ACCUMULATED IMPAIRMENT	CARRYING VALUE
Land	2	26,103	400	-	-	26,503	-	-	-	-	-	-	26,103	400	-	-	26,503
Land Improvements	2	403	-	287	-	116	-	-	-	(7)	-	-	403	-	294	-	109
Land Improvements	3	16,891	75	9,634	-	7,332	13	50	-	(423)	-	-	16,891	61	9,980	-	6,972
Buildings & Other Structures	2	12,242	-	10,262	-	1,980	60	38	-	(224)	-	90	12,242	98	10,397	-	1,943
Buildings & Other Structures	3	9,451	224	3,318	-	6,357	-	37	-	(99)	-	(90)	9,451	261	3,506	-	6,206
Infrastructure																	
- Stormwater Drainage	3	7,411	125	2,902	-	4,634	108	37	-	(96)	-	-	7,412	269	2,998	-	4,683
- CWMS	3	27,686	5,519	7,889	-	25,316	-	70	(51)	(612)	-	-	27,636	5,588	8,501	-	24,723
- Roads/Bridges/ Footpaths	3	166,052	13,805	58,143	-	121,714	1,965	1,470	-	(2,597)	-	-	166,052	17,240	60,739	-	122,553
- Airport Upgrade	3	-	-	-	-	-	9,858	11,720	-	(265)	-	-	-	21,578	265	-	21,313
Library Books	3	600	14	612	-	2	-	-	-	(1)	-	-	601	14	614	-	1
Plant, Machinery & Equipment	3	7,679	87	4,515	-	3,251	-	372	(73)	(279)	(13)	-	7,379	459	4,567	-	3,271
Office Equipment, Furniture & Fittings	3	531	158	548	-	141	-	-	-	(33)	-	-	532	158	580	-	110
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		**275,049**	**20,407**	**98,110**	**-**	**197,346**	**12,004**	**13,794**	**(124)**	**(4,636)**	**(13)**	**-**	**274,702**	**46,126**	**102,441**	**-**	**218,387**
Comparatives		269,907	14,106	92,132	-	191,881	7,958	1,530	(167)	(4,576)	-	-	275,049	20,407	98,110	-	197,346

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

Valuation of Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

- **Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

Information on Valuations

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset. Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Other Information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

Upon revaluation, the current new replacement cost and accumulated depreciation are restated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

Transition to *AASB 13 – Fair Value Measurement*

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

Land & Land Improvements

Council being of the opinion that it is not possible to attribute a value sufficiently reliable 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 Liquid Pacific at 30 June 2016 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 2018 is 40 years (2017 – 40 years).

In line with the Asset Accounting Policy adopted in 2011/12 and reviewed annually, Council has decided to apply the capitalisation thresholds for Land Improvement assets, to be consistent with the other major asset classes. Council does not recognise on its balance sheet or provide depreciation for Land Improvements, or Buildings and Structures which Council considers will not rationally be replaced. Where there is no regular cash flow gererated 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 there is 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 and were valued for 30 June 2016 by Liquid Pacific.

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 as at 30 June 2014, GHD reviewed data at 1 July 2014, and an in-house valuation undertaken for 30 June 2015.

Stormwater drainage infrastructure was valued by Tonkin's Engineering as at 30 June 2014 at depreciated current replacement cost, based on actual costs incurred during the reporting period and an assessment of useful life and asset condition data.

Community wastewater management system infrastructure was valued at depreciated current replacement cost during the reporting period ended 30 June 2014 by Tonkin's Engineering Consultants on the same basis as that determined for Stormwater assets.

Plant & Equipment

Plant & Equipment assets were revalued as at 30 June 2017 by Maloney Field Services, Property Consultant and Valuers. This asset class is not required to be revalued on a regular basis in line with the current Asset Accounting Policy.

Furniture & Fittings

Furniture and Fitting assets were revalued as at 30 June 2010 by Maloney Field Services, Property Consultant and Valuers. This asset class is not required to be revalued on a regular basis in line with the current Asset Accounting Policy.

Library Books

Library books and other lending materials were revalued as at 30 June 2010 by Maloney Field Services, Property Consultant and Valuers. This asset class is not required to be revalued on a regular basis in line with the current Asset Accounting Policy.

Note 8. Liabilities

$ '000	NOTES	2018 CURRENT	2018 NON CURRENT	2017 CURRENT	2017 NON CURRENT
(A). TRADE AND OTHER PAYABLES					
Goods & Services		1,306	-	1,768	-
Payments Received in Advance[1]		2,698	14,013	135	4,324
Accrued Expenses - Employee Entitlements		119	-	122	-
Accrued Expenses - Finance Costs		91	-	87	-
Accrued Expenses - Other		461	-	45	-
Deposits, Retentions & Bonds		39	-	34	-
Other		2	-	-	-
TOTAL TRADE AND OTHER PAYABLES		**4,716**	**14,013**	**2,191**	**4,324**

1. As per the Funding Agreement with State and Federal Governments, amounts received for the construction of the airport are treated as payments received in advance as Council is required to satisfy certain conditions as per the funding agreements.

(B). BORROWINGS					
Loans		1,189	15,946	1,166	13,866
TOTAL BORROWINGS		**1,189**	**15,946**	**1,166**	**13,866**

All interest bearing liabilities are secured over the future revenues of the Council

(C). PROVISIONS					
Employee Entitlements (including oncosts)		960	109	863	87
Future Reinstatement / Restoration, etc		11	191	17	200
TOTAL PROVISIONS		**971**	**300**	**880**	**287**

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

Note 9. Reserves

$ '000	1/7/2017	INCREMENTS (DECREMENTS)	TRANSFERS	IMPAIRMENTS	30/6/2018
(A). ASSET REVALUATION RESERVE					
Land	21,244	-	-	-	21,244
Land Improvements	6,337	-	-	-	6,337
Buildings & Other Structures	771	-	-	-	771
Infrastructure					
- Stormwater Drainage	3,768	-	-	-	3,768
- CWMS	10,141	-	-	-	10,141
- Roads/Bridges/Footpaths	126,827	-	-	-	126,827
Plant & Equipment	2,059	-	-	(13)	2,046
Furniture & Fittings	362	-	-	-	362
Library Books	204	-	-	-	204
TOTAL ASSET REVALUATION RESERVE	**171,713**	**-**	**-**	**(13)**	**171,700**
Comparatives	170,990	723	-	-	171,713

$ '000	1/7/2017	TFRS TO RESERVE	TFRS FROM RESERVE	OTHER MOVEMENTS	30/6/2018
(B). OTHER RESERVES					
Airport Reserve	914	311	-	-	1,225
CWMS Reserve	394	273	-	-	667
Asset Reinvestment Reserve	289	-	-	-	289
Kingscote CBD Car Park Reserve	28	1	-	-	29
Open Space Reserve	80	1	-	-	81
Ronald Maxwell Bell Property Reserve	60	-	-	-	60
TOTAL OTHER RESERVES	**1,765**	**586**	**-**	**-**	**2,351**
Comparatives	2,013	2	(250)	-	1,765

Note 9. Reserves (continued)

PURPOSES OF RESERVES

Asset Revaluation Reserves

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).

Airport Reserve

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

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

Note 10. Assets Subject to Restrictions

$ '000	NOTES	2018	2017
The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.			
CASH & FINANCIAL ASSETS			
Unexpended amounts received from Federal Government			
Developer Contributions		97	108
Sale of Ratepayer's Property		61	60
Community Services		34	199
Infrastructure		110	40
Heritage and Culture		-	18
TOTAL CASH & FINANCIAL ASSETS		**302**	**425**
Land Assets [1]		26,503	26,503
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		**26,503**	**26,503**
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		**26,805**	**26,928**

1 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.

Note 11. Reconciliation to Statement of Cash Flows

$ '000	NOTES	2018	2017
(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 Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	4,519	2,917
Less: Short-Term Borrowings	8	-	-
BALANCES PER STATEMENT OF CASH FLOWS		**4,519**	**2,917**
(B). RECONCILIATION OF CHANGE IN NET ASSETS TO CASH FROM OPERATING ACTIVITIES			
Net Surplus/(Deficit)		**1,733**	**1,028**
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		4,636	4,576
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(13)	(7)
Premiums & Discounts Recognised & Unwound		5	-
Non-Cash Asset Acquisitions		(1,564)	(2,024)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(1,496)	(258)
Net (Gain) Loss on Disposals		(19)	111
		3,282	**3,426**
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		1,498	(908)
Net (Increase)/Decrease in Inventories		(150)	5
Net Increase/(Decrease) in Trade & Other Payables		12,209	4,694
Net Increase/(Decrease) in Unpaid Employee Benefits		119	110
Net Increase/(Decrease) in Other Provisions		(15)	(46)
NET CASH PROVIDED BY (OR USED IN) OPERATIONS		**16,943**	**7,281**
(C). NON-CASH FINANCING AND INVESTING ACTIVITIES			
Acquisition of assets by means of:			
- Physical Resources Received Free of Charge	2i	1,564	2,024
AMOUNTS RECOGNISED IN INCOME STATEMENT		**1,564**	**2,024**
TOTAL NON-CASH FINANCING & INVESTING ACTIVITIES		**1,564**	**2,024**
(D). FINANCING ARRANGEMENTS			
Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdrafts		100	100
Corporate Credit Cards		14	14
LGFA Cash Advance Debenture Facility		4,059	5,828
The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.			

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

Note 12a. Functions

FUNCTIONS/ ACTIVITIES	INCOME, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS / ACTIVITIES. DETAILS OF THESE FUNCTIONS/ACTIVITIES ARE PROVIDED IN NOTE 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL
$ '000	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Business Undertakings	1,376	2,341	1,593	1,838	(217)	503	-	-	26,002	10,491
Community Services	346	127	1,134	1,048	(788)	(921)	257	40	1,141	1,169
Culture	58	55	253	377	(195)	(322)	30	29	962	1,023
Economic Development	-	-	70	88	(70)	(88)	-	-	343	361
Environment	3,435	3,179	3,723	3,367	(288)	(188)	-	-	30,954	31,133
Recreation	4	2	535	622	(531)	(620)	-	-	29,878	29,961
Regulatory Services	214	167	705	698	(491)	(531)	-	-	12	26
Transport & Communication	646	699	4,599	4,565	(3,953)	(3,866)	580	599	125,825	125,077
Plant Hire & Depot/Indirect	-	-	354	623	(354)	(623)	-	-	3,971	3,860
Governance	2,442	2,903	1,822	1,972	620	931	2,313	2,779	52	72
Support Services	-	45	1,639	1,791	(1,639)	(1,746)	-	-	283	306
Other Revenue/ Expenses	6,547	6,321	-	-	6,547	6,321	-	-	6,003	5,806
TOTAL FUNCTIONS/ ACTIVITIES	**15,068**	**15,839**	**16,427**	**16,989**	**(1,359)**	**(1,150)**	**3,180**	**3,447**	**225,426**	**209,285**

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.

Note 12b. Components of Functions

The activities relating to Council functions are as follows:

BUSINESS UNDERTAKINGS

Caravan & Camping Parks, Marinas/Boat Havens, Private Works, Property Portfolio, Sewerage/ CWMS, Water Supply.

COMMUNITY SERVICES

Public Order and Safety, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Children and Youth Services, Community Assistance, Community Transport, Other Community Support, Community Amenities, Bus Shelters, Cemeteries, Public Conveniences, Car Parking – non-fee-paying, Telecommunications Networks, and Other Community Amenities.

CULTURE

Library Services, Cultural Services, Cultural Venues, Heritage, Museums and Art Galleries, and Other Cultural Services.

ECONOMIC DEVELOPMENT

Employment Creation Programs, Regional Development, Support to Local Businesses, Tourism, and Other Economic Development.

ENVIRONMENT

Agricultural Services, Agricultural Water, Other Agricultural Services, Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility, Other Waste Management, Other Environment, Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

RECREATION

Jetties, Other Marine Facilities, Parks and Gardens, Sports Facilities – Indoor, Sports Facilities – Outdoor, Swimming Centres – Outdoor, and Other Recreation.

REGULATORY SERVICES

Dog and Cat Control, Building Control, Town Planning, Clean Air/Pollution Control, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

TRANSPORT

Aerodrome, Bridges, Bus Service, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded), and Other Transport.

COUNCIL ADMINISTRATION

Governance, Administration n.e.c., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Housing for Council Employees, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, and Separate and Special Rates.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

Note 13. Financial Instruments

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 0.1% and 1.5% (2017: 0.1% and 1.5%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

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.

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts.

An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

Terms & Conditions:

Secured over the subject land, arrears attract fines of 2% and interest of 6.6% (2017: 2% and 6.75%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Receivables

Fees & Other Charges

Accounting Policy:

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

Terms & Conditions:

Unsecured, and attract interest of 10% (2017: 10%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

Carrying Amount:

Approximates fair value (after deduction of any allowance).

Note 13. Financial Instruments (continued)

RECOGNISED FINANCIAL INSTRUMENTS	
Receivables Other Levels of Government	**Accounting Policy:** Carried at nominal value.
	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.
	Carrying Amount: Approximates fair value.
Liabilities Creditors and Accruals	**Accounting Policy:** Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.
	Terms & Conditions: Liabilities are normally settled on 30 day terms.
	Carrying Amount: Approximates fair value.
Liabilities Interest Bearing Borrowings	**Accounting Policy:** Carried at the principal amounts. Interest is charged as an expense as it accrues.
	Terms & Conditions: Secured over future revenues, borrowings are repayable by two instalments annually of principal and interest; interest is charged at fixed or variable rates between 3.6% and 6.8% (2017: 3.85% and 6.8%). Overdraft rate is 9% (2017: 9%).
	Carrying Amount: Approximates fair value.
Liabilities Finance Leases	**Accounting Policy:** Accounted for in accordance with AASB 117.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

Note 13. Financial Instruments (continued)

$ '000	DUE < 1 YEAR	DUE > 1 YEAR & ≤ 5 YEARS	DUE > 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING VALUES
2018					
Financial Assets					
Cash & Equivalents	4,519	-	-	4,519	4,519
Receivables	369	-	-	369	369
TOTAL FINANCIAL ASSETS	**4,888**	**-**	**-**	**4,888**	**4,888**
Financial Liabilities					
Payables	1,634	-	-	1,634	2,018
Current Borrowings	1,886	-	-	1,886	1,189
Non-Current Borrowings	-	10,209	9,154	19,363	15,946
TOTAL FINANCIAL LIABILITIES	**3,520**	**10,209**	**9,154**	**22,883**	**19,153**
2017					
Financial Assets					
Cash & Equivalents	2,917	-	-	2,917	2,917
Receivables	1,692	-	-	1,692	1,692
TOTAL FINANCIAL ASSETS	**4,609**	**-**	**-**	**4,609**	**4,609**
Financial Liabilities					
Payables	2,056	-	-	2,056	6,515
Current Borrowings	3,472	-	-	3,472	1,166
Non-Current Borrowings	-	6,949	8,139	15,088	13,866
TOTAL FINANCIAL LIABILITIES	**5,528**	**6,949**	**8,139**	**20,616**	**21,547**

THE FOLLOWING INTEREST RATES WERE APPLICABLE TO COUNCIL'S BORROWINGS AT BALANCE DATE:	30 JUNE 2018 WEIGHTED AVG INTEREST RATE	30 JUNE 2018 CARRYING VALUE	30 JUNE 2017 WEIGHTED AVG INTEREST RATE	30 JUNE 2017 CARRYING VALUE
Overdraft	9.00%	-	9.00%	-
Other Variable Rates	3.60%	8,704	3.75%	6,020
Fixed Interest Rates	4.73%	8,431	4.50%	9,012
		17,135		**15,032**

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.

Note 13. Financial Instruments (continued)

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 Mangement 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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

Note 14. Commitments for Expenditure

$ '000	NOTES	2018	2017
(A). CAPITAL COMMITMENTS			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Land Improvements		1,238	320
		1,238	**320**
These expenditures are payable:			
Not later than one year		1,238	309
Later than one year and not later than 5 years		-	11
Later than 5 years		-	-
		1,238	**320**
(B). OTHER EXPENDITURE COMMITMENTS			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		72	119
IT		144	228
Managed Services		48	159
Other		345	364
		609	**870**
These expenditures are payable:			
Not later than one year		494	493
Later than one year and not later than 5 years		115	377
Later than 5 years		-	-
		609	**870**
(C). FINANCE LEASE COMMITMENTS			
Council has no Finance Leases.			

Note 15. Financial Indicators

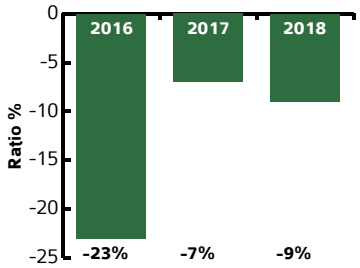
$ '000	AMOUNTS 2018	INDICATOR 2018	PRIOR PERIODS 2017	2016
These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.				
1. OPERATING SURPLUS RATIO				
Operating Surplus/(Deficit)	(1,346)	(9%)	(7%)	(23%)
Total Operating Income	15,081			
This ratio expresses the operating surplus as a percentage of total operating revenue.				
2. NET FINANCIAL LIABILITIES RATIO				
Net Financial Liabilities	14,880	99%	85%	90%
Total Operating Income	15,081			
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.				
Adjustments to Ratios				
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. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.				
Adjusted Operating Surplus Ratio		**(10%)**	**(14%)**	**(15%)**
Adjusted Net Financial Liabilities Ratio		**99%**	**91%**	**90%**
3. ASSET SUSTAINABILITY RATIO				
Net Asset Renewals	7,006	155%	47%	33%
Infrastructure & Asset Management Plan required expenditure	4,510			
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.				

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

Note 15. Financial/(Deficit) Indicators – Graphs

1. OPERATING SURPLUS RATIO



PURPOSE OF OPERATING SURPLUS RATIO

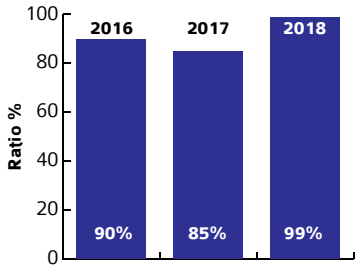
This indicator is to determine the percentage the operating revenue varies from operating expenditure

COMMENTARY ON 2017/18 RESULT

2017/18 Ratio -9%

Council's high depreciation costs due to its extensive road networks makes it difficult for Council to return operating surpluses after depreciation, however Council believes this line is trending favourably over the longer term.

2. NET FINANCIAL LIABILITIES RATIO



PURPOSE OF NET FINANCIAL LIABILITES RATIO

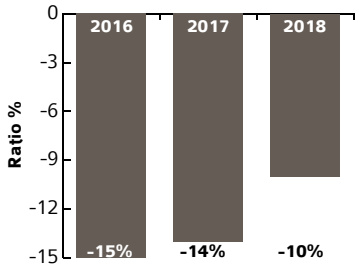
This indicator shows the significance of the net amount owed to others, compared to operating revenue

COMMENTARY ON 2017/18 RESULT

2017/18 Ratio 99%

The Net Financial Liabilities Ratio meets the target for 2018 which is to be less than a years operating revenue.

ADJUSTED OPERATING SURPLUS RATIO



PURPOSE OF ADJUSTED OPERATING SURPLUS RATIO

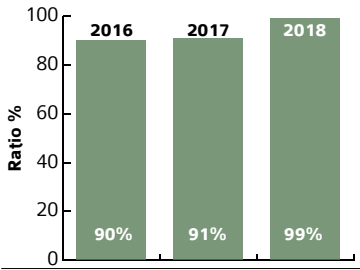
This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

COMMENTARY ON 2017/18 RESULT

2017/18 Ratio -10%

This ratio provides a clearer picture of Council's actual result for the year in that grants received in advance are excluded.

ADJUSTED NET FINANCIAL LIABILITIES RATIO



PURPOSE OF ADJUSTED NET FINANCIAL LIABILITIES RATIO

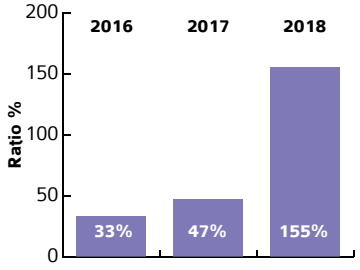
This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

COMMENTARY ON 2017/18 RESULT

2017/18 Ratio 99%

Due to FAGS income being received in advance, total receipts are larger than they would be if the FAGS grant was received in the year they were applicable to.

3. ASSET SUSTAINABILITY RATIO



PURPOSE OF ASSET SUSTAINABILITY RATIO

This indicator aims to determine if assets are being renewed and replaced in an optimal way

COMMENTARY ON 2017/18 RESULT

2017/18 Ratio 155%

Council completed the redevelopement of the airport in 2017/18, with a large partof this being the renewal of the airport runways. With the new terminal there was a large spend on infractucture.

Note 16. Uniform Presentation of Finances

$ '000	2018	2017
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.		
Income	15,081	15,845
less Expenses	(16,427)	(16,988)
OPERATING SURPLUS / (DEFICIT)	**(1,346)**	**(1,143)**
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(7,066)	(2,162)
add back Depreciation, Amortisation and Impairment	4,636	4,576
add back Proceeds from Sale of Replaced Assets	60	18
SUBTOTAL	**(2,370)**	**2,432**
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(12,004)	(7,958)
add back Amounts Received Specifically for New and Upgraded Assets	1,496	258
add back Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	70	39
SUBTOTAL	**(10,438)**	**(7,661)**
NET LENDING / (BORROWING) FOR FINANCIAL YEAR	**(14,154)**	**(6,372)**

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

Note 17. Operating Leases

$ '000	2018	2017
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.		
(i) INVESTMENT PROPERTY		
Leases commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:		
Not later than one year	67	61
Later than one year and not later than 5 years	114	49
Later than 5 years	10	9
	191	**119**
(ii) Lease Payment Commitments of Council		
Council has entered into non-cancellable operating leases for various items of office equipment and motor vehicles.		
No contingent rentals were paid during the current or previous reporting periods.		
No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.		
Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease return or acquire the equipment leased		
No lease contains any escalation clause		
Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:		
Not later than one year	130	69
Later than one year and not later than 5 years	312	195
Later than 5 years	74	115
	516	**379**

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 the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2017/18; 9.50% in 2016/17). 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 Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2016/17) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of 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 Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, 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 Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. 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.

Contributions to Other Superannuation Schemes

Council 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 Council.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

Note 19. Interests in Other Entities

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

	COUNCIL'S SHARE OF NET INCOME		COUNCIL'S SHARE OF NET ASSETS	
	2018	2017	2018	2017
Joint Ventures	13	7	121	108
TOTAL	**13**	**7**	**121**	**108**

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

NAME OF ENTITY	PRINCIPAL ACTIVITY	2018	2017
Fleurieu Regional Waste Authority	Waste and Recycling Management	121	108
Southern and Hills Local Government Association	Local Government Policies & Procedures	-	-
TOTAL CARRYING AMOUNTS - JOINT VENTURES & ASSOCIATES		**121**	**108**

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.

Southern and Hills Local Government Association

The Southern and Hills Local Government Association is a regional subsidiary to represent the interests of all Councils in the Southern Hills, Fleurieu Peninsula and Kangaroo Island within Local Government in South Australia. The group meets 6 times annually to discuss Local Government policy and procedures and to promote Local Government Iniatives from a regional perspective.

Kangaroo Island Councils interest in the Southern & Hills Local Government Association for 2017-18 is deemed to be immaterial in amount and has not been recognised. This will be reviewed annually.

(b) Relevant Interests

	INTEREST IN OPERATING RESULT		OWNERSHIP SHARE OF EQUITY		PROPORTION OF VOTING POWER	
NAME OF ENTITY	2018	2017	2018	2017	2018	2017
Fleurieu Regional Waste Authority	15%	15%	15%	15%	15%	15%

(c) Movement in Investment in Joint Venture or Associate

	FLEURIEU REGIONAL WASTE AUTHORITY	
	2018	2017
Opening Balance	108	101
Share in Operating Result	13	7
COUNCIL'S EQUITY SHARE IN THE JOINT VENTURE OR ASSOCIATE	**121**	**108**

(d) Share of Joint Operations Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Operating Expenditures Payable

	2018	2017
Not later than one year	211	487
Later that one year and not later than 5 years	197	388
Later than 5 years	-	-
	408	**875**

(e). Contingent Liabilities of Joint Venture Operations

EACH MEMBER IS JOINTLY AND SEVERALLY LIABLE FOR THE DEBTS OF THE OPERATION	2018	2017
- arising from Council's Share of Joint Operation	272	257
- arising from Joint and Several Liability of all Members	1,811	1,714

(f). Transactions with Council

AGGREGATE AMOUNT OF TRANSACTIONS WITH COUNCIL	2018	2017
- receipts from Council	1,483	1,402

Note 20. Non-Current Assets Held for Sale & Discontinued Operations

Council does not have any Non-Current Assets Held for Sale or any Discontinued Operations.

Note 21. 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 is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. LAND UNDER ROADS

As reported in the Financial 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 the reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

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 deductable "insurance excesses", 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 not guaranteed any loans or other banking facilities advanced to community organisations and sporting bodies.

4. LEGAL MATTERS

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 of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had no notice of appeals against planning decisions made prior to reporting date.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2018

All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2018, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 22/11/18.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Note 23. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the *Local Government Act 1999*. In all, 12 persons were paid the following total compensation:

The compensation paid to Key Management Personnel comprises:

	2018	2017
Short-Term Employee Benefits	528	710
Post-Employment Benefits	46	-
Supplies	70	1
TOTAL	**644**	**711**

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

Receipts from Key Management Personnel comprise:

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received the following amounts in total:

	2018	2017
Outdoor Permits	2	4
Private works	9	-
TOTAL	**11**	**4**

Council received $2,050 from one Key Management Personnel for the lease of a marina berth. The balance was private works.

Note 24. Council Information & Contact Details

Principal Place of Business

43 Dauncey Street, Kingscote SA 5223

Contact Details

Mailing Address:

PO Box 121
Kingscote SA 5223

Telephone:08 8553 4500
Facsimile:08 8553 2885
Internet:http://www.kangarooisland.sa.gov.au
Email:kicouncil@kicouncil.sa.gov.au

Opening Hours:

9am -5pm

Officers

CHIEF EXECUTIVE OFFICER

Andrew Boardman

Elected Members

MAYOR

Peter Clements

COUNCILLORS

Peter Denholm
Sharon Kauppila
Ken Liu
Pip Masters
Graeme Ricketts
Larry Turner
Joy Willson

Auditors

Deloitte Touche Tohmatsu
Level 17, 11 Waymouth Street, Adelaide SA 5000

Other Information

ABN:93 741 277 391

Auditor's Report – Financial Statements

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
11 Waymouth Street
Adelaide, SA, 5000
Australia

Phone: +61 8 8407 7000
www.deloitte.com.au

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

Opinion

We have audited the financial report of the Kangaroo Island Council (the "Council"), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the certification of financial statements as set out on pages 59 to 98.

In our opinion the accompanying financial report presents fairly, in all material respects, the Entity's financial position as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

Basis for Opinion

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

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

Other Information

The Chief Executive Officer is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Chief Executive Officer's Responsibilities for the Financial Report

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

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Member of Deloitte Touche Tohmatsu Limited

Auditor's Report – Financial Statements

Deloitte.

In preparing the financial report, the Chief Executive Officer is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Executive Officer either intends to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Penny Woods
Partner
Chartered Accountants
Adelaide, 26 November 2018

Auditor's Report – Internal Controls

Deloitte.

Deloitte Touche Tohmatsu
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Adelaide, SA, 5000
Australia

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www.deloitte.com.au

Independent Assurance Report in the Internal Controls to the members of the Kangaroo Island Council

We have been engaged by the Kangaroo Island Council (the Council) to conduct a reasonable assurance engagement relating to the Council's compliance with the requirements of *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls established by the Council to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2017 to 30 June 2018 are in accordance with legislative provisions.

The Council's Responsibility for the Internal Controls

The Council is responsible for compliance with material requirements of *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and incurring of liabilities are in accordance with legislative provisions.

Our Responsibility

Our responsibility is to express an opinion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, to express a conclusion whether, in our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls for the period 1 July 2017 to 30 June 2018. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these controls, assessing the risk that a material weakness exists, testing and evaluating the design and implementation of internal controls on a sample basis based on the assessed risks.

Limitation of Use

This report has been prepared for the members of the Council in accordance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

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Member of Deloitte Touche Tohmatsu Limited

Auditor's Report – Internal Controls

Deloitte.

Inherent Limitations

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, as the engagement is not performed continuously throughout the period and the procedures performed in respect of compliance with requirements as measured by the *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls are undertaken on a test basis.

The conclusion expressed in this report has been formed on the above basis.

Independence

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

Opinion

In our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, established by the Council to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2017 to 30 June 2018 are in accordance with legislative provisions.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Penny Woods
Partner
Chartered Accountants
Adelaide, 26 November 2018

Kangaroo Island Council

General Purpose Financial Statements
for the year ended 30 June 2018

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 2018, the Council's Auditor, Deloitte Touche Tohmatsu 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

Greg Connor
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 26 November 2018

Statement by Auditor

Deloitte.

Deloitte Touche Tohmatsu
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11 Waymouth Street
Adelaide, SA, 5000
Australia

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www.deloitte.com.au

26 November 2018

Kangaroo Island Council
41 Dauncey Street
KINGSCOTE SA 5223

Dear Members

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 councillors of the Kangaroo Island Coucil.

I confirm that, for the audit of the financial statements of the Kangaroo Island Council for the 30 June 2018 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.

Yours faithfully

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Penny Woods
Partner
Chartered Accountants

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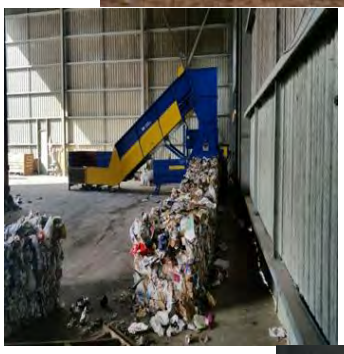
Member of Deloitte Touche Tohmatsu Limited

FLEURIEU REGIONAL
WASTE AUTHORITY

Annual Report - 2017-2018



Photographs Cover-Clockwise

1. New waste transfer shed – Goolwa Waste and Recycling Depot
2. New baler in action at the Kangaroo Island Resource Recovery Centre
3. Waste collection truck outside new mechanical workshop – Goolwa Waste and Recycling Depot
4. Inside new mechanical workshop – Goolwa Waste and Recycling Depot
5. Recyclable load unloaded in the new waste transfer shed – Goolwa Waste and Recycling Depot

CONSTITUENT COUNCILS:

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

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About The Authority

Who We Represent

The Fleurieu Regional Waste Authority (FRWA) was formed by the member councils of the Fleurieu Peninsula in South Australia:

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

What We Do

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

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

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

The services are benchmarked against comparable services provided by local government and the private sector.

Our History

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

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

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

The Future

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

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

- Waste avoidance and reduction,
- Reduction of food organics and greenwaste in general waste,
- Recycle right and recycle more, and
- Hazardous waste management.

The Authority is cooperating with neighbouring councils and other waste authorities in South Australia to develop a best-practice approach in sustainable waste and resources management.

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

Chairperson's Message

I was pleased to be appointed as the Chair of the Board of Management of the Fleurieu Regional Waste Authority ('FRWA') in December 2017. Accordingly, I have occupied this position for only the second half of the financial year to which this Annual Report relates. However, in that time it has become very clear to me that my fellow Board Members demonstrate commitment, professionalism, knowledge and passion in striving to achieve the best outcomes for FRWA and, in turn, its member councils (Alexandrina, Kangaroo Island, Victor Harbor and Yankalilla) and the communities of those council areas. In saying that, I am also acutely aware of the fact that the looming November local government elections will see a change in the composition of the Board in moving forward into 2019 and beyond. Therefore, I take this opportunity to say a heartfelt 'thank you' to any of the current Board Members who will not be returning after November and to express my appreciation to all of the Board Members for ensuring that my settling in to the role has been seamless and supported.

The Board is, of course, complemented by a dedicated and professional staff led by a committed and insightful Executive Officer and without whom the Board, could not function as effectively as it does. I thank the Executive Officer, the Managers and all other staff of FRWA for their hard work and contributions.

What I have learned in my first six months is that as Australians we are among the world's largest producers of waste, indeed with the exception of the USA, we produce more waste per person per year than any other country. In short, we are a society of high consumers, buoyed by the continuous state of growth around the edges of this major continent. However, we are also becoming more aware of the fact that as community waste increases, the liveability of those communities decreases. Therefore, it is of particular relevance that at FRWA we have a strong focus on the identification of opportunities to improve and a commitment to community education to assist with the understanding of not only the problems but also of the opportunities and how our communities can work with us in the pursuit of those opportunities and our regional objectives.

The disposal of solid waste general waste from residents and businesses has traditionally involved disposal to landfill. There has, at least until recent times, been a mentality that as waste was taken from our doorsteps and disposed of at landfills, hidden away from community lines of sight; it did not really affect us. That option is now recognised as being dated, unsustainable and, in SA, expensive because of the landfill levy that our communities bear for each tonne of waste disposed to landfill.

I am pleased to be at the start of my journey with FRWA at a time when there is an increasing awareness of the need to focus on sustainable objectives of waste minimisation and waste recovery and recognition, that waste is both an environmental and a resource issue that we must face and address. This is the case not only for the current but also for future generations. The policy decisions we make today will determine the waste future that we face tomorrow and into the next century. One leading example is Sweden where waste to landfill is, essentially, banned and has been for some time. It is currently estimated that 98% of the waste produced in Sweden is reused or recycled. If the Swedes can achieve this level of resourcefulness, so can we.

However, as readers of this Report will be aware, we have (and the rest of the world insofar as it was engaged in sending recyclable materials to China, has) recently experienced the change in Chinese Government policy known as the *China National Sword Policy*. This has seen the stringent enforcement of restrictions on the importation of recyclable materials to the point that our recyclable materials are no longer acceptable in China. However, contrary to the initial country-wide

reaction of this being a type of 'doomsday' scenario, more level-headed thinking is now prevailing and the opportunities that are emerging are exciting in their potential. It is certainly my belief that FRWA will be a leader in this new direction, including by increased levels of appropriate and necessary collaboration with other SA local government waste authorities.

It is against this background that the future in waste is both a challenging and an exciting place. In my opinion, the skills and the mindsets and the commitment are already in place at FRWA and this will ensure that the communities which we represent will be both at the forefront of these issues and adequately protected. In my opinion, FRWA is well placed strategically and financially to continue to deliver and to further develop sustainable waste management solutions for its region in accordance with its vision and it is in this context that I am pleased to submit the Annual Report for the 2018 financial year.

MICHAEL KELLEDY
CHAIRPERSON, FRWA BOARD OF MANAGEMENT

The FRWA Board

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

Independent Chairperson
Michael Kelledy

Simon Grenfell
General Manager
Infrastructure and Assets

Jim Davis
Councillor
Alexandrina Council

Glenn Sanford
Director Environment & Infrastructure
City of Victor Harbor

Tim Glazbrook
Councillor
City of Victor Harbor

Andy Baker
Chief Operating Officer
Operations
District Council of Yankalilla

Glen Rowlands
Mayor
District Council of Yankalilla

John Fernandez
Technical Programs Manager
Kangaroo Island Council

Peter Denholm
Councillor
Kangaroo Island Council

BOARD MEETINGS

During the 2017/18 financial year the Board met eight times with each council taking turns in hosting the proceedings. All Board members complied with the statutory requirements.

Executive Officer's Message

2017/18 was a successful year of solid performance for the Authority. We have been implementing a number of major projects over the past 12 months to improve service delivery in kerbside collections, achieve higher efficiencies in transport as well as in waste and recycling depot operations.

I would like to acknowledge the dedication and good work of the FRWA management team and all FRWA staff and thank the FRWA Board their strategic guidance and excellent support.

Best Practice Services

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

Through its best practice services FRWA achieved a 66% diversion of waste from landfill across the region which follows the trend of previous years and is a 3% increase to the previous financial year.

The Authority formed closer working relationships with other waste authorities in the state to advance activities and programs that will ensure sustainability and resource and cost efficiencies in the way we are managing our waste within the FRWA region and beyond.

In the light of recent changes to the global commodity market for recyclable materials, improved material resource recovery, the development of on-shore processing facilities as well as markets for recycled products is a high priority for the industry sector.

FRWA actively represented the interests of its member councils in addressing those issues and will continue this process through regional and statewide cooperation with local and state government entities, its business partners and the Waste Management Association of Australia/SA Branch.

Kerbside Collections

The Authority continued to provide reliable and cost effective kerbside waste collection services for over 50,000 residential and small business premises across all member councils.

Over the last 12 months we delivered about 1.7 million bin pickups across our region and collected 12,058t of general waste, 4,528t of greenwaste and 4,658t of comingled dry recyclables. The diversion rate of waste away from landfill and into the recycling and greenwaste stream improved by one percent to 43% compared to the results of the previous year.

There have been a number of significant operational changes to kerbside collection services which commenced two years ago with the introduction of fortnightly kerbside collection in Alexandrina Council in July 2016.

In October 2017 **Kangaroo Island Council** moved to a new kerbside collection system, introducing a green organics bin to 12 townships and coastal settlements on the island for the first time and exchanging 140L for 240L recycling bins to provide appropriate volume to households for the new fortnightly collection schedule. Commercial bins on Kangaroo Island were also exchanged for full colour bodied bins to better identify these customers. Public litter bins have been upgraded and exchanged for the standard 240L maroon bins used across FRWA's mainland collection areas.

Four tourist waste and recycling stations were installed on popular tourism cross roads or meeting points to offer designated services self-drive tourists for the first time.

Picture 1 - Visitor Recycling and General Waste Station

With the change to the new kerbside system we released the island's first dated and collection specific collection calendar which was distributed to all householders together with the 'Kangaroo Island Recycling and Disposal Guide for Households and Small Businesses'.

Kangaroo Island Council provided subsidized compost equipment to residents and introduced Exceptional Circumstances (EC) bins, providing an additional 140L general waste bin free of charge to those eligible residents for whom fortnightly collection of general waste may cause some hardship.

An island-based education officer was appointed to provide waste education and information at local markets and shows and to present to schools, residents groups and businesses.
Sophie Thomson, of ABC's Gardening Australia held a series of very popular composting workshops in May 2018, attracting an audience of over 121 residents in Penneshaw, American River, Parndana and Kingscote.

Picture 2 - Sophie Thomson, Presenter ABC Gardening Australia

DISTRICT COUNCIL OF YANKALILLA followed in the footsteps of Alexandrina Council and Kangaroo Island Council and resolved to introduce a kerbside greenwaste bin for the first time and to move to a fortnightly collection schedule from 1 July 2018.
Authority staff assisted council at five community information sessions during May 2018, to inform residents of the upcoming change to kerbside collections and how to make best use of the new system.
In preparation of the start of the new systems over 3,000 green organics bins were delivered to households in May and June 2018. We would like to acknowledge the fantastic work of local sporting clubs who took up the delivery of all new greenwaste bins to householders.

Council also implemented the system for free of charge Exceptional Circumstances bins to eligible householders and offered a range of composting equipment at subsidized prices.

Three composting workshops were presented by Sophie Thomson during June 2018 with good attendance by an enthusiastic audience.

FRWA would like to take the opportunity to acknowledge the ongoing support through grant funding for composting equipment, kitchen caddies and caddy bags from **GREEN INDUSTRIES SA.**

KERBSIDE BIN AUDIT 2017

Following the audits in 2012 and 2014, FRWA facilitated a bin audit across the four member councils in November 2017.
The audit included domestic and commercial kerbside bins (general waste, recycling and organics) as well as a small sample of public litter bins.

Picture 3 - KESAB Bin Audit Team

When compared to results from 2014, the main points to note from the 2017 bin audit were:

- Reduced recyclables in domestic, business and public litter bins (except Kangaroo Island businesses),
- Reduced garden waste in general waste bins (except slight increase in commercial bins),
- Increased compostable food waste, which is a significant component of the recoverable resources, ranging from 42% Kangaroo Island, Domestic to 62% Victor Harbor businesses,
- Increased contamination from general waste in domestic recycling bins for mainland councils

but reduced in mainland business recycling bins,

- Kangaroo Island contamination of recycling bins with general waste reduced in for domestic bins but increased for businesses, and
- Slightly reduced contamination of the domestic organics bins.

Picture 4 - A clean load of recyclable - Bin Audit 2017

The findings of the 2017 FRWA audit were not dissimilar to other regions; organic waste (mainly food, often still wrapped/ uneaten) continued to be a major component of the recoverable resources found in the recycling bin and general waste bin from householders, businesses as well as in public litter bins.

Picture 5 -Uneaten food waste in general waste to landfill - Bin Audit 2017

Along with disposing recyclables to the general waste bin, the incorrect presentation of otherwise recyclable material was a factor that affected the level of recyclables able to be recovered (e.g. recyclables in plastic).

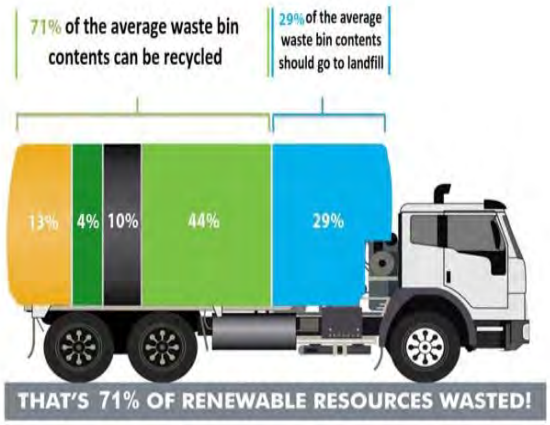
Confusion over what recoverable materials need to be recovered using specialist services instead of the kerbside system also appeared to be a factor (e.g. textiles, E.waste, soft plastics).

Available space in the appropriate domestic bins did not appear to be a limiting factor and the kerbside system.

Fortnightly kerbside collection services for of all waste streams appeared to perform better than 4-weekly, in relation to the weekly equivalent yield for recyclables and organics.

It had been suggested that the 4-weekly collection may deter placement of food waste in green bins potentially due to concerns regarding odour, vermin or hygiene.

However, data showed that although the collection frequency appeared to influence the yield in recycling and green organics bins, it was not reflected in the overall proportion of green waste and organics that is placed in the waste to landfill bin, even when the waste and organics bins were collected on the same day.



Picture 6 - Kerbside collection truck with percentage split based on 2017 Bin Audits

Picture 7- Bin tagging team

BIN TAGGING PROGRAM

Bin tagging is a 101 bin education program for householders. FRWA, with the support of grant funding from Green Industries SA conducted the first round of bin tagging in selected areas in Strathalbyn and Mount Compass between April and June 2018. Inspectors undertook weekly visual inspections of kerbside bins in the project areas to gauge how well each household was diverting waste from landfill by using the recycling and the greenwaste bins.

Bins were tagged with 'Thank You' tags for the correct use of the bin, or 'Alert' tags to indicate cross contamination and areas for improvement. Only if waste was not placed in the incorrect bin (for example greenwaste in the recycling bin) or if a bin was used for waste not collected through the kerbside system (e.g. electronic waste) an 'Unacceptable' tag was placed on the bin.

Picture 8 Recycle person made by Strathalbyn family

A 'Recycle' person was made by a Strathalbyn family to greet the bin inspectors. At the conclusion of the program results showed an overall improvement in waste separation. There were variations between the degrees of improvement across the areas sampled, with the starting points being quite different but all showed a measurable improvement in contamination rates of all 3 waste streams as follows:

- 14.5% less general waste bins containing recyclables
- 12% less recycling bins containing non-recyclables
- 4.5% less green organics bins containing non-compostable items.

2018/19 will see the program continued in other member councils, starting with City of Victor Harbor in September 2018.

WASTE AND RECYCLING DEPOTS (WRDS) in Goolwa, Strathalbyn, Yankalilla and Kingscote continued to be hubs of activities to efficiently manage waste and recycling needs for our communities. 56.9% of all waste generated in the FRWA region was managed through WRDs and we achieved a diversion rate of 82.8% of waste from landfill and into various recycling streams across, including of:

- 3,900t of greenwaste processed into mulch,
- 8,900t of rock and inert construction waste processed into road base,
- 1,100t of scrap metal diverted to recyclers,
- 2,018 mattresses (37% increase to 2016/17) stripped with metal springs recovered for recycling,
- 35,000 litres of waste oil (28% increase to 2016/17) collected and diverted to recyclers,
- 616kg of light globes (70% increase to 2016/17),
- 15t batteries (88% increase to 2016/17), and
- 11t of Drum*Muster* containers diverted to recyclers.

Alexandrina Council largely completed the redevelopment work of the Goolwa Waste and Recycling Depot and since June 2018 the new FRWA office and the gate operations are now co-located at the worksite. Customer service for residents and small businesses transferred to the new layout on 1 July 2018, offering a modern and customer friendly facility for the community with a much improved service.

Kangaroo Island Resource Recovery Centre

With the assistance of grant funding from Green Industries SA the authority was able to purchase a baler for its Kangaroo Island operations.

Picture 9 - New baler on KI

This baler replaced an older model which was not capable of baling kerbside dry recyclables. With the new plant we are now in a position to produce much improved paper and cardboard bales and bale recyclables in readiness for transport to the mainland for processing.

Picture 10 - KI baler in action

FRWA continued to offer free **E-WASTE** drop off services in line with the framework set out under the National Computer and Television Scheme.

A total of 85t of E-waste was collected under the National Scheme across three regional drop-off centers, a slight decrease of 4% compared to the tonnages collected during the previous year.

COMMUNITY INFORMATION AND EDUCATION

The Authority continued its successful **EDUCATION AND INFORMATION PROGRAM** to community groups, kindergartens and primary schools. Through the year we delivered a total of 19 presentations to 956 children in childcare centres, kindies and primary schools on the mainland and 12 presentations to 590 children in childcare or at schools on Kangaroo Island.

Picture 11 - FRWA Education Officer for KI, Mary Alice Swan at Penneshaw Kindergarten

In addition to Sophie Thomson's composting workshops we had information stalls at 3 local markets of which one market day was held as a waste-less event. Including of a presentation to a community group, we achieved a total engagement with over 420 people on the island.

For our mainland council we attended 2 local markets and delivered 8 presentations to various community groups on best practice for recycling and waste reuse.

Picture 12 - Tess Sapia, FRWA Education Officer

FRWA's education officer was involved in organizing the first waste-less events with 236 people in attendance.

FRWA's Project Officer assisted with the implementation of the fortnightly kerbside collection on Kangaroo Island and District Council of Yankalilla, with ongoing responsibility for the FRWA website, media promotion and advertising, design and printing of FRWA publications.

FRWA'S PEOPLE

FRWA employs FRWA employs 40 staff of which

- 30% work in kerbside collections,
- 40% in WRD operations, and
- 30% in community education and corporate services.

FINANCE AND GOVERNANCE

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

FRWA CHARTER

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

INTERNAL AUDIT COMMITTEE

The Committee conducted six meetings during the 2017/18 financial year and provided advice and recommendations to the FRWA Board on the Authority's financial performance, the review of core financials controls, policies and procedures and asset management matters.

EXTERNAL MANAGEMENT REVIEW

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

FINANCIAL STATEMENTS

Nexia Edward Marshall audited the 2017/18 Financial Statements which were provided to all Constituent Councils.

I am pleased to report that the overall performance of the Authority during the 2017/18 financial year meets budget expectations and the Audited Financial Statements for the year have confirmed FRWA's expected results and performance.

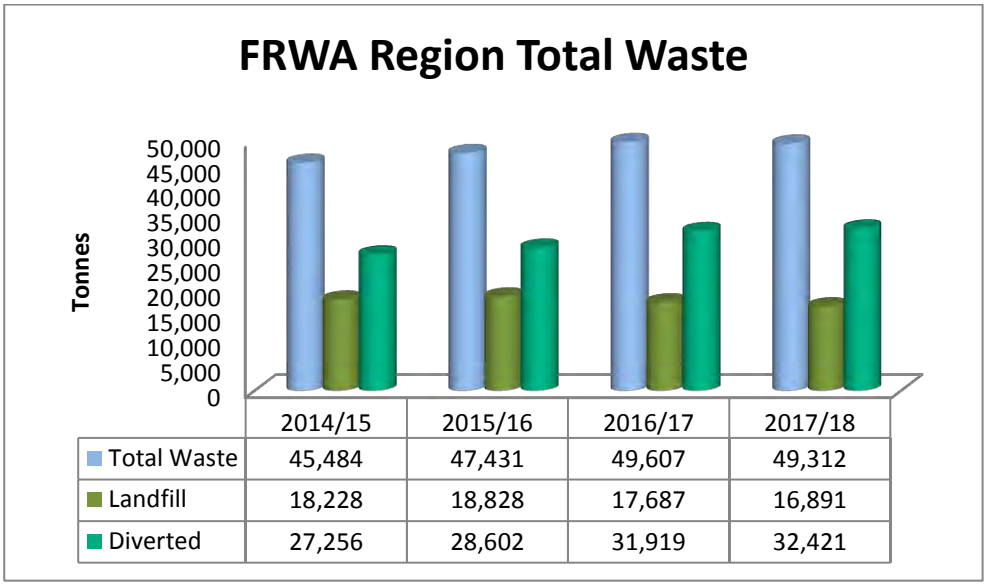
A complete copy of the Audited Financial Statement 2018 forms part of this report.

MARINA WAGNER
EXECUTIVE OFFICER

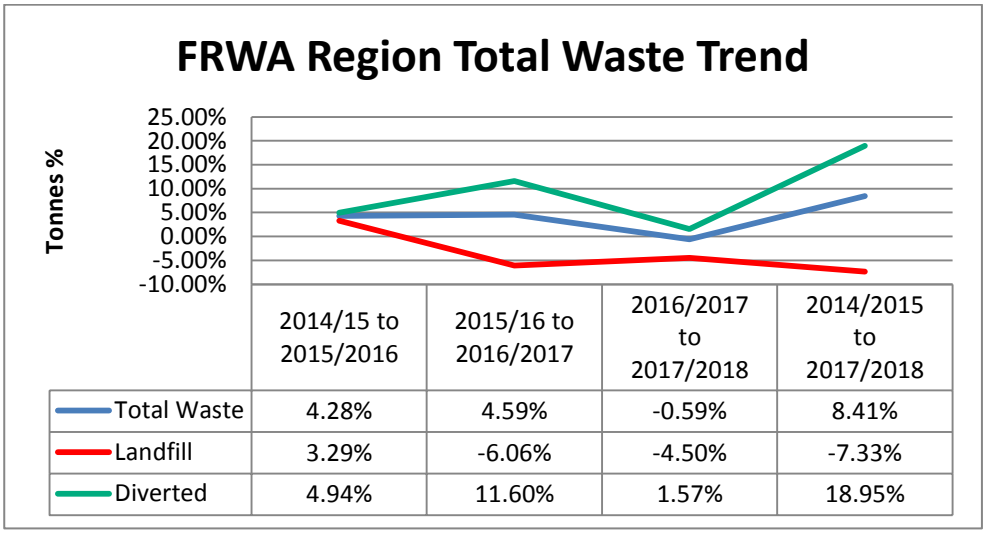
FRWA Region Waste Statistics 2017/18

Annual Regional Waste by Type	FRWA Region	Alexandrina	City of Victor Harbor	DC Yankalilla	KI Council
	Kerbside & WRDs (t)	3 Bin Kerbside & WRDs (t)	3 Bin Kerbside only (t) **	2 Bin Kerbside & WRD (t)	2 Bin Kerbside/3 Bin Kerbside from 1 October 2017 & WRD (t)
Waste to Landfill	16,891.15	9,136.73	3,679.06	2,204.43	1870.93
Waste Diverted from Landfill	32,420.64	27,325.25	2,408.90	1,079.53	1606.97
Total 2016/17 (MSW, Greenwaste, Recycling Kerbside and WRDs)	**49,311.80**	**36,461.98**	**6,087.96**	**3,283.96**	**3,477.90**

Trends from 2014/15 to 2017/18



	2014/15	2015/16	2016/17	2017/18
Total Waste	45,484	47,431	49,607	49,312
Landfill	18,228	18,828	17,687	16,891
Diverted	27,256	28,602	31,919	32,421



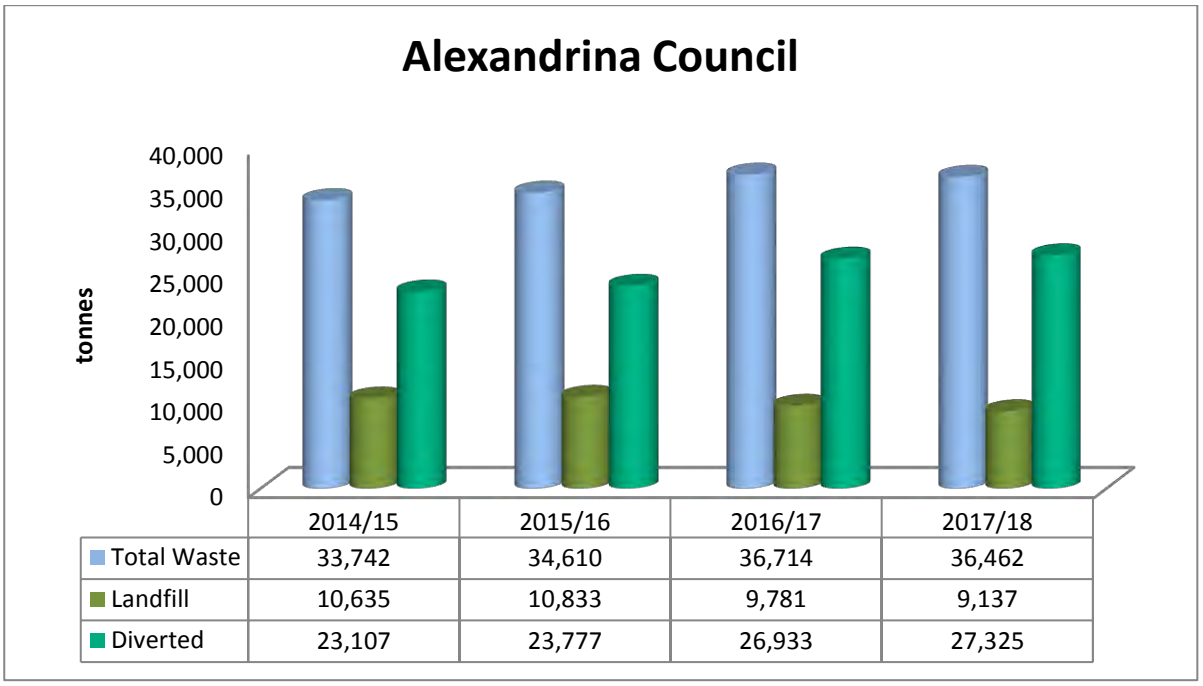
	2014/15 to 2015/2016	2015/16 to 2016/2017	2016/2017 to 2017/2018	2014/2015 to 2017/2018
Total Waste	4.28%	4.59%	-0.59%	8.41%
Landfill	3.29%	-6.06%	-4.50%	-7.33%
Diverted	4.94%	11.60%	1.57%	18.95%

Waste Statistics 2017/18 per Member Council

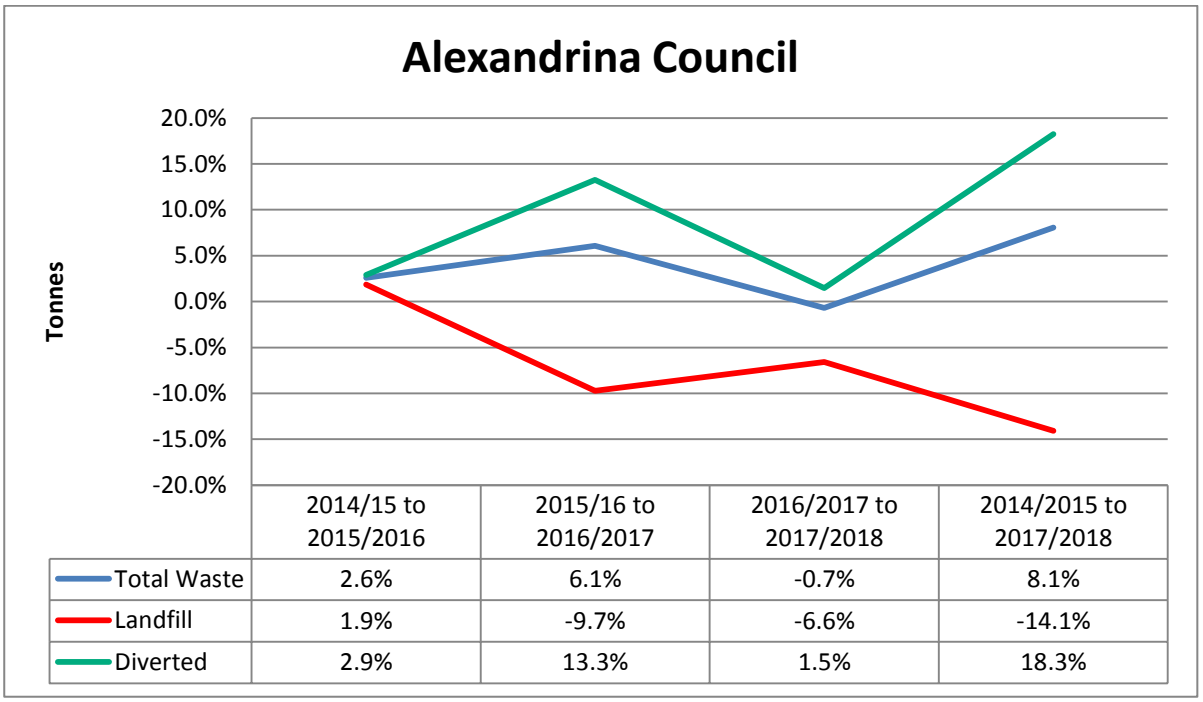
	FRWA Region	Alexandrina Council	City of Victor Harbor	District Council of Yankalilla	Kangaroo Island Council
Subtotal Kerbside Waste to Landfill	12,058.41	4,891.90	3,679.06	1,695.13	1792.32
Kerbside Greenwaste	4,528.38	3,085.19	1,247.64		195.55
Kerbside Recyclables	4,658.01	2,590.91	1,161.26	391.44	514.40
Subtotal Kerbside Waste Diverted from Landfill	9,186.39	5,676.10	2,408.90	391.44	709.95
Grand Total Kerbside Waste	**21,244.80**	**10,568.00**	**6,087.96**	**2,086.57**	**2,502.27**
Subtotal WRD Waste to landfill	4,832.74	4,244.83		509.30	78.61
Subtotal WRD Waste Diverted from Landfill	23,234.25	21,649.15		688.09	897.02
Grand Total WRD Waste	**28,067.00**	**25,893.98**		**1,197.39**	**975.63**
Total Waste to Landfill	16,891.15	9,136.73	3,679.06	2,204.43	1870.93
Total Waste Diverted from Landfill	32,420.64	27,325.25	2,408.90	1,079.53	1606.97
Grand Total all Waste Streams	**49,311.80**	**36,461.98**	**6,087.96**	**3,283.96**	**3,477.90**

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

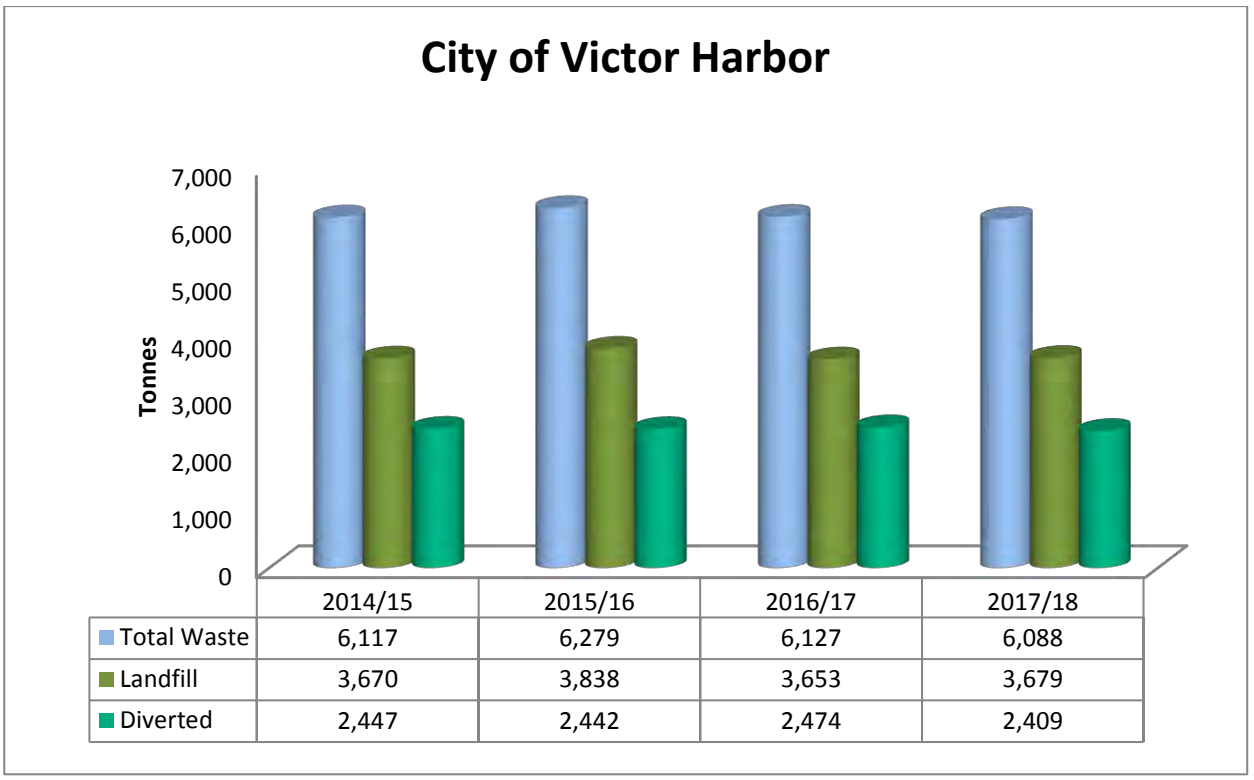
Trends from 2014/15 to 2017/18



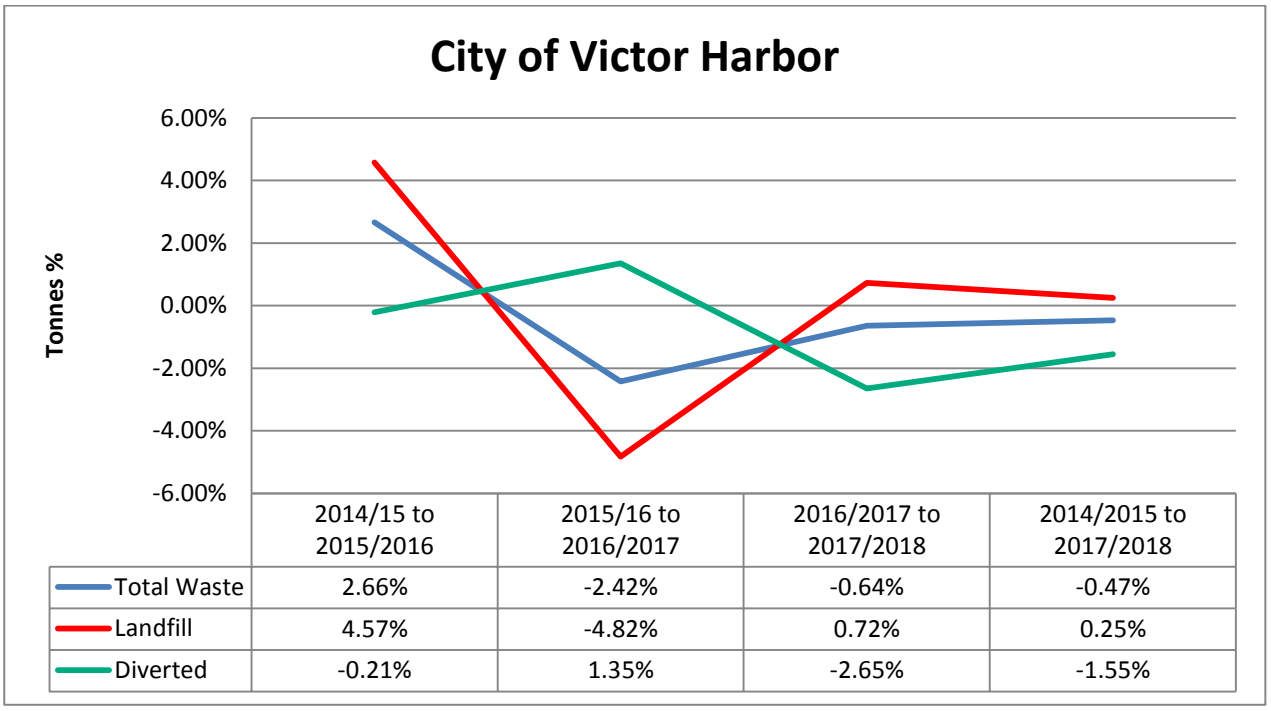
	2014/15	2015/16	2016/17	2017/18
Total Waste	33,742	34,610	36,714	36,462
Landfill	10,635	10,833	9,781	9,137
Diverted	23,107	23,777	26,933	27,325



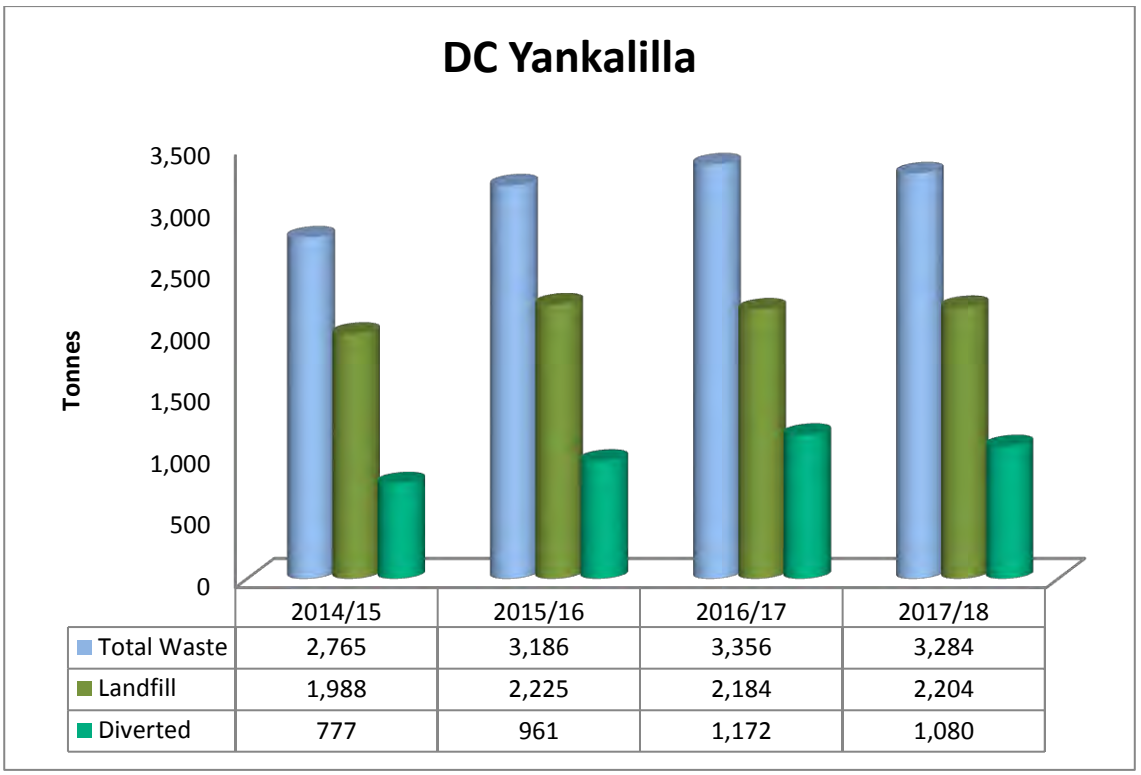
	2014/15 to 2015/2016	2015/16 to 2016/2017	2016/2017 to 2017/2018	2014/2015 to 2017/2018
Total Waste	2.6%	6.1%	-0.7%	8.1%
Landfill	1.9%	-9.7%	-6.6%	-14.1%
Diverted	2.9%	13.3%	1.5%	18.3%



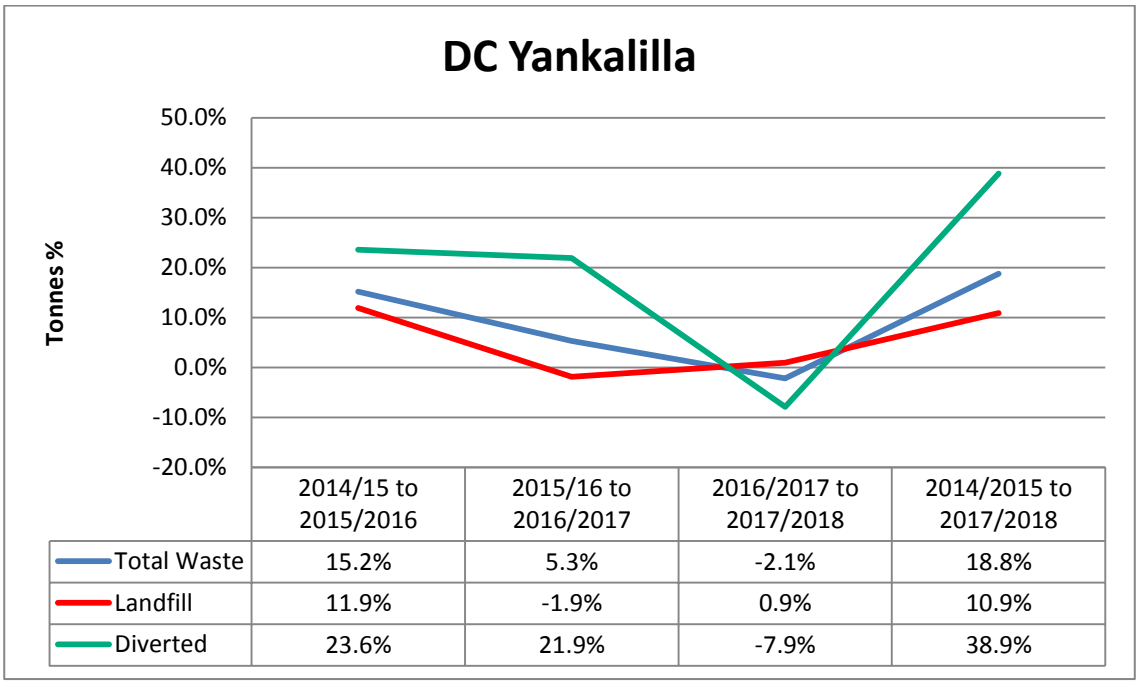
	2014/15	2015/16	2016/17	2017/18
Total Waste	6,117	6,279	6,127	6,088
Landfill	3,670	3,838	3,653	3,679
Diverted	2,447	2,442	2,474	2,409



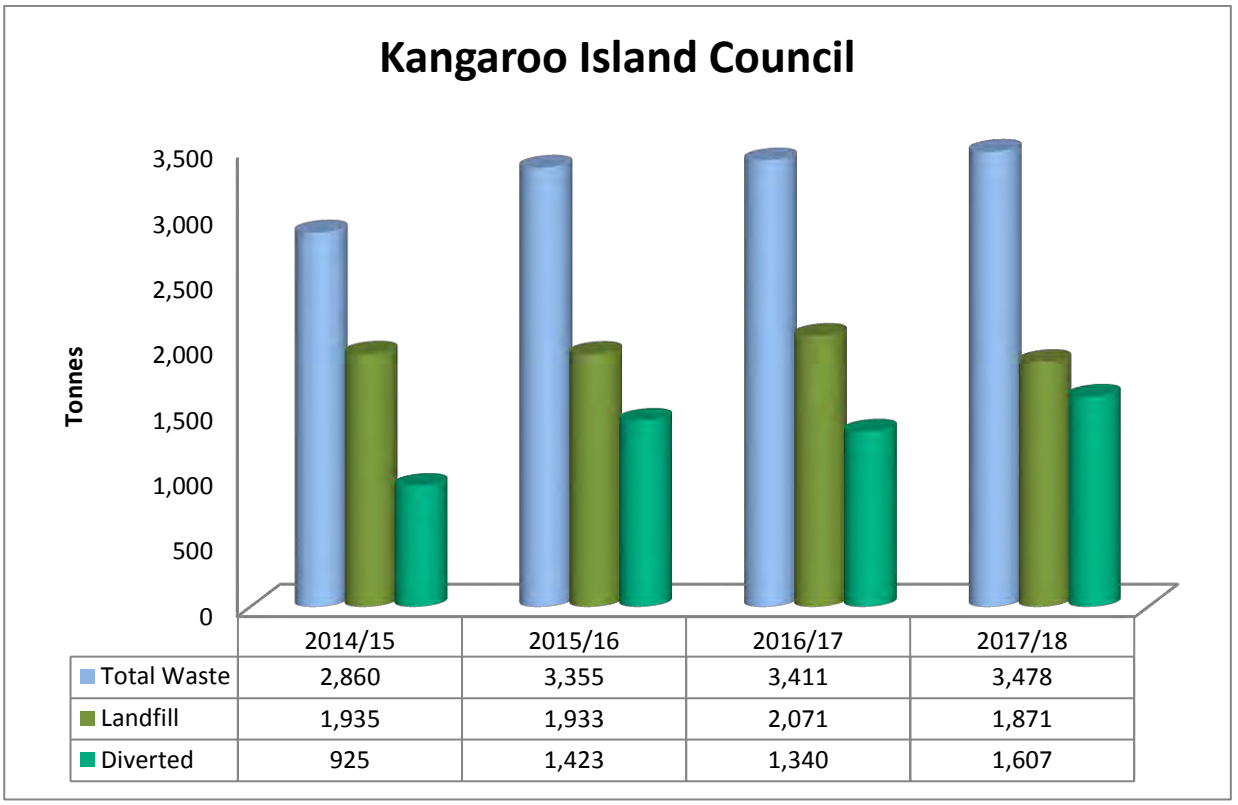
	2014/15 to 2015/2016	2015/16 to 2016/2017	2016/2017 to 2017/2018	2014/2015 to 2017/2018
Total Waste	2.66%	-2.42%	-0.64%	-0.47%
Landfill	4.57%	-4.82%	0.72%	0.25%
Diverted	-0.21%	1.35%	-2.65%	-1.55%



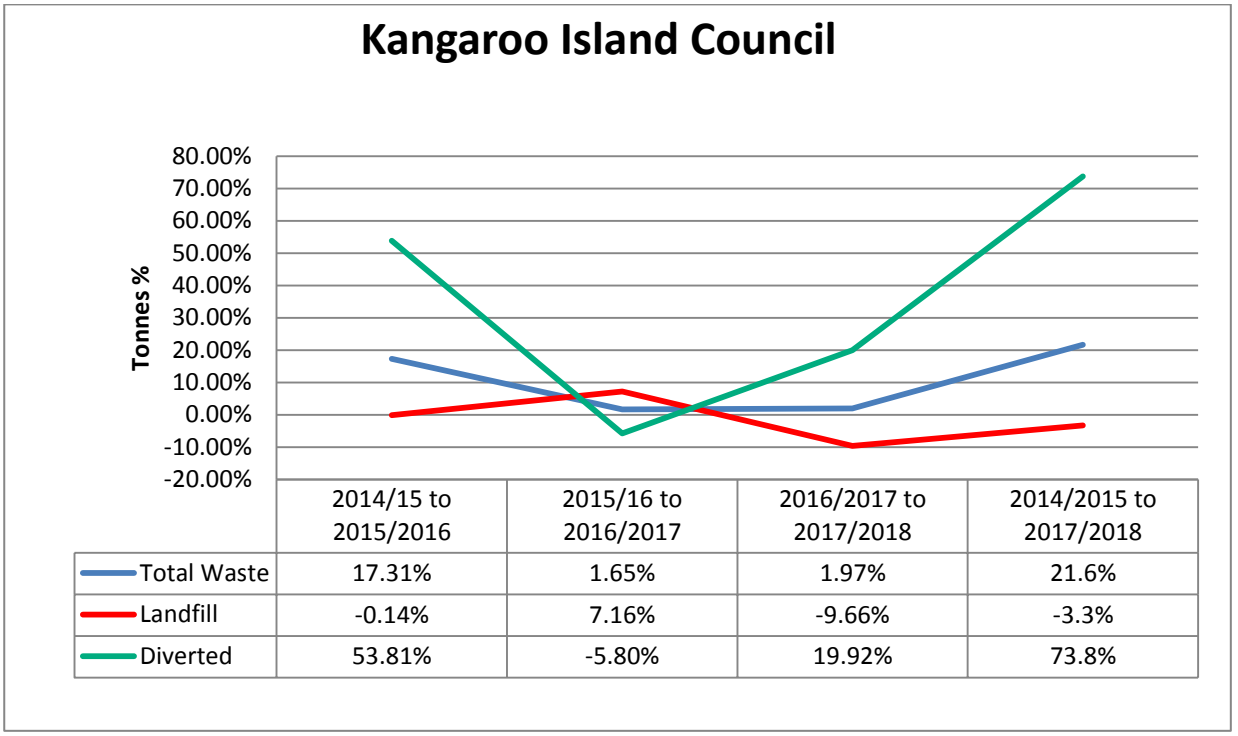
	2014/15	2015/16	2016/17	2017/18
Total Waste	2,765	3,186	3,356	3,284
Landfill	1,988	2,225	2,184	2,204
Diverted	777	961	1,172	1,080



	2014/15 to 2015/2016	2015/16 to 2016/2017	2016/2017 to 2017/2018	2014/2015 to 2017/2018
Total Waste	15.2%	5.3%	-2.1%	18.8%
Landfill	11.9%	-1.9%	0.9%	10.9%
Diverted	23.6%	21.9%	-7.9%	38.9%

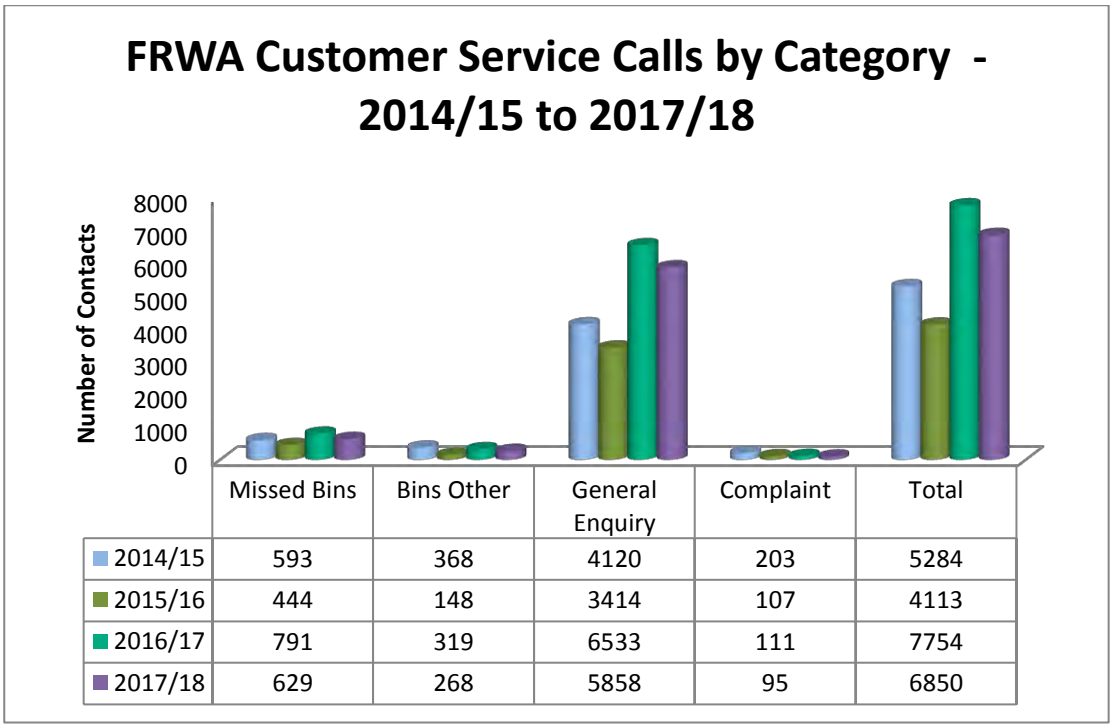


	2014/15	2015/16	2016/17	2017/18
Total Waste	2,860	3,355	3,411	3,478
Landfill	1,935	1,933	2,071	1,871
Diverted	925	1,423	1,340	1,607



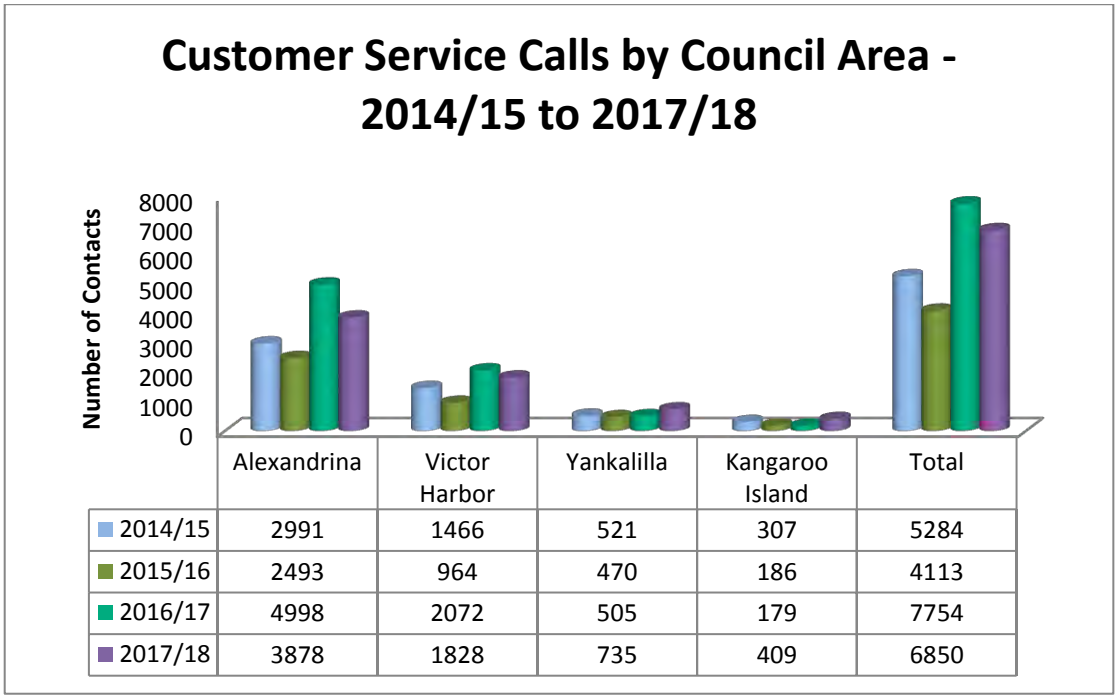
	2014/15 to 2015/2016	2015/16 to 2016/2017	2016/2017 to 2017/2018	2014/2015 to 2017/2018
Total Waste	17.31%	1.65%	1.97%	21.6%
Landfill	-0.14%	7.16%	-9.66%	-3.3%
Diverted	53.81%	-5.80%	19.92%	73.8%

FRWA Customer Service Contact (Calls, Emails and Letters)



	Missed Bins	Bins Other	General Enquiry	Complaint	Total
2014/15	593	368	4120	203	5284
2015/16	444	148	3414	107	4113
2016/17	791	319	6533	111	7754
2017/18	629	268	5858	95	6850

FRWA Customer Service Contact by Council Area



	Alexandrina	Victor Harbor	Yankalilla	Kangaroo Island	Total
2014/15	2991	1466	521	307	5284
2015/16	2493	964	470	186	4113
2016/17	4998	2072	505	179	7754
2017/18	3878	1828	735	409	6850

Financial Statements
2017-2018

FLEURIEU REGIONAL WASTE AUTHORITY

General Purpose Financial Reports
for the year ended 30 June 2018

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FLEURIEU REGIONAL WASTE AUTHORITY

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

CERTIFICATION OF FINANCIAL STATEMENTS

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

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2018 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.

Michael Kelledy
CHAIR OF THE BOARD

Marina Wagner
EXECUTIVE OFFICER

Date: 26 Sep 2018

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FLEURIEU REGIONAL WASTE AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2018

	Notes	2018 $	2017 $
INCOME			
User charges	2	**7,711,038**	7,498,687
Grants, subsidies and contributions	2	**116,956**	23,000
Investment income	2	**2,948**	7,539
Reimbursements	2	**7,932**	13,416
Other income	2	**17,524**	4,619
Total Income		**7,856,398**	7,547,261
EXPENSES			
Employee costs	3	**2,888,006**	2,757,828
Materials, contracts & other expenses	3	**4,194,620**	3,959,033
Depreciation, amortisation & impairment	3	**602,350**	699,586
Finance costs	3	**84,107**	103,666
Total Expenses		**7,769,083**	7,520,113
OPERATING SURPLUS / (DEFICIT)		**87,315**	27,148
Asset disposal & fair value adjustments	4	**(1,000)**	20,909
NET SURPLUS / (DEFICIT) transferred to Equity Statement		**86,315**	48,057
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		**86,315**	48,057

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

FLEURIEU REGIONAL WASTE AUTHORITY

STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	**622,770**	937,241
Trade & other receivables	5	**323,005**	204,944
Inventories	5	**125,195**	7,528
Total Current Assets		**1,070,970**	1,149,713
Non-current Assets			
Infrastructure, property, plant & equipment	6	**2,781,701**	2,357,347
Total Non-current Assets		**2,781,701**	2,357,347
Total Assets		**3,852,671**	3,507,060
LIABILITIES			
Current Liabilities			
Trade & other payables	7	**1,009,656**	839,598
Borrowings	7	**495,270**	602,029
Provisions	7	**111,151**	235,278
Other current liabilities	8	**195,312**	37,372
		1,811,389	1,714,277
Total Current Liabilities		**1,811,389**	1,714,277
Non-current Liabilities			
Borrowings	10	**1,161,470**	980,200
Provisions	7	**71,117**	90,203
Total Non-current Liabilities		**1,232,587**	1,070,403
Total Liabilities		**3,043,976**	2,784,680
NET ASSETS		**808,695**	722,380
EQUITY			
Accumulated Surplus		**808,695**	722,380
TOTAL EQUITY		**808,695**	722,380

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 2018

	Notes	Accumulated Surplus	TOTAL EQUITY
2018		$	$
Balance at end of previous reporting period		**722,380**	**722,380**
Net Surplus / (Deficit) for Year		**86,315**	**86,315**
Other Comprehensive Income			
Balance at end of period		**808,695**	**808,695**
2017			
Balance at end of previous reporting period		674,323	674,323
Net Surplus / (Deficit) for Year		48,057	48,057
Other Comprehensive Income			
Balance at end of period		722,380	722,380

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

FLEURIEU REGIONAL WASTE AUTHORITY

STATEMENT OF CASH FLOWS
for the year ended 30 June 2018

	Notes	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
User charges		**7,729,013**	7,516,040
Investment receipts		**6,381**	5,867
Grants utilised for operating purposes		**116,956**	23,000
Reimbursements		**7,932**	13,415
Other revenues		**14,091**	4,619
Payments			
Employee costs		**(2,888,006)**	(2,689,955)
Materials, contracts & other expenses		**(4,263,537)**	(4,002,637)
Finance payments		**(84,107)**	(119,009)
Net Cash provided by (or used in) Operating Activities		**638,723**	751,340
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Sale of replaced assets		**7,000**	20,909
Payments			
Expenditure on renewal/replacement of assets		**(758,323)**	(362,951)
Expenditure on new/upgraded assets		**(276,382)**	(60,191)
Net Cash provided by (or used in) Investing Activities		**(1,027,705)**	(402,233)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from borrowings		**721,722**	-
Payments			
Repayments of borrowings		**(647,211)**	(567,007)
Net Cash provided by (or used in) Financing Activities		**74,511**	(567,007)
Net Increase (Decrease) in cash held		**(314,471)**	(217,900)
Cash & cash equivalents at beginning of period	9	**937,241**	1,155,141
Cash & cash equivalents at end of period	9	**622,768**	937,241

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 2018

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 26th September 2018.

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.

1.4 Rounding

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

2 The Local Government Reporting Entity

The Fleurieu Regional Waste Authority is incorporated under the SA Local Government Act 1999 and has its principal place of business at 1226 Port Elliot Road, Goolwa South Australia 5214. These financial statements include the Authority's direct operations and all entities through which the Authority controls resources to carry on its functions. In the process of reporting on the Authority as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

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

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Authority's operations for the current reporting period.

Note 1 - Significant Accounting Policies (cont.)

4 Cash, Cash Equivalents and other Financial Instruments

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

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 10.

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. The cost of non-current assets constructed by the Authority includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

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

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by 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 6.

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

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

Note 1 - Significant Accounting Policies (cont.)

6.5 Impairment

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

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

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery are recognised as liabilities until the service is delivered or the amount is refunded as the case may be.

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

No accrual is made for sick leave as Authority experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. The Authority does not make payment for untaken sick leave.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 1 - Significant Accounting Policies (cont.)

9.2 Superannuation

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

10 GST Implications

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

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

11 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been used in preparing these reports.

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

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

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

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

Accounting Standard AASB 16 *Leases* may have a material effect on the amounts disclosed in these reports, particularly in relation to Infrastructure, Property, Plant & Equipment, but does not commence until the 2019/20 financial period, and it is not the Authority's intention to adopt this Standard early.

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

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 2 - INCOME

	Notes	2018 $	2017 $
USER CHARGES			
Waste Disposal Operations		**7,711,038**	7,498,687
		7,711,038	7,498,687
INVESTMENT INCOME			
Interest on investments			
Banks & other		**2,948**	7,539
		2,948	7,539
REIMBURSEMENTS			
- other		**7,932**	13,415
		7,932	13,415
OTHER INCOME			
Sundry		**17,524**	4,619
		17,524	4,619
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Other grants, subsidies and contributions		**116,956**	23,000
		116,956	23,000
Sources of grants			
State government		**116,956**	23,000
		116,956	23,000

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:

Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions:		
Plant & Equipment	***90,000***	-
Unexpended at the close of this reporting period	***90,000***	

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FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 3 - EXPENSES

	Notes	2018 $	2017 $
EMPLOYEE COSTS			
Salaries and Wages		**2,419,042**	2,328,205
Employee leave expense		**58,080**	63,675
Superannuation		**212,778**	209,534
Superannuation - defined benefit plan contributions	15	**6,108**	6,087
Workers' Compensation Insurance		**146,159**	108,248
Other		**45,839**	42,079
Total Operating Employee Costs		**2,888,006**	2,757,828
Total Number of Employees		***32***	*35*
(Full time equivalent at end of reporting period)			
MATERIALS, CONTRACTS & OTHER EXPENSES			
Prescribed Expenses			
Auditor's Remuneration			
- Auditing the financial reports		**10,020**	9,870
- Auditing of Internal Controls		**1,930**	1,900
Board members' expenses		**20,246**	24,857
Operating Lease Rentals - non-cancellable leases			
- minimum lease payments		**25,890**	26,887
Subtotal - Prescribed Expenses		**58,086**	63,514
Other Materials, Contracts & Expenses			
Contractors		**969,040**	822,294
Energy		**564,568**	564,382
Waste disposal		**1,603,844**	1,527,724
Maintenance		**362,255**	371,108
Legal expenses		**43,567**	27,846
Parts, accessories & consumables		**150,480**	134,209
Professional services		**59,718**	60,329
Sundry		**383,062**	387,627
Subtotal - Other materials, contracts & expenses		**4,136,534**	3,895,519
		4,194,620	3,959,033
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Plant, machinery & equipment		**602,350**	699,586
		602,350	699,586
FINANCE COSTS			
Interest on loans		**84,107**	103,666
		84,107	103,666

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2018 $	2017 $
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
Assets renewed or directly replaced			
Proceeds from disposal		**7,000**	20,909
Less: Carrying amount of assets sold		**(8,000)**	-
Gain (Loss) on disposal		**(1,000)**	20,909
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		**(1,000)**	20,909

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 5 - CURRENT ASSETS

	Notes	2018 $	2017 $
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		**269,510**	261,421
Deposits at Call		**353,260**	675,820
		622,770	937,241
TRADE & OTHER RECEIVABLES			
Debtors - general		**294,425**	154,460
Prepayments		**28,580**	50,484
Total		**323,005**	204,944
Amounts included in receivables that are not expected to be received within 12 months of reporting date.		-	-
INVENTORIES			
Stores & Materials		**125,195**	7,528
		125,195	7,528

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

		2017 $				2018 $			
	Fair Value Level	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Buildings & Other Structures		-	3,181	(3,181)	-	-	**3,181**	**(3,181)**	**-**
Plant, machinery & equipment		-	5,512,719	(3,155,372)	2,357,347	-	**6,500,239**	**(3,718,538)**	**2,781,701**
Office Equipment, Furniture & Fittings		-	20,634	(20,634)	-	-	**20,634**	**(20,634)**	**-**
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		-	5,536,534	(3,179,187)	2,357,347	-	**6,524,054**	**(3,742,353)**	**2,781,701**
Comparatives		**-**	***5,228,537***	***(2,594,747)***	***2,633,790***	**-**	***5,536,534***	***(3,179,187)***	***2,357,347***

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 2018

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

	2017 $	CARRYING AMOUNT MOVEMENTS DURING YEAR $								2018 $
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers		Net Revaluation	CARRYING AMOUNT
		New/Upgrade	Renewals				In	Out		
Plant, machinery & equipment	2,357,347	276,382	758,323	(8,000)	(602,350)	-	-	-	-	2,781,701
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	**2,357,347**	**276,382**	**758,323**	**(8,000)**	**(602,350)**	**-**	**-**	**-**	**-**	**2,781,701**
Comparatives	***2,633,790***	***60,514***	***362,951***	***(322)***	***(699,586)***	**-**	**-**	**-**	**-**	***2,357,347***

This Note continues on the following pages.

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

Buildings & Other Structures

Buildings and other structures are recognised on a cost basis.

Plant, Furniture & Equipment

These assets are recognised on a cost basis.

Capitalisation thresholds used by the Authority for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	$1,000
Other Plant & Equipment	$1,000
Buildings - new construction/extensions	$5,000

Estimated Useful Lives: Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

Plant, Furniture & Equipment	3 to 20 years
Building & Other Structures	30 to 80 years

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 7 - LIABILITIES

		2018 $		2017 $	
TRADE & OTHER PAYABLES	Notes	**Current**	**Non-current**	Current	Non-current
Goods & Services		**481,194**		390,483	
Accrued expenses - employee entitlements		**352,200**	**-**	311,310	-
Accrued expenses - other		**74,638**	**-**	91,599	-
Revenue Received in Advance		**95,475**	**-**	41,307	**-**
Other		**6,149**	**-**	4,896	-
		1,009,656	**-**	839,598	-
BORROWINGS					
Loans		**495,270**	**1,161,470**	602,029	980,200
		495,270	**1,161,470**	602,029	980,200

All interest bearing liabilities are secured over the future revenues of the Authority

PROVISIONS					
Employee entitlements (including oncosts)		**111,151**	**71,117**	41,400	90,203
Other		**-**	**-**	193,878	-
		111,151	**71,117**	235,278	90,203

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 8 - OTHER CURRENT LIABILITIES

	Notes	2018 $	2017 $
OTHER			
Deferred gate sales		**195,312**	37,372
		195,312	37,372

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

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 9 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2018 $	2017 $
Total cash & equivalent assets	5	**622,770**	937,241
Balances per Cash Flow Statement		**622,770**	937,241

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

Net Surplus (Deficit)	**86,315**	48,057
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	**602,350**	699,586
Net increase (decrease) in unpaid employee benefits	**(19,086)**	34,707
Net (Gain) Loss on Disposals	**1,000**	(20,909)
	670,579	761,441
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	**(118,061)**	92,126
Net (increase) decrease in inventories	**(117,667)**	22,640
Net increase (decrease) in trade & other payables	**170,059**	(80,945)
Net increase (decrease) in other provisions	**(124,127)**	28,727
Net increase (decrease) in other liabilities	**157,940**	(72,649)
Net Cash provided by (or used in) operations	**638,723**	751,340

(c) Financing Arrangements

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

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

(d) Changes in Liabilities Arising from Financing Activities

		Cash flows	Non cash flows	
	1 July 2017		Re-classificiaton	30 June 2018
Short term borrowings	602,029	(587,595)	480,836	495,270
Long term borrowings	980,200	662,106	(480,836)	1,161,470
Total	**1,582,229**	**74,511**	**-**	**1,656,740**

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 10 - 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 realiseable value; Interest is recognised when earned. **Terms & conditions:** Deposits are returning fixed interest rates between 0.05% and 0.50% (2017: 0.10% and 1.75%). **Carrying amount:** approximates fair value due to the short term to maturity.
Receivables - Fees & other charges	**Accounting Policy:** Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable. **Terms & conditions:** Unsecured, and do not bear interest. Although the Authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Authority's boundaries. **Carrying amount:** approximates fair value (after deduction of any allowance).
Liabilities - Creditors and Accruals	**Accounting Policy:** Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority. **Terms & conditions:** Liabilities are normally settled on 30 day terms. **Carrying amount:** approximates fair value.
Liabilities - Interest Bearing Borrowings	**Accounting Policy:** Carried at the principal amounts. Interest is charged as an expense as it accrues. **Terms & conditions:** secured over future revenues, borrowings are repayable in six monthly instalments; interest is charged at variable rates between 4.00% and 6.65% (2017: 4.45% and 6.65%) **Carrying amount:** approximates fair value.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 10 (cont) - FINANCIAL INSTRUMENTS
Liquidity Analysis

2018		Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets		$	$	$	$	$
Cash & Equivalents		**622,770**	-	-	**622,770**	**622,770**
Receivables		**294,425**	-	-	**294,425**	**323,005**
	Total	**917,195**	-	-	**917,195**	**945,775**
Financial Liabilities						
Payables		**582,818**	-	-	**582,818**	**582,818**
Current Borrowings		**561,499**	-	-	**561,499**	**495,270**
Non-Current Borrowings			**1,103,730**	**178,847**	**1,282,577**	**1,161,470**
	Total	**1,144,317**	**1,103,730**	**178,847**	**2,426,894**	**2,239,558**

2017		Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets		$	$	$	$	$
Cash & Equivalents		937,241	-	-	937,241	937,241
Receivables		145,052	-	-	145,052	204,944
	Total	1,082,293	-	-	1,082,293	1,142,185
Financial Liabilities						
Payables		436,686	-	-	436,686	436,689
Current Borrowings		675,728	-	-	675,728	602,029
Non-Current Borrowings		-	1,056,031	-	1,056,031	980,200
	Total	1,112,414	1,056,031	-	2,168,445	2,018,918

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

	30 June 2018		30 June 2017	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	$	%	$
Fixed Interest Rates	**4.63**	**1,656,740**	5.46	1,582,230
		1,656,740		1,582,230

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

Risk Exposures

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

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

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

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

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 11 - COMMITMENTS FOR EXPENDITURE

	Notes	2018 $	2017 $
Other Expenditure Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Kangaroo Island MGB Replacement		**-**	275,000
Board & Employee Remuneration Contracts		**408,218**	576,280
Maintenance Contracts		**-**	24,000
		408,218	875,280
These expenditures are payable:			
Not later than one year		**211,374**	487,063
Later than one year and not later than 5 years		**196,844**	388,217
Later than 5 years		**-**	-
		408,218	875,280

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

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 12 - FINANCIAL INDICATORS

	2018	2017	2016

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

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

Operating Surplus Ratio			
Operating Surplus	1.1%	0.0%	0.0%
Total Operating Income			

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

Net Financial Liabilities Ratio			
Net Financial Liabilities	27%	22%	28%
Total Operating Income			

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

Adjustments to Ratios

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. These ***Adjusted Ratios*** *correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.*

Adjusted Operating Surplus Ratio	*1.1%*	*0.0%*	*0.0%*
Adjusted Net Financial Liabilities Ratio	*27%*	*22%*	*28%*

Asset Sustainability Ratio			
Net Asset Renewals	99%	87%	95%
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.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 13 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2018 $	2017 $
Income	**7,856,398**	7,547,261
Expenses	**(7,769,083)**	(7,520,113)
Operating Surplus / (Deficit)	**87,315**	27,148
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	**758,323**	362,951
Add back Depreciation, Amortisation and Impairment	**(602,350)**	(699,586)
Proceeds from Sale of Replaced Assets	**(7,000)**	(20,909)
	148,973	(357,544)
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	**276,382**	60,191
	276,382	60,191
Net Lending / (Borrowing) for Financial Year	**(338,040)**	324,501

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 14 - OPERATING LEASES

Lease payment commitments of the Authority

The Authority had entered into a non-cancellable operating lease for office premises in Goolwa that ended on 30th June 2018.

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

	2018	2017
	$	$
Not later than one year	-	26,000
	-	26,000

The Authority is currently negotiating a lease agreement for office and workshop premises at Goolwa with Alexandrina Council. This leasing arrangement had not been finalised as at signing of these financial statements.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 15 – 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 the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members
Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2017/18; 9.50% in 2016/17). 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 Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2016/17) of "superannuation" salary.

In addition, the Authority makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of 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 Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, 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 Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. 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 2018

Note 16 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

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

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 17 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

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

	2018 $	2017 $
Salaries, allowances & other short term benefits	163,422	162,832
Post-employment benefits	17,883	17,362
Long term benefits	4,902	4,644
Termination benefits	-	-
TOTAL	**186,207**	184,838

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2018

Note 18 - EVENTS OCCURING AFTER REPORTING DATE IN THE BALANCE SHEET

There are no events subsequent to 30 June 2018 that need to be disclosed in the financial statements.

Nexia Edwards Marshall

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

Opinion

We have audited the financial report of Fleurieu Regional Waste Authority, which comprises the Statement of Financial Position as at 30 June 2018, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information and the Certification of Financial Statements.

In our opinion, the financial report presents fairly, in all material respects, the financial position of Fleurieu Regional Waste Authority as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

Basis for Opinion

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

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

Other Information

The Board are responsible for the other information. The other information comprises the information included in the entity's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board's Responsibility for the Financial Report

The Board of Fleurieu Regional Waste Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011. The Board's responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report so that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

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Nexia Edwards Marshall

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

Nexia Edwards Marshall
Chartered Accountants

Jamie Dreckow
Partner

Adelaide, South Australia
Dated: 26 September 2018

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FLEURIEU REGIONAL WASTE AUTHORITY

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

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 2018, 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*.

.....
Michael Kelledy
CHAIR OF THE BOARD
Fleurieu Regional Waste Authority

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

Date: 10/9/18

FLEURIEU REGIONAL WASTE AUTHORITY

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

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 2018, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

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

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

Date: 23rd August 2018

FLEURIEU REGIONAL WASTE AUTHORITY

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

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 2018, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

.....
Glenn Rappensberg
CHIEF EXECUTIVE OFFICER
Alexandrina Council

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

Date: 27/8/2018

FLEURIEU REGIONAL WASTE AUTHORITY

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

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 2018, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

.....
Victoria MacKirdy
CHIEF EXECUTIVE OFFICER
City of Victor Harbor

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

Date: 6 September 2018

FLEURIEU REGIONAL WASTE AUTHORITY

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

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 2018, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

.....
Nigel Morris
CHIEF EXECUTIVE OFFICER
District Council of Yankalilla

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

Date: 23rd August 2018

FLEURIEU REGIONAL WASTE AUTHORITY

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

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 2018, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

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

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

Date: 24 August 2018

FLEURIEU REGIONAL WASTE AUTHORITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of Fleurieu Regional Waste Authority for the year ended 30 June 2018, 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.*

Nexia Edwards Marshall
Chartered Accountants

Jamie Dreckow
Partner

Adelaide
South Australia

27 August 2018

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Fleurieu Regional Waste Authority

Southern & Hills Local Government Association

Adelaide Hills Council | Alexandrina Council | Kangaroo Island Council | Mount Barker District Council
City of Victor Harbor | District Council of Yankalilla |

ANNUAL REPORT

2017-2018

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Area of 8,656 Km^2

Population 120,989

Prominent retirement destination

Coastline 652 Kilometres

Total Council revenue $174.9 million

Adelaide Hills, Fleurieu and Kangaroo Island are major tourism destinations

5,539 kilometres of Local Roads

25% projected Population increase by 2026

About the Southern & Hills Local Government Association region

The Southern & Hills Local Government Association was first formed in July 1969 and is now constituted as a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. Consisting of six (6) local government Councils:

- Adelaide Hills Council
- Alexandrina Council
- Kangaroo Island Council
- Mt Barker District Council
- City of Victor Harbor
- District Council of Yankalilla

Collectively these six (6) Councils have:

- ☑ More than 120,000 people as at 30th June 2017.
- ☑ 5,539 kilometres of local roads
- ☑ Area consists of 8,656 square kilometres.
- ☑ An ocean coastline of 652 Km.
- ☑ The River Murray and lakes form the southeast boundary of the region.
- ☑ The region has extreme diversity form the foothill suburbs of Adelaide to the isolation of the inaccessible west coast of Flinders Chase National Park.
- ☑ Significant areas within the region are under primary production include highly productive farm, horticulture, viticulture, forestry, fishing and intensive animal keeping enterprises and in the more undulating parts sheep farming, cereal growing and dairying.
- ☑ The region contributed nearly $3 billion in gross value to the State economy in 2006/07 or 4.4% of gross state product.
- ☑ Much of the area has, (by South Australian standards) a high rainfall.
- ☑ A large part of the area is within the 30 Year Plan for Greater Adelaide.
- ☑ Significant growth pockets both in population and development, placing demands on infrastructure and the natural environment.
- ☑ Projected change in the population to 2026 by approximately 25%.
- ☑ Within the region, Victor Harbor and Goolwa are key retirement destinations.
- ☑ Within the region, The Adelaide Hills, The Fleurieu and Kangaroo Island are all major tourism destinations.
- ☑ Kangaroo Island is a major component of the Australian and SA tourism plan with tourist numbers targeted to double over the next decade.

The Southern and Hills Local Government Association Board

June 2018

Council	Elected Member Representative	Council Staff Representative
Adelaide Hills Council	Deputy Mayor Jan - Claire Wisdom	CEO Andrew Aitken
Alexandrina Council	Mayor Keith Parkes	CEO Glenn Rappensberg
Kangaroo Island Council	Mayor Peter Clements	CEO Andrew Boardman
Mt Barker District Council	Mayor Ann Ferguson	CEO Andrew Stuart
City of Victor Harbor	Mayor Graham Philip	CEO Victoria MacKirdy
District Council of Yankalilla	Mayor Glen Rowlands	CEO Nigel Morris

Office Bearers 2017 – 2018

President	Mayor Keith Parkes, Alexandrina Council
Deputy President	Mayor Glen Rowlands, District Council of Yankalilla
Executive Officer	Mr Graeme Martin
Auditor	Mr Jon Colquhoun, FCA, HLB Mann Judd

Elected under the provisions of the Constitution of the Local Government Association

Delegates to LGA Board	Mayor Keith Parkes Deputy Mayor Jan – Claire Wisdom (via Metro)
Proxy Delegate to LGA Board	Mayor Glen Rowlands, District Council of Yankalilla
Delegates to SAROC	Mayor Keith Parkes Mayor Glen Rowlands Mr Graeme Martin
Proxy Delegate to SAROC	Vacant

President's Forward

The 2017-2018 year largely has seen Southern and Hills Local Government Association consolidate its role and activities.

Core activities have included the continuing work of the existing Roads Working Party and the 2020 Transport Plan review, monitoring the S&HLGA Regional Public Health plan and implementing the region's Climate Change Adaptation Plan, working very closely with the RDA to further the Regional Infrastructure Plan, as well as maintaining and reviewing key strategy and performance documents such as the Annual Action Items, Annual Budget and adopting a new 4 year Business Plan.

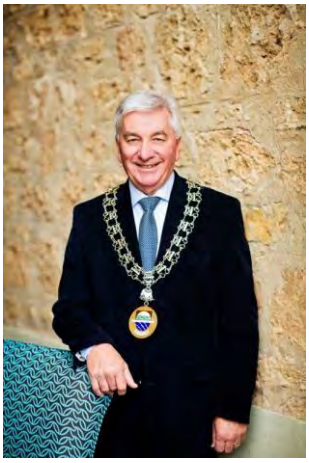
There has been much discussion and analysis around the challenges and opportunities ahead given upcoming changes to the Local Government Association of South Australia and the potential to restructure S&HLGA in terms of membership councils, revisiting the charter and the relationship with LGA SA. Having a coordinated regional voice is more important than ever, and for the Hills and Fleurieu and Kangaroo Island region, we have much in the way of learnings and contributions that can be made to the broader sector given our proximity to the capital city of Adelaide and our diverse mix of industries, geography and demographics.

We acknowledge and continue to work with the State Government's Office of Local Government. We have partnered with our regional economic development organisation, Regional Development Australia as well as PIRSA and the Natural Resource Management Boards as we continue to confront the many impacting regional issues.

Thank you to our Executive Officer, Graeme Martin for his continued energy and drive in supporting the body.

In closing, I acknowledge and thank all the member councils for their support during the year, and say how much I value ongoing contribution of member Mayors and CEOs.

Mayor Keith Parkes
President



The Board

The Board held 6 ordinary bi-monthly meetings during the year. Board Members are generally the Mayor and Chief Executive Officer of each Council. To provide the opportunity for Board Members to gain first hand knowledge of regional issues, meetings are hosted by Member Councils on a rotational basis and were held at:

1 September 2017	–	Alexandrina
27 October 2017	-	Adelaide Hills
15 December 2017	-	Mt. Barker
9 February 2018	-	Kangaroo Island
27 April 2018	-	Adelaide Hills
22 June 2018	-	Alexandrina

Key Issues acted on by the Board included:

- Continued to work closely with the Adelaide Hills Fleurieu and Kangaroo Island Regional Development Australia Board and with RDA officers to complete the 2010 Hills Rail Realignment study, develop the regional Infrastructure Priority Plan, the regional China Engagement strategy, Board governance and membership and a regional workplan in partnership with PIRSA. The S&HLGA and the RDA are both represented on the Kangaroo Island Commissioner's Economic Growth Advisory Board.
- Continued working with the Local Government Association and the lobbying on the review of the business plans, administrative fee and levy proposals of the Natural Resource Management Boards, continuing lobbying for a more balanced & nationally consistent approach to planning, regulation for rural and regional road safety & speed limits, equitable road funding, continuing the development of a balanced and consistent policy approach to Council sustainability, finances and rate revenue in the face of the call for a State Rate Capping policy, input into the LGA governance and organisational review, review of the Mobile Food vendors regulations, telecommunications Black Spot funding, developing a LG Coastal Alliance and cost shifting policies such as e-planning portal contributions, hard waste levy and the transfer of rate exempt community housing and developing and promoting the regional decentralisation and population growth strategies.
- Monitoring ad implementing the S&HLGA Regional Public Health Plan.
- Monitoring ad implementing the S&HLGA Regional Climate Change Adaptation Plan
- Input into the LGA response to the SA State Emergency Management Plan review and the proposed Functional Support role for the sector.
- Continued the updating of the Roads Database component of the regional 2020 Transport Plan, special local roads funding applications and continued the comprehensive review of the Regional Transport Plan including the development of the South Coast Freight Corridor marketing material and advocating on Public Transport issues
- Developing key quantitative and qualitative criteria for Council sustainability and reviewing the Fleurieu Futures findings
- Updating and maintaining of the S&HLGA Website and developing new promotional material.

Regional Consultations and briefings were coordinated to occur on the day of Board meetings.

13 various speakers addressed meetings of the Board.

In addition the CEO's group conducted several of their meetings in the morning preceding the Board meeting.

The Board reviewed its achievements to date and developed a new Action Plan for 2017-2018

At the commencement of 2017-2018 the Board completed a review of its Annual Key Actions, the EO performance and its Annual Budget performance covering the previous period. The Board also adopted its new Business Plan covering the period 2017-2021.

S&HLGA Roads Working Party

The Roads Working Party (RWP), with membership drawn from directors /managers of technical services of Councils and regional managers and infrastructure planners of the Department of Planning, Transport and Infrastructure held its annual meeting in March to review the S&HLGA 2020 Transport Plan (Plan) Roads database priority summary list and to make recommendations on regional priorities for the Special Local Roads Program (SLRP). The work of the committee included:

- Co-ordinate the annual review of HDS Australia Pty Ltd's summary assessment and update of the 2020 Transport Plan Roads Database.
- Co-ordinated and supported the application process of Councils to the SLRP.
- Review and plan the update of the S&HLGA Roads Database that comprises the roads nominated by Councils under the policies of the 2020 Transport Plan
- Reviewed the next 3 year work plan for the region
- The following projects were recommended, based on the methodology of the Plan and proposed funding under the Special Local Roads Program for 2018 – 2019

Project	Council	Total Project Cost for this stage	SLRP request	Council contribution	comment
Waitpinga Rd	City of Victor Harbor	$900,000	$600,000	$300,000	Stage 3 of 4
Springs Rd	Mt Barker	$975,000	$650,000	$325,000	Stage 2 of 4
Wedgewood/Hickmans Rd	Kangaroo Island	$300,000	$200,000	$100,000	Stage 1 of 3
Quarry Rd	Alexandrina	$285,000	$190,000	$95,000	Stage 1 of 2
Total		**$2,460,000**	**$1,640,000**	**$820,000**	

CWMS Group

The S&HLGA Community Waste Water Management Systems (CWMS) User group has been formally constituted with member establishment levies set comprising a base rate plus a percentage based on the number of connections.

Following on the Essential Services Commission of SA (ESCOSA) to review Water Industry reform and the implications of the Water Industry Act 2012, The S&HLGA Council CEO group has been reviewing options for CWMS assets in light of:

- The risk factors and increasingly time and resource consuming compliance regime associated with this critical asset management.
- The opportunity for regional scale
- Continued investment interest from the private sector
- Adopting best practice and efficient operations

The CWMS User group became active in the latter part of the year, formally adopting Terms of Reference and meeting on 28 May and 20 June 2018

Regional Research Papers and Submissions

The following Papers and Submissions have been prepared on behalf of Member Councils during the course of the year:

- To the LGA on behalf of the S&HLGA region – submission on LGA Reform, Options for SA Councils
- To SAROC on behalf of the S&HLGA region – Abundant Bird Species Management
- To SAROC on behalf of the S&HLGA region – Mobile Food Vendor Regulations
- To The Office of Minister Leon Bignell on behalf of the sector – Regional Abattoir support
- LGA R&D application in partnership with Insurance Council of Australia for “What we Build, Where we Build” research grant
- S&HLGA Strategic GAROC/SAROC Direction and Discussion Paper
- To SA Health on behalf of S&HLGA Regional Public Health progress report for the period 2014 – 2016
- To EO Management Group - Ratings developments discussion paper

Task Force and Working Groups

The S&HLGA EO was a member of the following Task Force and Working Groups during the course of the year:

Committee	S&HLGA Executive Officer Role	Meeting Frequency	Comment
Regional Public Health	Secretarial/Administration	Every 2 months	ongoing
Resilient Hills & Coast - Climate change Adaptation	Committee member	Every 2 months	ongoing
Northern Freight Bypass	Chair	Every 2 months	Estimated 1st stage Project completion June 2018
Regional Economic Development Officers	Committee member	Every 2 months	ongoing
KI Eco Growth – Commissioner's Local Advisory Board	Chair	Every 2 months	2 year appointment due to complete September 2018
Regional EO Management Group	Committee member	Every 2 months	Precedes SAROC
S&HLGA CEO group	Secretarial/Administration	Every 3 months	Precedes S&HLGA Board
LGA Ratings Equity Steering Committee	Committee member	Ad hoc	Project completion June 2018
S&HLGA Roads Works Group	Secretarial/Administration	Ad hoc but at least 3 times per annum	ongoing
S&HLGA CWMS User Group	Secretarial/Administration	Every 2-3 months	ongoing

Workshops and seminars

The Executive officer represented the member Councils at various workshops and seminars during the course of the year:

- LGA Showcase / OGM
- LGA Conference / AGM
- Wallman Lawyers Property & Infrastructure Asset Management Forum –site contamination
- Kangaroo Island Business Expo
- LGA Governance Review workshops x 2
- Commissioner for Kangaroo Island Key Development Projects Forum
- Various Council presentations on S&HLGA Key Activities and Projects

- Australian Institute of Company Directors Economic Outlook forum
- SA Powernetworks future networks deep dive forum
- LGA Rate Capping Forum
- Coastal Alliance Forum
- State Public Health Plan review workshop
- S&HLGA Regional Community Energy Project Forum

SAROC

The South Australian Regional Organisation of Councils (SAROC) is a Committee of the LGA that focuses on key issues affecting country Councils.

The S&HLGA supports the Governance process by contributing to agenda items for SAROC meetings, the distribution of Key Outcomes Statements of meetings to S&HLGA Board meetings and collegiate support to prepare submissions on behalf of country Councils that included:

- Continuing lobbying and input into the ongoing review of the business plans, administrative fee and levy proposals of the Natural Resource Management Boards
- Continuing lobbying for a more balanced & nationally consistent approach to planning, regulation for rural and regional road safety & speed limits as well as advocating the return of appropriate Road funding for SA
- Lobbying and continuing the development of a balanced and consistent policy approach to Council sustainability, finances and rate revenue in the face of the call for a State Rate Capping policy and cost shifting policies such as e-planning portal contributions, hard waste levy, transfer of rate exempt community housing.
- Lobbying the State Government to change the regulations on Mobile Food vendors
- Working with the State Government on the management and control of abundant pest species particularly Little Corellas
- Lobbying State Government on contributions to Mobile Telecommunications black spot funding
- Developing and promoting the Regional Decentralisation and population growth strategies
- Working to develop a Coastal Council Alliance
- Member of the Regional Task Group to oversee the Ratings Equity Project
- Input into LGA Governance review

Rubble Royalties

The S&HLGA received top up funds from Rubble Royalties in 2016-2017. The S&HLGA has member Council Kangaroo Island as the sole contributor to this scheme. During the year funds were allocated to:

- Contribution to the Resilient Hills & Coast Climate Change Adaptation Project Officers 12 month contract extension
- Contribution to undertake LiDar Hazard Mapping project on KI
- Working with the State Government and the Regional EO group to review the impact of Rubble Royalties and seek their removal.

LGA Board

Deputy Mayor Jan – Claire Wisdom (Adelaide Hills Council) along with Mayor Keith Parkes (Alexandrina Council) have represented the Southern and Hills Region at the Local Government Association State Board meetings. District Council of Yankalilla Mayor, Glen Rowlands has acted as proxy delegate.

Resources

The continuation of the capacity building grant from the Local Government Research and Development Scheme and the new Outreach Grant has improved the capacity of the Executive Officer that has been applied across a range of Association activities during the year.

Part of the additional capacity has supported the administrative processes around the S&HLGA Roads Working Party and the applications to the Local Government Transport Advisory Panel, involvement with SAROC, the regional EO group, the regional working groups and various reports, submissions and forums throughout the year.

Mr Graeme Martin, Director of Grange Advisors Pty Ltd has provided Executive Officer services to the Association under a contract services agreement for the period 2017 - 2018.

Acronyms

AICD……..Australian Institute of Company Directors

AMLRNRM.....Adelaide and Mt Lofty Ranges Natural Resources Management Board

CEO.....Chief Executive Officer

CWMS.....Community Wastewater Management Systems

DEW….....Department of Environment and Water

EO……...Executive Officer

ESCOSA.....Essential Services Commission of South Australia

LGA.....Local Government Association

MDBA…….Murray Darling Basin Authority

MOU.....Memorandum of Understanding

NBN…….National Broadband Network

NRM.....Natural Resources Management

OLG……Office of Local Government

PIRSA…….Primary Industries & Regions SA

RDA.....Regional Development Australia

SAROC.....South Australian Regional Organisation of Councils

SEB…….Significant Environmental Benefits

S&HLGA.....Southern and Hills Local Government Association

SLRP.....Special Local Roads Program

Southern & Hills Local Government Association
Past Presidents and Secretaries / Executive Officers

Years	President	Council	Secretary / EO
2017 – 2018	Mayor Keith Parkes	Alexandrina Council	Graeme Martin
2016 - 2017	Mayor Bill Spragg	Adelaide Hills Council	Graeme Martin
2015 - 2016	Mayor Bill Spragg	Adelaide Hills Council	Graeme Martin
2014 - 2015	Mayor Bill Spragg [f] Mayor Ann Ferguson	Adelaide Hills Council DC Mount Barker	Graeme Martin
2013 - 2014	Mayor Ann Ferguson	DC Mount Barker	Graeme Martin
2012 - 2013	Mayor Ann Ferguson	DC Mount Barker	Graeme Martin
2011 - 2012	Mayor Ann Ferguson	DC Mount Barker	Fred Pedler [d] Graeme Martin [e]
2010 - 2011	Mayor Ann Ferguson [c] Mayor Brian Hurn OAM	DC Mount Barker The Barossa Council	Fred Pedler [b]
2009 - 2010	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler [b]
2008 - 2009	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler [b]
2007 - 2008	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler [b]
2006 - 2007	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler [b]
2005 - 2006	Mayor Brian Hurn OAM	The Barossa Council	Fred Pedler [b]
2004 - 2005	Mayor Kym McHugh	Alexandrina Council	Fred Pedler [b]
2003 - 2004	Mayor Kym McHugh	Alexandrina Council	Fred Pedler [b]
2002 - 2003	Mayor John Crompton [a]	City of Victor Harbor	Fred Pedler [b]
2001 - 2002	Mayor John Crompton	City of Victor Harbor	Fred Pedler [b]
1999 - 2000	Mayor Bernie Eglinton APM	DC Mt Barker	Fred Pedler [b]
1998 - 1999	Mayor Bernie Eglinton APM	DC Mt Barker	Dean Gollan
1997 - 1998	Mayor Janice Kelly	Kangaroo Island Council	Barry Hurst
1996 - 1997	Mayor Janice Kelly	Kangaroo Island Council	Barry Hurst
1995 - 1996	Mayor Anita Aspinall	DC Stirling	Peter Vlatko
1993 - 1994	Cr GR Mayfield	DC Yankalilla	Malcolm Davis
1991 - 1992	Mayor Val Ball	DC Strathalbyn	John Coombe
1989 - 1990	Cr Val Bonython	DC East Torrens	Eric March
1987 - 1988	Cr PD Secker	DC Mt Barker	Dean Gollan
1985 - 1986	Mayor Leon O'Driscoll	DC Strathalbyn	Vernon Cotton
1984 - 1985	Cr CA Phieffer	DC Onkaparinga	David Seaman
1982 - 1983	Cr Brian Pym	DC Mt Pleasant	Adrian Hamiester
1980 - 1981	Cr Roy Galpin	DC Port Elliot and Goolwa	Ron Wellington
1979	Mayor M Checker	DC Gumeracha	Malcolm Anderson
1978	Mayor M Checker	DC Gumeracha	John Grosvenor
1976 - 1977	Mayor A Davidson	DC Strathalbyn	Vernon Cotton
1975	Cr Ray Orr	DC Mt Barker	Reginald Walters
1974	Cr L Hughes	DC Meadows	Wally Richards
1969-1973	No minutes available		
30th July 1969	First Constitution for S&HLGA Adopted		

Attendance register maintained for annual and half yearly conferences from 1968 to 1990

[a] Until 12th May 2003 [b] Executive Officer [c] From February 2011 [d] To December 2011 [e] From January 2012

[f] From February 2015

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Constituent Councils	Adelaide Hills Council Alexandrina Council Kangaroo Island Council Mount Barker District Council City of Victor Harbor District Council of Yankalilla

S&HLGA KEY ACTION PLAN

2017 - 2018

Address:	13 Ringmer Dr. Burnside, South Australia 5066
Telephone:	0418 502 311
Email:	graeme@shlga.sa.gov.au
Web Site:	www.shlga.sa.gov.au

The Business Plan 2017 – 2021 has been prepared in accordance with Clause 18 of the Charter, and to comply with Clause 24 of Schedule 2 of the Local Government Act 1999, was adopted on 21 June 2013. The Business Plan should be read in conjunction with the Budget of each of the Financial Years covered by the plan. These provide the resources for the Plan.

An Annual Key Action Plan is prepared based on a framework of the Business Plan that incorporates the Key Issues identified by the Councils and the Executive Officer in various Board meetings and forums during the preceding period. The Key Action Plan is the framework for review and reporting against the Business Plan.

This report format will facilitate the reviews required by Clause 18.3 of the Charter to be conducted by the Board during the course of the year.

The Executive Officer will report to Ordinary Board meetings against the following criteria

1. To keep maintained the business office of the Association
2. To prepare the Business Plan, Budgets and reports in a timely manner
3. To liaise with Councils, and Stakeholders to foster the outcomes of the Business Plan
4. To attend all meetings of the Association, to prepare agendas, minutes and correspondence as required.

AND against recognised and documented success indicators.

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	**Item**	**Key Actions**	**Description**	**Role & Responsibility**	**Key Outputs & Outcomes**	
1. To provide leadership and advocacy for Member Councils on regional issues.	S&HLGA Board Meetings	Bi-Monthly Meetings to focus on Local Government issues that support Councils to achieve their Business Plan outcomes by: ☑ Meetings to include presentations, workshops and forums on Key Issues ☑ Respond as necessary to State and Federal Government Policies which impact on the region	To maintain a vibrant responsive format for the S&HLGA Board	*Leader*: Key issues are addressed and format of meetings constantly meet the needs of the Association's members.	Annual Board meeting program (date and location) developed and agreed Strategies that give priority to S&HLGA issues Feedback data on the meeting format, speakers Number of policy responses	1. 4/8/2017 OLG Financial Regulation discussion on EOFY account sign off 2. 28 Nov 2017 Meeting with Statoil re: Bight exploration plan
2. To promote & market the Southern & Hills Local Government Association	S&HLGA Website	☑ Ensure the new website is current and marketed appropriately ☑ Update the website as required and review	Maintain an informative, current and appealing S&HLGA website	*Leader*: EO responsibility	all licences and registrations are current and compliant Website has up to date & current information	1. Operations and Financial Policy loaded on the website Nov 2017 2. Website update to reflect changes in Officers Feb 2018

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	**Item**	**Key Actions**	**Description**	**Role & Responsibility**	**Key Outputs & Outcomes**	
	To provide sound financial management and manage resources effectively	☑ To prepare annual Budget and review as required ☑ Oversee Annual Audit ☑ Produce Annual Report	To manage the financial affairs within budget and to prepare reporting within the required timeframes. Business Plan objectives and actions are addressed.	*Leader*: EO responsibility	Budget is maintained and reports meet timelines. Audit completed by end of August 2017 Mid Year Budget review undertaken in Feb 2016 Annual Report published	1. 2017-2018 Budget adopted 23/06/2017 2. 2017-2018 Audit completed 07/08/17 3. 2016-2017 Annual Report adopted 01/09/2017
	Regular CEO's meetings	☑ Review the format and operation of the CEO's forum ☑ CEO's to inform EO of issues for each meeting	Aim to host a regular CEO meeting prior to the S&HLGA Board meetings with the objective of working through key issues in more depth for presentation to the Board.	*Facilitator /Initiator*	CEO meeting recommendations and feedback. Improved information flow to S&HLGA Board	1. CEO meetings convened to precede scheduled Board meetings

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	Item	Key Actions	Description	Role & Responsibility	Key Outputs & Outcomes	
	Strengthen interaction with State government and opposition MP's and all regional Stakeholders	☑ Meet regularly and as necessary with key MPs, ☑ Ensure each regional MP is invited to S&HLGA meetings ☑ Allocate key Stakeholders presentation spots at S&HLGA Board meetings	Management of key stakeholder relationships and regional MPs with the S&HLGA Board	*Facilitator /Initiator*	Key Stakeholder feedback and Board satisfaction	1. KI Business Expo 27/11/17 Minister Bignell (Tourism) 2. Regional Abattoir support letter to Minister Bignell/Robert Brokenshire MPMP 16/2/18 3.Meeting with Sam Duluk 25/5/18 to discuss Northern Rail Bypass Report 4.Meeting with new regional MPs 28 June
	Regional issues to be raised with LGA directly or through SAROC	☑ Attend SAROC meetings ☑ Attend LGA Forums and Meetings ☑ Develop SAROC and LGA reports as necessary	The S&HLGA EO will maintain regular attendance at SAROC and LGA meetings and events	*Advocate*	Regular SAROC attendance. Regular LGA Forums attended Number of issues raised with LGA / SAROC / Agencies Number of LGA/SAROC Task groups and Committees involved in Improved prominence of S&HLGA region & issues with LGA	1. LGA AGM Nov 2017 2. LGA OGM April 2018 1. Abundant Bird Species Report SAROC July 19 2017 2. Mobile Food Vendor Report SAROC May 16 2018 1. Rating developments paper produced for EO Management Group 06/09/2017 2. EO Appointed to Ratings development Work Group to review ratings options on exempt Power generators 1. LGA Governance review workshops 2/11/17, 22/11/17 2 Submission to LGA – Reform LG - Options for SA Councils 17/01/2018

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	**Item**	**Key Actions**	**Description**	**Role & Responsibility**	**Key Outputs & Outcomes**	
	New 4 Year Business Plan	Develop new S&HLGA 4 Year Business Plan 2017-2021	Develop the S&HLGA 2017-2021 new 4 year Business Plan in line with the requirements of the LG Act	*Owner/Custodian*	New Business Plan adopted by S&HLGA Board and accepted by the Minister	1. Draft 2017-2021 Business Plan presented to the Board 23/06/2017 2. 2017-2021 Business Plan adopted 01/09/2017

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	**Item**	**Key Actions**	**Description**	**Role & Responsibility**	**Key Outputs & Outcomes**	
3. To support sustainable economic, environmental ,& social development in the region	**Environment** S&HLGA regional Climate Change adaptation plan implementation NRM levy	☑ Liaise with the regions NRM's ☑ Continue actions in the S&HLGA regional Climate Change Adaptation report implementation program. ☑ Continue membership and attendance of the Regional Climate change Working Group ☑ Advocate extension of Climate Change implementation officer position ☑ Continue advocacy for the region in respect of NRM levy collections		*Strategic (Working Group member)* *Advocate* *Information provider*	Region better positioned to manage and adapt to Climate Change impacts. Project Officer position extended Regional position on NRM levy collection clarified and adopted. Region to have greater influence on expenditure.	1. S&HLGA in partnership with RH&C and Insurance Council of Australia LGAR&D application for What we build /where we build – climate resilient housing submitted 31/07/2017 2. LiDar project for KI RFQ Dec 2017 3. Coastal Management Project with Regional EO Nov 2017/Jan 2018 4. LGA Climate change workshop case study presentation 22 Feb 2018 1. Project officer funding secured and re-appointed for 12 months- July 2017

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	Item	Key Actions	Description	Role & Responsibility	Key Outputs & Outcomes	
	research Explore (with the LGA) research and /or pilot programs for the Region.	☑ Complete LGA R&D applications as necessary		*Advocate/Influence*	Successful Research or funding applications or projects facilitated in the region	1. Three applications submitted 31/07/2017 in which S&HLGA is the lead proponent or partner
	Public Health Complete all compliance requirements of the regional Health Plan in accordance with the State Public Health Plan	☑ Completed reporting and monitoring implementation aspect of the Regional Health Plan ☑ Maintain Working Group membership and provision of administrative services	Report progress of the S&HLGA Regional Public Health Plan	*Leader/Control*	Individual Council Action Plans monitored and evaluated through the S&HLGA PH Working Group	1. Support for Community Wellbeing Alliance and partner in LGA R&D application for funding for community based regional officers 2. Successful Community Wellbeing Alliance application
	Planning Regional Planning Reform	☑ Successful S&HLGA/RDA partnership rollout of the RDA/PIRSA funded Regionalisation project during 2017-18 (delayed from 2016-2017)	S&HLGA contribution to a review of Regional Planning policies with a view to regional harmonisation and response to the new Planning Development and Infrastructure Act	*Partner/Influence*	To obtain feedback of constituent Councils on whether they support a Regional DAP	

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	**Item**	**Key Actions**	**Description**	**Role & Responsibility**	**Key Outputs & Outcomes**	
	Regional Development Support the RDA in all regional economic issues and projects	☑ Regular meetings with the RDA ☑ Assist the RDA in reporting to the S&HLGA Board against the agreed KPIs ☑ Consider attending an RDA Shanghai/ Singapore outward bound mission	Continue to foster the relationship with the primary regional Economic Development agency	*Partner/Influence*	Improved economic outcomes for the region Stronger Regional RDA	1. RDA to take lead administration on the Hills Rail Re-alignment project. 2. meeting with new RDA Chair James Sexton 22/3/2018
4. To improve infrastructure to meet the region's needs	**Infrastructure** Partner with RDA and regional Economic Development Officers	☑ Development of the Regional Infrastructure Plan via membership of the Regional Economic Development Officers Forum	The constituent Councils Economic Development Officers in conjunction with the RDA & S&HLGA have created a Working Group to assess economic opportunities and develop a Regional Infrastructure priority list	*Partner/Influence*	Regional Priority Infrastructure Plan presented to the S&HLGA Board	1. Regional Eco Dev Officers meetings 17/8/17, 9/11/17, 14/3/18 2. Attendance Wallman Lawyers Property & Infrastructure Asset Management Forum – site contamination 21 Feb 2018

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	**Item**	**Key Actions**	**Description**	**Role & Responsibility**	**Key Outputs & Outcomes**	
	Telecommunication	☑ Liaise with the regional NBN co-ordinator ☑ Advocate to the LGA on regional Mobile issues	Monitor regional NBN rollout & continue to lobby for equitable access for the region for digital technology including Broadband upgrades and extended mobile telephone coverage	*Partner/Influence*	Completed Mobile Blackspot submissions and NBN requests Improved regional telecommunications	1. Discussions with Telstra State Manager at KI Eco Growth LAB meeting 14/09/2017
	Transport S&HLGA 2020 Regional Transport Plan	☑ Develop a new Roads database funding priority list ☑ Advocate and drive the key Freight and Public transport priorities of the Plan ☑ Apply to SLRP for Regional Funding	Continue to work with HDS and the S&HLGA Roads Works Party to evolve the S&HLGA 2020 Transport Plan	*Partner/Control*	Improved Road infrastructure in the region Successful annual SLRP funding and levy implementation Agreement and recognition by State Government of the key regional Freight Routes Agreement and recognition by State Government of the key regional Public Transport initiatives	1. South Coast Regional Freight Route Brochure designed July 2017 2. 2017-2018 SLRP applications successful. Grant Total $1,949,000 3. RWP strategy meeting 24/11/2017 4. 2018-2019 SLRP meeting 20/3/2018 5. RWP strategy meeting 18/5/2018

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	**Item**	**Key Actions**	**Description**	**Role & Responsibility**	**Key Outputs & Outcomes**	
	Northern Freight Bypass project	☑ EO to continue membership of the Northern Freight Bypass Committee ☑ Pass over administration role and seed LGA funding to the RDA ☑ Report to S&HLGA Board on progress	Partner with regional key Stakeholders to review the Northern Freight Bypass options	*Partner/Influence*	Comprehensive review and update of the 2010 GHD study Improved freight and Public Transport outcomes for the region	1. Targeted Tenders requested – July 2017 2. Tonkins appointed to conduct the review 11/09/2017 3. S&HLGA EO Appointed Chair of Hills Rail Re-alignment project steering committee. 4. Draft report May 2018.
	CWMS	☑ Liaise with Member Councils and key Stakeholders ☑ Seek funding by AMLR NRM for regional Water Based project.	In conjunction with experts in the field develop a plan for the regional CWMS reviewing options around critical mass and efficient operations as well as modelling future demand and supply	*Partner/Influence*	Sustainable regional CWMS Optimal CWMS strategy adopted for each member Council	1. Meeting CWMS user Group 28/5/2018

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	**Item**	**Key Actions**	**Description**	**Role & Responsibility**	**Key Outputs & Outcomes**	
	Rubble Royalties	☑ Liaise with LGA on this issue ☑ Invoice LGA as necessary ☑ Assess regional projects worthy of RR funding ☑ Work with other Regions to review and develop an optimal system for the LG sector	Manage the region's annual revenue and expenditure from the Rubble Royalty scheme	*Leader/Influence*	Regional projects advanced from RR funding	1. First Rubble Royalty for $11,513 received 31/08/2017 2, Rubble Royalty $56,105 received 2/3/2018
5. To strengthen the capacity of the Association to meet its service obligations.	LGA Grants	☑ Acquit and apply for the LGA Regional Capacity Building Grant ☑ Acquit and apply for LGA Outreach Grant	The Executive Officer to work with the Council CEO's, LGA and Key Stakeholders to explore identified opportunities to share resources that will build capacity in the region and its networks	*Advocate/Control*	LGA Regional Capacity Building Grant successfully applied for LGA Outreach Grant successfully applied for	1. July 2017 – LGA Regional 2016-2017 capacity grant acquitted and 2017-2018 Grant applied for. 2. 2017-2018 Capacity Grant for $39,777 received August 2017 3. July 2017 – LGA Outreach grant acquitted and 2017-2018 Grant applied for. 4. $55,000 Grant received August 2017
	Revenue & Membership	☑ S&HLGA Membership negotiations with Onkaparinga to continue	Continue to Review the membership base of the S&HLGA and explore the possibility of a Peri Urban Region or identify additional members	*Information Provider/Concern*		1. Meeting with Onkaparinga CEO 25 August 2017 2. LGA meeting re: future peri-urban option 15 March 2018 3. S&HLGA Strategic GAROC/SAROC direction discussion paper developed June 2018

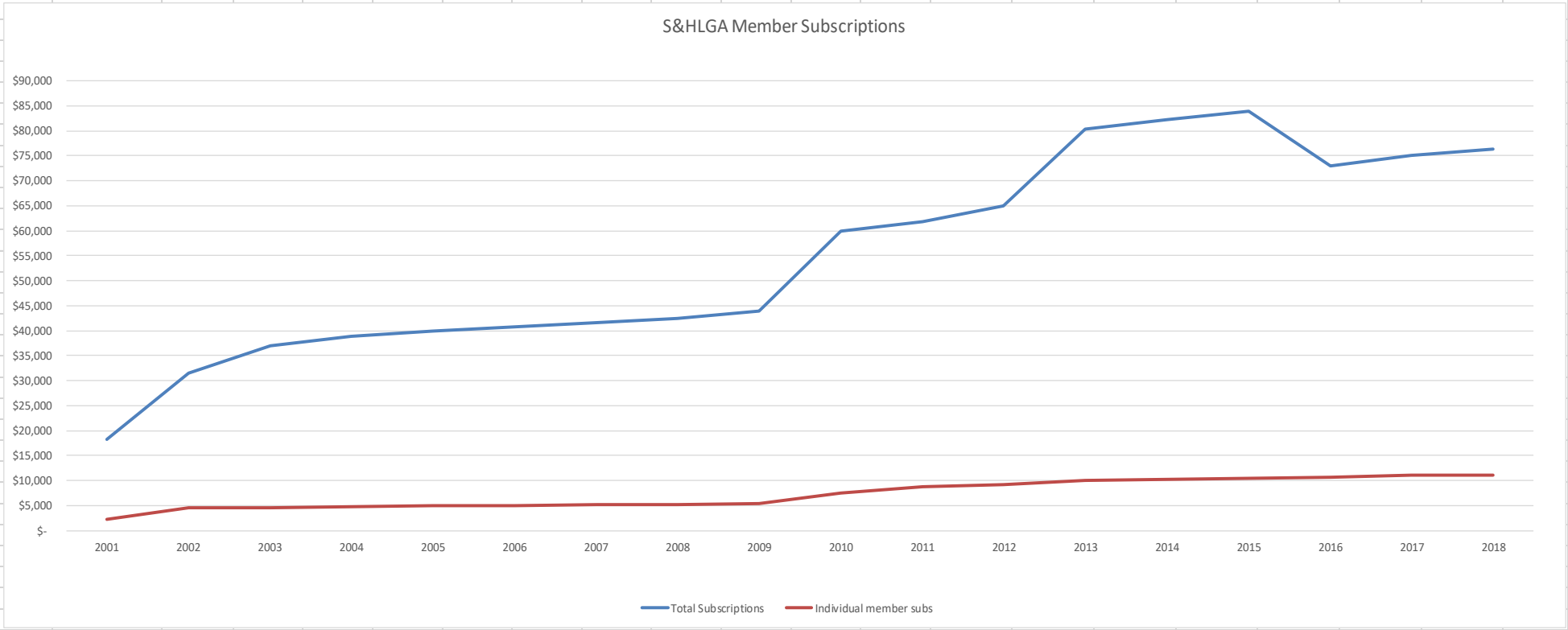
2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	**Item**	**Key Actions**	**Description**	**Role & Responsibility**	**Key Outputs & Outcomes**	
	Sustainability	☑ Benchmarking with Workshop participation and Progress and Outcome Reports to the Board ☑ Continued Project implementation & management with LKS Quaero of the Fleurieu Futures Project (FFP)	Benchmark and review the Long term financial sustainability of Councils including future growth trends, alternative revenue options and optimal size and boundaries FFP final report presented to the S&HLGA Board	*Information /influence*	Improved financial performance by member Councils	1. 4 x S&HLGA Councils signed up with LG professionals Benchmark study 1. FFP Common Purpose next steps workshop conducted for Sept 2017 2. Common Purpose workshop completed 12 Sept 2017 3. LKS/LGA meeting 19 March 2018
	Charter	Complete comprehensive review of the S&HLGA Charter	Review the Charter and benchmark /model against other Regional Organisations	*Owner/Custodian*	Charter reviewed and amendments adopted by the constituent Councils	1. Charter Review progress report presented to the S&HLGA Board Dec 2017
	State Government & opposition Policies	☑ Participate in SAROC/LGA task groups, reports and negotiations ☑ Keep the S&HLGA Board fully informed via EO reports	Partner LGA in efforts to progress action on Rate capping, NRM levy collection and Funding, Elected member and Council staff Training, Waste Levy freeze, Rate rebates for Community Housing and PD and Financial Assistance Grants indexing	*Partner/Concern*	State Government policies reflect the wishes of the region	

2013-2017 Business Plan	Action Plan 2017 - 2018					Achievements
Objective	**Item**	**Key Actions**	**Description**	**Role & Responsibility**	**Key Outputs & Outcomes**	
	Temporary Population impacts	☑ Participate and/or lead presentations, workshops and submissions	Lead the Region in action on a review of FAGs methodology to better incorporate temporary population impact	*Information /Concern*		

S&HLGA Membership Fee history

Financial Year ended	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Individual member subs	$ 2,275	$ 4,500	$ 4,635	$ 4,867	$ 5,000	$ 5,100	$ 5,200	$ 5,300	$ 5,500	$ 7,500	$ 8,829	$ 9,270	$ 10,000	$ 10,250	$ 10,500	$ 10,685	$ 11,000	$ 11,200
Total Subscriptions	$ 18,200	$ 31,500	$ 37,080	$ 38,936	$ 40,000	$ 40,800	$ 41,600	$ 42,400	$ 44,000	$ 60,000	$ 61,803	$ 64,890	$ 80,443	$ 82,172	$ 84,037	$ 72,995	$ 75,173	$ 76,373
$ Change from previous year		$13,300	$5,580	$1,856	$1,064	$800	$800	$800	$1,600	$16,000	$1,803	$3,087	$15,553	$1,729	$1,865	-$11,042	$2,178	$1,200
% Change from previous year		73.1%	17.7%	5.0%	2.7%	2.0%	2.0%	1.9%	3.8%	36.4%	3.0%	5.0%	24.0%	2.1%	2.3%	-13.1%	3.0%	1.6%

NB	8 members	2001-2010
	7 members	2011-2015
	6 members	2016



SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

FINANCIAL STATEMENTS

Statement of Comprehensive Income for the Year Ended 30th June 2018

	Notes	2018 $	2017 $
Income			
Subscriptions	1.8	75,173	72,995
Operating Grants		89,777	182,506
Investment Income	1.7	3,164	2,634
Other		90,280	21,736
Total Income	1.4	258,394	279,871
Expenditure			
Contractual Services	3	163,911	168,080
Finance Charges		3,482	3,326
Other		51,410	64,692
Total Expenditure		218,803	236,098
Surplus (Deficit) from Operations		**39,591**	**43,773**

The above Income Statement should be read in conjunction with the accompanying notes

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Balance Sheet as at 30th June 2018

	Notes	2018 $	2017 $
Current Assets			
Investments		126,959	97,928
Debtors		6,000	0
Total Current Assets		132,959	97,928
Current Liabilities			
Accounts Payable		60	4,620
Total Current Liabilities		60	4,620
Net Current Assets		132,899	93,308
Net Assets		**132,899**	**93,308**
Equity			
Accumulated Surplus		132,899	93,308
Total Equity		**132,899**	**93,308**

The above Balance Sheet should be read in conjunction with the accompanying notes

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Statement of Changes in Equity for the Year Ended 30th June 2018

	Notes	2018 $	2017 $
Accumulated Surplus			
Balance at beginning of period		93,308	49,535
Net Surplus / (Deficit)		39,591	43,773
Balance at end of period		132,899	93,308
Total Equity		**132,899**	**93,308**

The above Statement of Change in Equity should be read in conjunction with the accompanying notes

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Statement of Cash Flows for the Year Ended 30th June 2018

	Notes	2018 $	2017 $
Cash Flows from Operating Activities			
Receipts		280,753	304,961
Payments		(252,299)	(276,694)
GST Paid (received)		(2,587)	(2,570)
Interest Receipts		3,164	2,634
Net Cash Provided by (Used in) Operating Activities		29,031	28,331
Net increase/(decrease) in Cash Held		**29,031**	**28,331**
Cash at the beginning of the reporting period		**97,928**	**69,597**
Cash at the end of the reporting period		**126,959**	**97,928**

Reconciliation of Change in Net Assets to Cash from operating activities

	2018	2017
		$
Net Surplus	39,591	43,773
Add		
Net Decrease in Debtors	0	0
Less		
Net Decrease in Accounts Payable	(10,560)	(15,442)
Net Cash provided by Operating Activities	**29,031**	**28,331**

The above Statement of cash Flows should be read in conjunction with the accompanying notes

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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 Southern & Hills Local Government Association is a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. The Constituent Councils are the Adelaide Hills Council, Alexandrina Council, Kangaroo Island Council, Mt Barker District Council, City of Victor Harbor and District Council of Yankalilla.

All funds received and expended by the Association have been included in the financial statements forming part of this financial report.

1.2 Historical Cost Convention

Except where 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.

1.4 Rounding

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

1.5 Non Current Assets and Non Current Liabilities

The Association has no non current assets or non current liabilities.

1.6 Employees

The Association has no employees.

1.7 Investments

Investments are valued at cost. Interest revenues are recognised as they accrue.

1.8 Subscriptions

Clause 6 of the Charter of the Association prescribes that subscriptions (not levies) by Constituent Councils are equal.

Constituent Council Subscription 2018	$11,000
Constituent Council Subscription 2017	$10,685

1.9 Income recognition

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

1.10 Cash

For purposes of the statement of cash flows, cash includes cash deposits which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis.

1.11 New accounting standards for application in future periods

The Australian Accounting Standards Board has issued new and amended Accounting Standards and interpretations that have mandatory application dates for future periods. The organisation has assessed that it is not expected to be materially impacted by those changes.

2 Functions / Activities of the Association

2.1 Revenues and expenses have been attributed to the following functions / activities, descriptions of which are set out in Note 2.2.

2.2 The activities of the Association are categorised into the following broad functions:

Administration: The operation of the Office of the Association and its decision making forums.

Special projects: The research into and implementation of projects prescribed by Acts or regulations or approved by Board decision.

Transport and Communication: The review and implementation of the S&H 2020 Transport Plan.

Note 2.2 Functions / Activities of the Southern & Hills Local Government Association

Administration

Year	Revenue				Expenses		Surplus (Deficit)
	Grants	Other	Total Revenue	%	Expenses Total	%	
2018	39,777	78,338	118,115	45.7%	160,692	73.4%	(42,577)
2017	157,506	75,776	233,282	83.4%	160,053	67.7%	73,229

Projects

2018	50,000	70,789	120,789	46.8%	49,442	22.6%	71,347
2017	25,000	4,229	29,229	10.4%	73,787	31.3%	(44,558)

Transport and Communication

2018	0	19,490	19,490	7.5%	8,669	4.0%	10,821
2017	0	17,360	17,360	6.2%	2.258	1.0%	15,102

Year	Revenue				Expenses		Surplus (Deficit)
	Grants	Other	Total Revenue	%	Expenses Total	%	
Total							
2018	89,777	168,617	258,394	100.0%	218,803	100.0%	39,591
2017	182,506	97,365	279,871	100.0%	236,098	100.0%	43,773

3. Contractual Services

Contractual Services involve payments or liabilities for the external provision of services and include (net of GST):

		2018	2017
Consultants:	LKS Quaero	$12,682	$2,500
	Grange Advisors Pty Ltd	$142,560	$139,080
	HDS Australia Pty Ltd	$8,669	$1,500
	RDA H&C	$0	$25,000
	Totals	$163,911	$168,080

4. Comparison of Budget and Actual Results

	2018		2017	
	Budget $	Actual $	Budget $	Actual $
Revenue				
Administration	202,369	118,115	192,033	233,282
Projects	0	120,789	0	29,229
Transport and Communication	18,350	19,490	17,600	17,360
Total Revenue	220,719	258,394	209,633	279,871
Expenditure				
Administration	170,190	160,692	166,950	160,053
Projects	25,250	49,442	30,250	73,787
Transport and Communication	13,000	8,669	12,000	2,258
Total Expenditure	208,440	218,803	209,200	236,098
Surplus (Deficit)	12,279	39,591	433	43,773

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Southern & Hills Local Government Association 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 Association's financial position at 30 June 2018 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 Association's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Association's accounting and other records.

Dated 30th July 2018

Graeme Martin
EXECUTIVE OFFICER

Mayor Keith Parkes
PRESIDENT

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Southern & Hills Local Government Association for the year ended 30 June 2018, the Association's Auditor, HLB Mann Judd, 169 Fullarton Rd, Adelaide, 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*.

Dated 30th July 2018

Graeme Martin
EXECUTIVE OFFICER

Mayor Keith Parkes
PRESIDENT

HLB Mann Judd

Chartered Accountants

TO THE BOARD MEMBERS OF SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

STATEMENT OF AUDITORS INDEPENDENCE
ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 30 June 2018

I confirm that, for the audit of the financial statements of Southern & Hills Local Government Association for the year ended 30 June 2018, 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, 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.

HLB Mann Judd

HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants

Jon Colquhoun
Director

Adelaide, South Australia
25 August 2018

HLB Mann Judd

Chartered Accountants

Independent Auditor's Report
To the Members of Southern & Hills Local Government Association

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Southern & Hills Local Government Association ("the Association") which comprises the balance sheet as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the certification of financial statements.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Association as at 30 June 2018, and its financial performance and its cash flow for the year then ended in accordance with Australian Accounting Standards and the *Local Government Act SA 1999*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards and the *Local Government Act SA 1999*. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Management and the Board for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Board Member are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

HLB Mann Judd

HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants

Jon Colquhoun
Director

Adelaide, South Australia
25 August 2018