



Kangaroo Island Council

Annual Report 2020-21



ISSN: 1835-484X (Print)

ISSN: 1835-4858 (Online)

Table of Contents

Welcome	1
Island Profile	2
Message from the Mayor	3
Your Elected Members	4
Message from the CEO	5
Vision and Mission	6
Strategic Plan Overview	7
Section 1 - Strategic Outcomes	10
Infrastructure	10
Community	14
Economy	18
Environment	19
Organisation	20
Our Organisation	23
Section 2 – Governance	24
Section 3 – Finance	34
Finance Report	35
General Purpose Financial Statements	40
Appendices	
FRWA Annual Report	
Southern and Hills LGA Annual Report	

Welcome

Kangaroo Island Council presents the 2020-2021 Annual Report and Audited Financial Statements.

Section 1 of this Report highlights Council's performance as set by its Strategic Plan 2020-2024. The Strategic Plan is supported by the Annual Business Plan 2020-21 and aligns with the goals of the Infrastructure Asset Management Plans.

It presents a review of some of the works undertaken to achieve the strategic objectives as set out under our 5 key areas of Infrastructure, Community, Economy, Environment and Organisation.

Section 2 of this report reviews Governance matters.

Section 3 covers our Finance Report and the Audited Financial Statements.

In this reporting period Council has tracked well against the requirements of the Strategic Plan. Of the 32 strategic actions to be commenced or completed in 2020/21, 21 were on track (66%), 5 were on watch (15%) and 6 were completed (19%), with 2 completed ahead of schedule.

We sincerely thank the community, our Elected Members, and all key stakeholders as we continue to move forward with our recovery.

Michael Pengilly
Mayor

Greg Georgopoulos
Chief Executive Officer

Island Profile



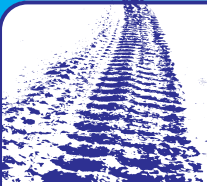
5,021

population



1,362

km of roads



81%

unsealed roads



4,405^{km²}

third largest island
in Australia



41%

population
aged over 55



1.14

people
per sq km

Fast Facts



25,737

library
borrowings



5,618

number of
rateable
properties



317

development
applications



\$1,241

average residential
rates levied



2,054

customer service
requests



12,222

email and fax
inquiries

Message from the Mayor



The financial year 2020/2021 has seen Council continue its focus on the recovery of our community from the 2019/2020 fires, particularly in relation to assisting those who have suffered grievous losses. We have done this through the Mayoral Bushfire Relief and Recovery Fund with assistance from the Administration, through a rates freeze and by request, through assistance to those facing hardship via the CEO's delegated authority.

We also continued our focus on bushfire mitigation with the funding of a study into how best to protect our townships. Following the plan that was presented, much clearance work has commenced and this work will be continued in the coming financial year.

The Council also pressed ahead with infrastructure improvements which included another section of Hickmans Road to a sealed stage, and a footpath program in towns to enable better pedestrian access. This program will be ongoing over the next few years in consultation with local communities via their progress associations.

The resignation of Councillor Walkom resulted in a by-election to fill two casual vacancies. Councillors Richard Cotterill and David Mephram were the successful candidates.

Covid-19 has placed enormous pressure on our tourism sector and international visitors disappeared, however a marketing campaign was very successful in increasing domestic visitation despite the lockdowns.

We all look to the reopening of our nation to the travelling public, including Islanders going on holiday as well. We have been very fortunate on Kangaroo Island in that largely, our lives have been far less affected than many communities. Well done Kangaroo Island.

Council's approach to "back to basics" has continued in an endeavour to look after the affairs of ratepayers in a well-managed way so they can pursue their Kangaroo Island lifestyle, where community is at the core.

Thank you to all Elected Members and staff for their ongoing commitment.

A handwritten signature in black ink that reads "Michael Pengilly". The signature is stylized, with a large, sweeping initial "M" and a long, horizontal stroke extending to the right.

Michael Pengilly
Mayor

Your Elected Members



Mayor Michael Pengilly
E michael.pengilly@kicouncil.sa.gov.au
M 0419 030 564

Committee Representative

- Audit & Risk Committee
- KI Mayoral Bushfire Relief & Recovery Fund Committee



Councillor Shirley Pledge
E shirley.pledge@kicouncil.sa.gov.au
M 0427 041 787

Committee Representative

- CEO Performance Management Committee
- KI Mayoral Bushfire Relief & Recovery Fund Committee



Deputy Mayor Bob Teasdale
E bob.teasdale@kicouncil.sa.gov.au
M 0448 635 009

Committee Representative

- Audit & Risk Committee
- CEO Performance Management Committee



Councillor Rosalie Chirgwin
E rosalie.chirgwin@kicouncil.sa.gov.au
M 0490 485 123



Councillor Peter Denholm
E peter.denholm@kicouncil.sa.gov.au
M 0412 543 534

Committee Representative

- Fleurieu Regional Waste Authority
- Council Assessment Panel



Councillor Peter Tiggemann
E peter.tiggemann@kicouncil.sa.gov.au
M 0400 558 659

Committee Representative

- CEO Performance Management Committee
- KI Mayoral Bushfire Relief & Recovery Fund Committee



Councillor Sam Mumford
E sam.mumford@kicouncil.sa.gov.au
M 0427 595 156

Committee Representative

- Audit & Risk Committee
- AGKI



Councillor David Mephram
E david.mephram@kicouncil.sa.gov.au
M 0410 629 035

Committee Representative

- Council Assessment Panel
- Penneshaw Community Business Centre



Councillor Ken Liu
E ken.liu@kicouncil.sa.gov.au
M 0428 322 005



Councillor Richard Cotterill
E Richard.cotterill@kicouncil.sa.gov.au
M 0497 332 227

Committee Representative

- CEO Performance Management Committee

*Cr Graham Walkom resigned from Council in December 2020.

Message from the CEO



While much of our energy during 2020/2021 has been focused on recovery from the bushfires and working within the constraints of Covid-19, Council managed to achieve a number of key objectives.

I am pleased to acknowledge our administration's committed delivery of a balanced but "back to basics" budget, as determined by the Elected Members.

During the reporting period, the 2020-2024 Strategic Plan was adopted by Council. This has provided a strong rudder that, together with the Infrastructure Asset Management Plans, has determined our priority actions for the year, including the setting of the 2021/2022 Budget and Annual Business Plan.

One of the key outcomes of the Strategic Plan was to complete an in-depth review of all Council services and staffing levels. This review revealed a number of issues and made recommendations for key actions to be undertaken to address those issues. One recommendation was to invest in systems technology to deliver administrative efficiencies and another was to recruit people into key vacant positions. As a result we hired a Community Engagement and Grants Manager, and have allowed for a Grants Officer in next year's budget, to help us deliver Council programs and services more effectively to the community. Further appointments will be made in the next financial year to improve service delivery.

Our Strategic Plan also called for the development and implementation of a corporate risk management plan to address and manage corporate risk. We hired a corporate risk officer and are well on the way to completing

a governance risk register. This project has been accomplished well ahead of its 2022 deadline.

We also introduced some robust practices structured around fire prevention in our townships, to protect township communities. The planning was completed and much of the clearing undertaken during the reporting period.

Our success in achieving two grants for our Township Upgrade Program of \$1M each from the State Government's Open Spaces Program, and the Federal Government's Building Better Regions Fund Drought Communities Program, saw Council hire a landscape architect to run the project – preparing designs and undertaking significant community consultation throughout the second half of the financial year. This project is aimed at promoting economic stimulus in the towns, and providing better places for our community to enjoy.

Council also received additional grant funding help augment our operating and capital costs.

I look forward to another year of accomplishments, working closely with the Mayor, the Elected Members, our staff, key stakeholders and the community.



Greg Georgopoulos
Chief Executive Officer



Vision

A confident and cohesive community supported to rebuild our unique Island environment, with a strengthening economy led by primary production and tourism.



Mission

To provide our community with leadership and support, and to deliver key council services efficiently and effectively.

Strategic Plan Overview

The 2020-2024 Strategic Plan was endorsed in September 2020 following extensive consultation with residents and ratepayers, Elected Members, key stakeholders and Council staff and can be accessed via www.kangarooisland.sa.gov.au The following pages report on strategic actions for the 2020/21 year.

Strategic Objectives

This Strategic Plan is built around five high level strategic objectives focused on the areas of **infrastructure**, **community**, **economy**, **environment**, and our **organisation**.

At all times we act in a manner that is courteous, transparent, accountable, efficient and reflects our values.

Strategic Outcomes

To know we are successful in meeting our strategic objectives, we need to deliver a range of outcomes relevant to our community and specific to our objectives. Each objective is underpinned by three or four key strategic outcomes. Aiming for these outcomes focuses our efforts.

Actions

To ensure we achieve these outcomes and can measure our performance against the Strategic Plan, we have developed a number of actions. The actions are designed to be specific and measurable and will direct the work we do in the period covered by this Plan. As such, they will shape our future Annual Business Plans. Council will ultimately be measured against our ability to achieve a high percentage of our stated Actions during the strategic plan period.

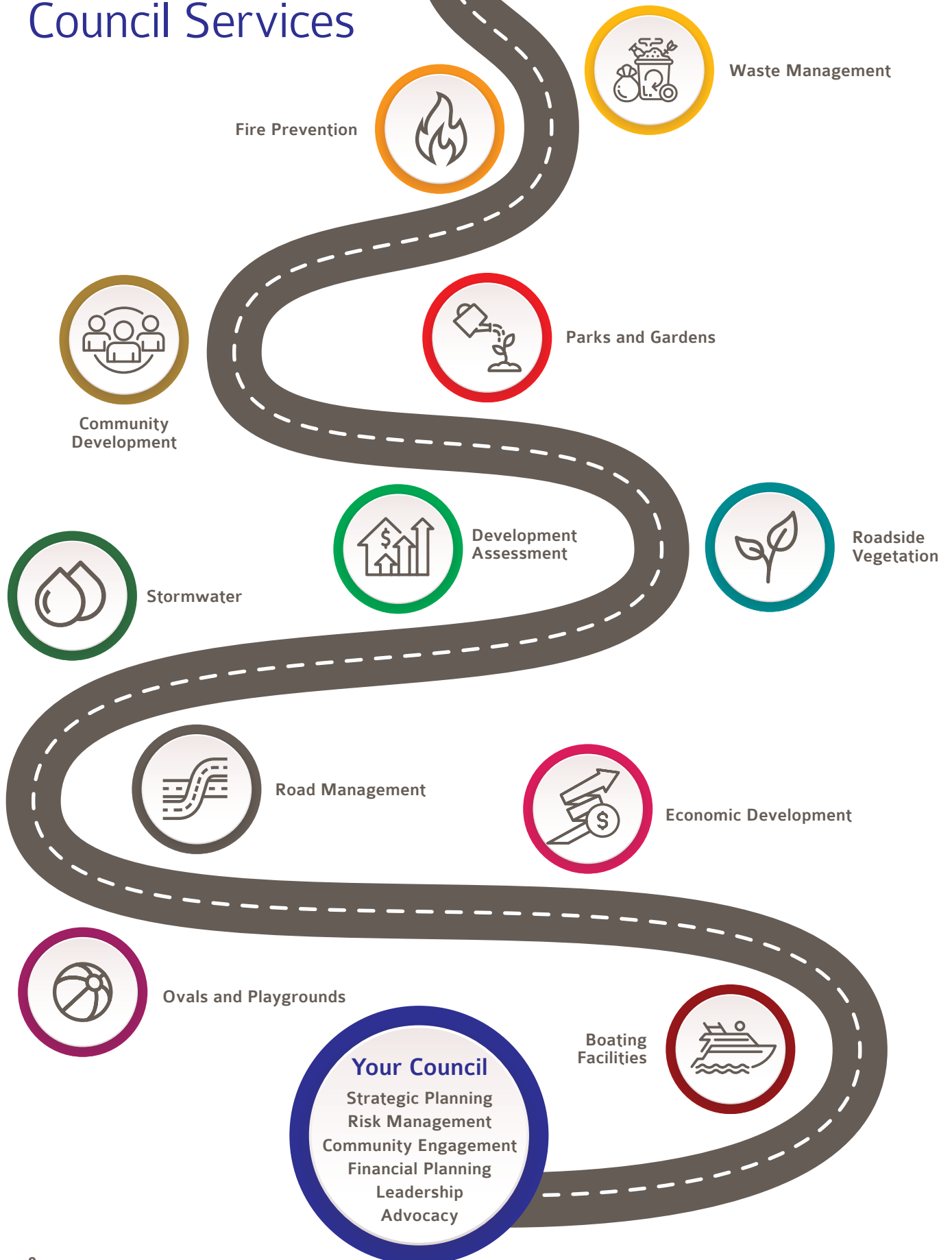
Recovery

Council's actions over the strategic plan period will be significantly impacted by our need to lead and support our challenged community in its recovery from the bushfires and Covid-19.

1	2	3	4	5
				
INFRASTRUCTURE	COMMUNITY	ECONOMY	ENVIRONMENT	ORGANISATION
A built environment focused on essential and Community services.	Communities and Individuals empowered to improve the quality of Island life.	Re-establish a strong and diverse economy.	Our environment is maintained, enhanced and protected.	Leadership to deliver positive social, financial and environmental outcomes.
RECOVERY				

1.1 Develop and maintain our roads and physical assets to acceptable standards.	2.1 Enhance community partnerships with Council.	3.1 Facilitate appropriate economic development by providing a supportive environment for local business.	4.1 Best practice waste management.	5.1 Community is supported in its recovery.
1.2 Optimise Island access opportunities and affordability.	2.2 Enrich community culture, health and well-being.	3.2 Optimise land use to grow the Island economy.	4.2 Proactively adapt to environment change.	5.2 Continuous improvement in strategic, financial, risk management and business planning processes.
1.3 Deliver a built environment that responds to community and business needs.	2.3 Improve Island liveability.	3.3 Collaborate with Government and other partners for better Island outcomes.	4.3 Statutory requirements are met for animal, land and vegetation management.	5.3 Good governance.
1.4 Advocate for improved essential services across the Island.			4.4 Support initiatives for a sustainable carbon neutral future.	5.4 Positive organisational culture.

Council Services



SECTION 1 - STRATEGIC OUTCOMES

// Infrastructure

Strategic outcome:

A built environment focused on essential and community services

1.1.1 Deliver the Infrastructure and Asset Management Plan 2019-28

Council managed and completed **private works** for the Department of Infrastructure, namely a shoulder sealing project from Cygnet River to Kingscote on the Playford Highway. The works were funded by the Federal Government and State Government under a Rural Roads Safety Package.



Shoulder reseals, Playford Highway, Kingscote

Airport runway lighting also received an upgrade with renewal works completed on the main electrical loop which supplies power to the runway lights. Connections and wiring were checked and upgraded within the circuit.

Kerbing upgrades continued on Investigator Avenue in Kingscote. This project continues Council's upgrades of township streets providing more sealed footpaths and formalised roadways.

New **footpaths** were installed along various streets in Penneshaw, Kingscote and Parndana. These upgrades are providing safer township streets with improved access for pedestrians.



Footpath construction Parndana 2020

Council staff completed the upgrade of **Hickmans Road** from an unsealed road to a sealed road between East West One Highway & East West Two Highway. This upgrade of approximately 5kms of road is the second to last stage of the major project of sealing the road between Parndana and the South Coast Road and is Federally funded through the Local Government Transport Authority's Special Local Roads Program. This funding is for roads of regional significance in the three primary priority categories of freight, tourism and community/social need.



Hickmans Road Stage 2

The following road renewals were undertaken this year as part of Council's **Road Maintenance Program**.

SEALED ROADS (BITUMEN RESEALING)	UNSEALED ROADS (RESHEETING)
Murray St (part)	Moore's Rd (part)
Addison St (part)	Willson River Rd (part)
Falie Ct	North West Tce
Warawee Rd	The Parade (part)
Nelcebe Ct	High St
Buick St	Second St
Hawthorn Ave (part)	First St
Kingscote Tce (part)	Cape Borda Rd (part)
Commercial St (part)	North Coast Rd (part)
South Coast Rd (part)	Red Banks Rd (part)
Birchmore Rd (part)	Turkey Lane
Seal Bay Rd (part)	

Much work was completed on the **Infrastructure Asset Management Plans** which detail information about community infrastructure assets with actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks. The Infrastructure Asset Management Plans link to Council's Long Term Financial Plan (LTFP) which considers a 10 year planning period. The following Infrastructure Asset Management Plans were adopted:

- Chapter 1 – General Statements
- Chapter 3 – Buildings and Complexes
- Chapter 4 – Community Wastewater Management System
- Chapter 7 – Recreation and Open Space
- Chapter 8 – Stormwater
- Chapter 9 – Transport

Council staff are still developing and working on the following plans:

- Chapter 2 – Airport
- Chapter 5 – Land
- Chapter 6 – Plant and Equipment

1.1.5 Review the 2005 Kingscote Community Wastewater Management System Extension Plan to prioritise the extension works

Two **Community Wastewater Management Systems** extensions were completed, one along Vivonne Avenue in Kingscote and one within the streets of Bates Way and William Walker Way at Penneshaw.

1.2.1 Develop an Airport Master Plan

The University of Adelaide was supported by Council to produce an **Economic Development Master Plan** for regional airports, using Kingscote Airport as a case study to demonstrate how regional councils can promote economic future-proofing for their airport activity hubs. This project received grant funding from the South Australian Local Government Association 2019-20 Research & Development Scheme. The report will be presented to Council in the 2021/22 financial year.

1.3.3 Make improvements to the streetscape character in the four main townships

Council secured \$1M in funding from each of the State and Federal governments (namely an Open Spaces grant and a Building Better Regions Fund – Drought Communities grant respectively) to fund stage one of the Town Centres Project. This project is aimed at promoting economic stimulus in the towns, and providing better places for our community to enjoy.

The first step involved Council hiring a landscape architect, who conducted a series of comprehensive community consultation sessions in the four main townships of Kingscote, American River, Penneshaw and

Parndana. Detailed designs were developed and all have been received well by the four communities.

As part of Council's renewed focus on maintaining tidy townships, a new ride on mower was purchased to help boost the team's productivity and improve the mowing outcome.

1.4.2 Collaborate with SA Water and other stakeholders to water-proof Kangaroo Island by completing all major components of the SA Water plan by 2023

One of the most significant projects for Kangaroo Island commenced following the awarding of State and Federal Government funding for a \$47.8 million project to improve **water security** for the residents and businesses of Kangaroo Island, and to support the Island's tourism and agriculture industries.

In addition to constructing a new desalination plant in Penneshaw, SA Water will lay approximately 50 kilometres of underground transfer pipeline between Penneshaw and Kingscote, and establish smaller reticulation mains which will connect into the existing Middle River-Kingscote system.

The new part of the network will have capacity to provide safe, reliable and affordable drinking water to more than 1,000 residents in Baudin Beach, Island Beach, Sapphire town and American River, who currently rely on private rainwater tanks or water carters for their drinking water supply.

SA Water conducted public consultations to advise on the project and ascertain community interest in connecting to the new water supply.



Public consultation, American River Hall, 2020

Landscape designs for Town Centre upgrades



Community

Strategic outcome:

Communities and individuals empowered to improve the quality of Island life

2.1.2 Collaborate with external funders and community groups to access external funds to improve or extend community assets or services

Council continued to work with external funders and community groups to secure funding, particularly post bushfire. The Western Districts Memorial Community Sports Club was destroyed in the Black Summer Bushfires, and in collaboration with Council, was able to secure substantial funding from the AFL towards the clubrooms rebuild.

Continuation of **bushfire recovery** work has also enabled, in partnership with Junction Community Centre, funding for the Junction-based Community Resilience Officer that is focused on developing volunteer capacity and community resilience.

The **Mayoral Bushfire Relief and Recovery Fund** saw over \$2,442M distributed during the financial year to those directly affected by the bushfires. The assessment work for this fund has been undertaken by Council at no cost to the Fund. Council also sat on the State

Emergency Relief Fund Committee to help determine the distribution of over \$9M to Kangaroo Island and Adelaide Hills communities.

In addition, many community groups, including progress associations have, with the support of Council, secured funding to upgrade and renew community assets such as town halls and park facilities.

In October Council supported the **Variety Bash** which came to Kangaroo Island for a day en route to Canberra. More than 300 entrants in 100 cars joined Variety's "KI to the Capital" event, raising nearly \$275,000 in total and distributing \$100,000 of that on Kangaroo Island. Recipients included the Stokes Bay Hall playground, the KI Calisthenics Club and Kangaroo Island Community Education for playground upgrades at all three campuses.

Mayor Pengilly and the Hon. Vickie Chapman



2.1.3 Create opportunities for a sustainable future for youth on the Island, including implementing a council work experience and training program

Two positions became available in **Customer Service** in the second half of 2020 and Council was pleased to be able to appoint two successful young candidates to the roles.



Emma Stapleton and Alex Bohorquez

Council is in the process of appointing 6 traineeship positions in the areas of finance, work health safety, customer service, parks and gardens and airport administration, and expects to have the positions filled in the first half of the new financial year.

We are also in discussions with **Kangaroo Island Community Education** (KICE) to look at formalising a relationship to support a work experience program and potentially a KICE/Council traineeship program.

2.1.4 Engage and partner with progress associations to deliver strategic outcomes for Council and communities

Council works with **progress associations** in all townships to assist them in realising strategic projects where these align with council priorities. Their members also assist with township clean ups, working side by side with Council staff and contributing significantly to the outcome.

Council **consulted** with the broader communities of Kingscote, American River, Penneshaw and Parndana on the Town Centres project where funds were secured from both State and Federal Governments through the Open Spaces grant program and the Building Better Regions Fund – Drought Communities. The aim of the Town Centres project is to revitalise the township economies and further develop liveable spaces that encourage business investment and community connection.

2.2.3 Support Arts Culture and heritage initiatives

Council continued to support RSL Kingscote with its **Remembrance Day** and **Anzac Day** ceremonies. Settlement Day was cancelled this year due to Covid-19.



Council was successful in winning a **Veterans SA Grant** to record the memories of the Island's returned soldiers. Working with the RSL, documentary filmmaker Daniel Clarke was engaged on the project to create the film, which comprises interviews with eight Kangaroo Island war veterans. The film will be launched in Kingscote on Remembrance Day 2021.



Des Johnston and Filmmaker Daniel Clarke

Despite the Covid-led drop in visitation through our Airport, one **art exhibition** of local artists was still mounted at the Airport during the reporting period. In fact due to the low movement of planes and passengers, the main Airport terminal could be utilised as the venue for the visiting **Australian String Quartet**, a highly successful event hosted by Artfeast.



Australian String Quartet

At the **Australia Day** ceremony at Hope Cottage, Mayor Pengilly announced the **2021 Citizen of the Year Award** winners with Madelyn Kelly winning Citizen of the Year. The Event of the Year was awarded to Kangaroo Island Racing Club's Sealink Kangaroo Island Cup Carnival, and the Parndana Show received a Special commendation. Project of the Year was awarded to the American River Hall Toilet Project initiated by the American River Progress Association's Jen Stevenson (deceased).



Mayor Pengilly and Citizen of the Year Award recipients

The **Mulberry Tree** at Reeves Point is a Local Heritage community asset that is highly valued by the Kangaroo Island Community. Acknowledging the significance of this historic site, Council, in conjunction with the Rare Fruit Society of SA, have taken cuttings to propagate this historic tree for future generations.

2.2.4 Develop a Disability Access and Inclusion Plan to meet the needs of the elderly and disabled

Under the *Disability Inclusion Act 2018 (SA)*, councils were required to have produced a Disability Access and Inclusion Plan by 31 October 2020. Whilst we did not meet this deadline, Council did undertake community consultation to guide preparation of the Plan. The consultation included a valuable focus group evening involving stakeholders, carers and people with lived experience of disability. They workshoped the priorities which have helped form our draft framework. Council's draft DAIP will be adopted in the first half of FY2021/22.

Through the Southern & Hills LGA Accessible Destinations Project, Council staff undertook Universal Design training, and each council area, including Kangaroo Island, experienced a public realm audit.

2.3.1 Identify fire prevention priorities for the protection and safety of our communities

Council funded a study of townships at risk of bushfire, awarding the work to planning consultancy Ten Rivers, specialists in bushfire management systems and plans. Council specifically sought a strategy for the Mitigation of Risk and Protection of Townships. While the four main townships were initially chosen, the scope was widened to include smaller settlements, in total, 13 settlements. A risk matrix was delivered to Council and preliminary works have been undertaken in several townships/settlements, requiring some high level early intervention. Further work is required in future years to develop a long term maintenance action plan for ongoing fuel reduction.

2.3.2 Implement processes, procedures and technology to help mitigate fire risk to Kangaroo Island townships

Kangaroo Island Council allocated funds to undertake meaningful fuel reduction across many townships and settlements. In excess of \$200,000 was spent on Council and contractor plant, clearing heavy fuel load and

providing strategic fire breaks. Council staff have also actively worked with the Department of Environment and Water and assisted in their Prescribed Burning program. Staff will continue to assist in their endeavours to create a mosaic of patch burns and fuel reduction.

As noted in the **State Bushfire Co-ordination Committee 2020-2021 Annual Report** pg 39*, Kangaroo Island still needs to fund further works to achieve risk reduction completion - especially in the human settlement protection treatments. However the report also indicates that key work has occurred in listing assets on the Bushfire Action Management Plan register.

2.3.3 Enhance the character, amenity, safety and accessibility of the built environment e.g. sporting facilities, parks, gardens, playgrounds, pools, toilets, boat ramps, trails, streetscapes etc, completing at least 2 significant projects annually

Council's footpath renewal program for Kingscote, Penneshaw and Parndana streets, including new concrete and brick paved footpaths, has had a big impact on pedestrian safety and township amenity in these three towns. Council administration is now preparing a 5 year footpath plan which will be presented to Council in the first half of the next financial year. Council has also approved 2 new toilets in Brownlow and Kingscote.



2.3.4 Support initiatives that improve township amenity

Council has implemented a new monthly works request system, for the progress associations of each township. They submit to Council each month with works within their towns that they would like actioned.



Economy

Strategic outcome:

Re-establish a strong and diverse economy

3.1.3 Develop a Council endorsed Prospectus that identifies the fundamental strategic investment priorities for the Island.

A Prospectus was drafted covering 10 critical areas for development and was circulated to state and federal government ministers as required after the bushfires. Many of the projects in the draft Prospectus received funding during the reporting period. These included the Airport hub, fireproofing Kangaroo Island, waterproofing Kangaroo Island, and public realm investment in main street development. Other projects where discussions have commenced, or grants applications been submitted include Kingscote wharf and marina precinct redevelopment, road network redevelopment, accommodation, the sea route connection, telecommunication and the development of a Kangaroo Island plan. The draft Prospectus will be updated, finalised and adopted in the second half of the next financial year.

3.2.3 Provide assistance to those rebuilding from fire affected areas

Development Applications for replacement dwellings, sheds and other structures lost in the 2019/20 bushfires were treated as high priority and dealt with immediately. Development assessment fees were waived for all bushfire affected re-developments totalling \$28,984 for the current financial year.

Council worked with the Minderoo Foundation and SA Housing Authority who jointly provided 38 temporary accommodation pods to assist those whose homes had been destroyed. Whilst the pods were basic, they provided a much welcomed short term solution to help people get re-established on their land.

In the reporting period, 82 bushfire related development applications were approved, (including the 38 Minderoo Pods).

The Development Services team also provided support to the Bushfire Recovery Centre at Parndana to assist with enquiries for re-building.

3.2.4 Review underutilised land and assets and explore opportunities

Upgrade of the Community Land Management Plan data sheets is ongoing and will continue into the next financial year. As directed by Council, the administration reviewed a number of boundary realignment opportunities and potential land sales to lead to better community outcomes.

3.3.1 Engage in formal dialogue with State Government agencies to develop a co-ordinated approach to a more economic delivery of government services on the Island.

In March 2021, Kangaroo Island, and all other Phase 3 councils in South Australia, transitioned across to the new Planning and Design Code under the PDI Act 2016. Learning the new legislation and learning how to navigate the new online SA Planning Portal created a considerable additional workload for our Planning and Development Services team. However, the pressure was eased as the team from Planning SA leaned in to assist Kangaroo Island Council through the transition period. The Planning and Development Services team was grateful for their support.



Environment

Strategic outcome:

Our environment is maintained, enhanced and protected

4.2.2 Develop the response plan for severe weather events and implement

Following the endorsement of Council's Incident Operations Manual in February 2021, appropriate training was provided to staff, and a Council Ready Action Plan completed.

The Kangaroo Island Council Emergency Management Plan was also developed during the reporting period. It brings to life Council's Emergency Management Policy, providing clearly defined actions with responsibility and resources allocated to disaster risk reduction, incident operations and recovery. The Plan is expected to be endorsed in the first quarter of the new financial year.

Emergency Management Plans for Council's key infrastructure assets have also been developed and will be finalised and presented for adoption in the new financial year.

4.3.2 Review and revise Council's Roadside Vegetation Management Plan

Note: This strategic action is not proceeding as Council is now required to use the National Vegetation Council Guidelines.

Council staff submitted the Kangaroo Island Council Roadside Vegetation Control Plan 2018/19 to the Native Vegetation Council (NVC) for endorsement. NVC issued their primary document, The Guidelines for the Management of Roadside Native Vegetation and Regrowth Vegetation - July 2019, amended September 2020. Council staff and contractors are able to work with the provisions of this document in compliant treatment of roadside vegetation.



Clearance of swer lines

In response to planning in this area was the clearance of a considerable amount of vegetation from beneath powerlines for fire prevention. These are significant firebreaks which will allow CFS and the Department of Environment and Water a line of defence in a running fire.

Green Industries SA funded a major clean-up of 400km of Council and State roads to ensure safety from affected trees and other vegetation. Numerous stumps posed a threat to vehicles and were removed by machines that grind the stumps to below road shoulder level.

4.4.4 – Develop a Council tree planting program

The tree planting program has begun with Council's landscape architect investigating what trees are suitable. A plan will be finalised next financial year that augments the environmental design elements of Council's Town Centres project for each township.



Clearing of burnt tree stumps from road side

Organisation

Strategic outcome:

Leadership to deliver positive social, financial and environmental outcomes

5.1.1 Work closely with State Recovery Office and local Recovery Coordinator to deliver timely and effective completion of the Recovery Plan

Council staff participated in the recovery process and were active in assisting state agencies in their work in the recovery activities. Council staff continue to assist the Department of Environment and Water and other agencies in the removal of Tasmanian Blue Gum wildlings, which have become a real problem for the Island since the fires. They are also continuing to assist in the vital prescribed burning work of large tracts of unmanaged vegetation.

Council is actively involved in the quarterly Recovery Committee meetings to enact the key deliverables from the Recovery Plan.

5.1.2 Support community and emergency services and collaborate to build preparedness and resilience.

Kangaroo Island Council continues to support local emergency agencies with participation in incidents and through regular contact via the Kangaroo Island Emergency Services Operations Group (KIESOG). Council is also a member of the Kangaroo Island Bushfire Management Committee (KIBMC), and is engaged at a regional level through membership of the Southern & Hills Zone Emergency Management Committee (ZEMC).

Council has finalised an Incident Operations Manual and an Emergency Management Plan (Business Continuity Plan). These documents complement the Emergency Management Policy and provide direction in the event of Fire, Storm, Flood, Earthquake, Animal & Plant disease and Pandemic.



Council has also adopted the Local Government Association Council Ready Program which clarifies the role of local government in recovery. The program includes a Local Government Recovery Toolkit to support councils in their recovery planning and action when they find themselves needing to support their communities following an emergency. It aims to provide guidance and resources with all aspects of recovery planning and operations.

5.2.1 Complete an in-depth review of all Council services and staffing levels – prioritise and weight for need, effectiveness and efficiency in provision

Council commissioned BDO Industrial and Organisational Psychology to evaluate the necessity and level of Council services being offered. Consultation with Elected Members, staff and community stakeholders took place in February and March of 2021.

The scope of the project was broadly defined as follows i.e. to accurately document:

- the current functional services and associated levels of service provided across Council
- resources allocated to maintaining current services and service levels
- the degree of alignment between council services, levels of service and the Kangaroo Island 2020-2024 Strategic Plan and Kangaroo Island 2020-2021 Business Plan, and to benchmark findings against similar local government entities.

The review demonstrated that Kangaroo Island Council undertakes an extensive range of functions, despite being a small council with limited resources and revenue sources. While the 'business' of running a council professionally and sustainably is a challenge for all councils across the State due to rising resident and ratepayer expectations, static or declining rate revenues, and escalating costs, the situation is compounded in rural communities and is further exacerbated on Kangaroo Island by idiosyncrasies such as it being an island, high tourism demands, the impact of bushfires and travel restrictions brought about by Covid-19. Given these pressures, trying to find a pathway forward that is acceptable to most residents and their elected representatives, while satisfying legislative demands, is challenging.

A number of conclusions and recommendations were presented as food for thought. Two key recommendations were: to fill key staff vacancies to ensure sound management and governance and, to invest in systems/technology - or partnerships with other councils - to deliver administrative efficiencies. These will be investigated and actioned as a priority.

5.2.2 Refine Long Term Financial Management Plan and financial sustainability ratios (as recommended by the Audit and Risk Committee)

Under the Local Government Act 1999, a Council must review its Long-Term Financial Plan as soon as practicable after adopting an Annual Business Plan for a particular financial year. This strategic action was completed during the period. Council worked with BRM Advisory to develop a long term financial modelling tool, tailored to meet the needs of the Kangaroo Island Council. The Long Term Financial Plan was presented to the March 2021 Audit and Risk Committee and adopted in June 2021. It provided important guidelines for the 2021-2022 Annual Budget, particularly around our investment in upgraded, renewed and new infrastructure, and the level of borrowings. This is reviewed annually and will be next reviewed at the end of the second quarter FY2022.

5.2.3 Develop and implement a risk management plan to address and manage corporate risk.

This strategic action was completed during the period. Previous to this, Council did not have a Corporate Risk Register. The Corporate Services team worked closely with Local Government Risk Services and the Elected Members to identify and document key corporate risks. This is a living document and is undergoing further development. Development of the Register included several sessions of Elected Member training. The Register identifies key corporate risks, rated from low risk through to extreme risk.

The next stage of this program is to undertake further training to determine Council's risk appetite and formalise reporting formats and Risk Treatment Action Plans.

Previously Council conducted Internal Controls through Deloitte's Internal Control System. These have not been conducted during the reporting period but will be reintroduced next financial year.

5.3 Good Governance

Our two strategic actions under Good Governance were both met including transparent CEO performance reviews where 4 Section 41 CEO performance review meetings were conducted.

5.4 Positive Organisational Culture

In order to deliver on our positive organisational culture outcomes and actions, Council's Executive Leadership Team (ELT) and Elected Members needed to achieve some key deliverables. The first was completing the Service Delivery review (5.2.12) and working through the Review's recommendations.

Second was settling the EBA. The EBA was not finalised during the reporting period and remains a key deliverable prior to making significant progress in the development of a stronger culture.

We also needed to fill key vacancies across the organisation and align the directorates with the Strategic Plan outcomes and actions. The appointment of a Director of Works and Infrastructure, a Finance Manager and a Community Engagement and Grants Manager were key outstanding positions - all three were filled during the second half of the reporting period. More key positions remain to be filled but attracting qualified professionals is difficult due to the island's remoteness, access barriers and lack of rental accommodation. This unfortunately, has been an impediment to Council in delivering Strategic Plan actions 5.4.1 through to 5.4.4. As a result the ELT has been reviewing Council's attraction and retention strategies to help address this significant issue.

Until we can deal with the above issues, we cannot effectively deliver on strategic actions 5.4.1 – 5.4.4. What we have done, is communicate regularly with staff through monthly staff meetings, engage with the Workplace Consultative Committee and Work Health Safety Committee and we continue to work on our internal human resource policies and procedures.

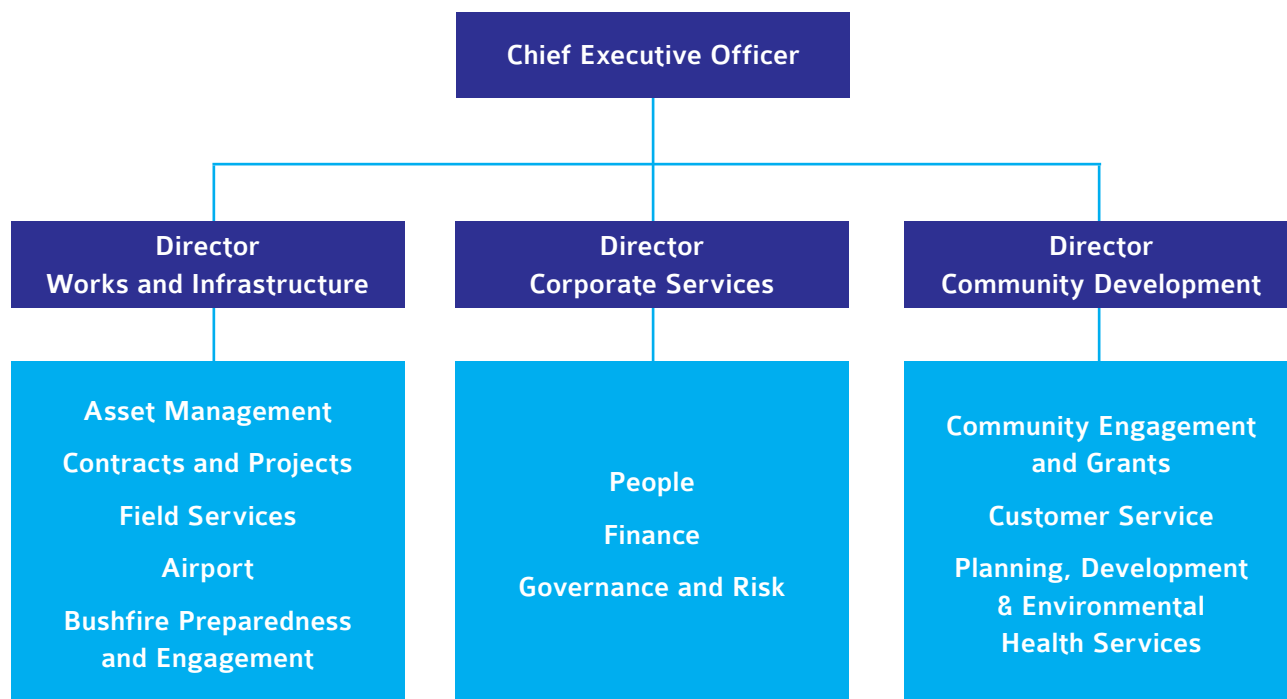
We are committed to achieving improvements in this area.

Staff Training

The following human resource management and development programs were conducted during the reporting period.

- i-Responda - Bushfire
- i-Responda - Bushfire - Plant
- i-Responda - Essentials
- Lifeline Accidental Counsellor training
- Mental Health First Aid
- First Aid
- Aerodrome Reporting and Works Safety Officer Recurrence Training
- Council Delegations Training
- Freedom of Information Refresher training
- LGA Procurement Training - Procurement Essentials
- Authorised Persons Association training – control orders, nuisance assessment, attending Court, compliance, Dog and Cat Management Act
- Public Library training
- Council Leadership workshop
- PDI Act training
- Local Government Act Reforms training

Our Organisation



Leadership

Council's new Organisational Structure saw some key leadership changes during this reporting period.

The Executive Leadership Team comprises the Chief Executive Officer and three directors.

The directorates are Corporate Services, Works and Infrastructure, and Community Development.

Executive Leadership team

- Chief Executive Officer, Greg Georgopoulos
- Director Corporate Services, Nicki Putland
- Director Community Development, Pat Austin
- Director Works and Infrastructure, Paul Simpson (appointed 30 November 2020)

Council Leadership Team

- Yarran Iversen, Asset Services Technical Officer
- Kerry Fricke, Acting Head of Finance (resigned March 2021)
- Brett Freeland, Finance Manager (appointed April 2021)
- John Fernandez, Bushfire Preparedness and Engagement Manager
- Aaron Wilksch, Development and Environmental Services Manager (resigned February 2021)
- Catherine Jamieson, Senior Customer Service Officer

SECTION 2

Governance

Kangaroo Island Council delivers a wide range of services to its constituents. The Mayor and Elected Members give voice to the community, acting as the democratic link between the community and Council administration – the administration being the provider of services to the community. All major policy decisions are made by the Elected Member body who annually delegate the day-to-day running of the Council to the administration, through the CEO. The job of the administration is to act on decisions made by Council in respect to policies and priorities.

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 and the Penneshaw Community Business Centre, between 9:00am and 5:00pm.

Meetings are generally held in the Council Chambers, 43 Dauncey Street, Kingscote.

Public forum

The public is encouraged to attend all Ordinary Meetings of Council where formal provision is made for Petitions, Deputations and Questions from the Gallery. The public is also welcome to attend Informal Gatherings. *(Note – Local Government Reforms introduced in June 2021 will be rolled out progressively over the next 12 months. One of those changes involves the change of name from Informal Gatherings to Information/Briefing Sessions).*

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.

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 (meeting times, agenda with reports, attachments and minutes) can be accessed on Council's website www.kicouncil.sa.gov.au and can be viewed in hard copy at Customer Service. Section 41 meetings are open to the public except when Section 90(2) of the *Local Government Act 1999* applies.

Section 41 Committees

During 2020/21 Council convened the following Section 41 committee meetings

COMMITTEE	MEETINGS HELD
Audit & Risk Committee	5
KI Mayoral Bushfire Relief & Recovery Fund Committee	11
CEO Performance Review Committee	4

Council Representation on Various Committees

Council is also represented on a number of other committees including regional subsidiaries, the Council Assessment Panel and the 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.

Regional Subsidiaries

Council is a member of 2 regional subsidiaries established under Section 43 of the Local Government Act.

COMMITTEE

Southern & Hills LGA (Executive & General meetings)
Fleurieu Regional Waste Authority

Development Act

COMMITTEE

Council Assessment Panel
Building Fire Safety Committee

Internal Operational Committees

COMMITTEE

Airport Safety
Airport Security
Kangaroo Island Airport Emergency Committee
Workplace Consultative Committee
Workplace Health and Safety Committee

External Committees / Boards

COMMITTEE

Community Centres Working Group
KI Bushfire Management Committee
KI Community Housing
KI Emergency Services Operational Advisory Group
KI Health Advisory Council
KI Landscapes Board
Local Government Association Board
Penneshaw Community Business Centre
Regional Development Australia
Southern & Hills LGA Roads Working Party
STARCLUB
Tourism Optimisation Management Model
Zone Emergency Management Committee
Resilient Hills & Coasts
Kangaroo Island Tourism Alliance Board

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 C224:2020 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 C224:2020, "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 2020 for 12 months were:

Mayor	\$37,353.60 (\$41,504 -10% voluntary deduction)
Deputy Mayor	\$12,970.00
Councillor	\$10,376.00

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 Pengilly	\$8,658.63
Cr Mumford	\$426.00
Cr Walkom	\$3,698.00
Cr Pledge	\$0
Cr Teasdale	\$10,300.66
Cr Denholm	\$10,046.31
Cr Liu	\$0
Cr Tiggemann	\$0
Cr Chirgwin	\$0
Cr Cotterill	\$436.33
Cr Mephram	\$436.33
GRAND TOTAL	\$33,576.26

In addition, the Section 41 Audit Committee Chair, Mr Greg Connor received \$10,958.96 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 2020-21 financial year.

COUNCILLOR	DATE	TRAINING
Mayor Michael Pengilly	14/08/2020	LGRS Corporate Risk Training
	27/08/20	Elected Member Allowance & Benefit Policy overview
	24/09/20	Conflict of Interest, Media Matters & Allowances and Benefits
	10/06/21	Conflict of Interest and Confidentiality provisions at Meetings
Peter Denholm	14/08/2020	LGRS Corporate Risk Training
	27/08/20	Elected Member Allowance & Benefit Policy overview
	24/09/20	Conflict of Interest, Media Matters & Allowances and Benefits
	10/06/21	Conflict of Interest and Confidentiality provisions at Meetings
Ken Liu	14/08/2020	LGRS Corporate Risk Training
	27/08/20	Elected Member Allowance & Benefit Policy overview
	24/09/20	Conflict of Interest, Media Matters & Allowances and Benefits
	10/06/21	Conflict of Interest and Confidentiality provisions at Meetings
Shirley Pledge	14/08/2020	LGRS Corporate Risk Training
	27/08/20	Elected Member Allowance & Benefit Policy overview
	24/09/20	Conflict of Interest, Media Matters & Allowances and Benefits
	10/06/21	Conflict of Interest and Confidentiality provisions at Meetings
Sam Mumford	14/08/2020	LGRS Corporate Risk Training
	27/08/20	Elected Member Allowance & Benefit Policy overview
	24/09/20	Conflict of Interest, Media Matters & Allowances and Benefits
	10/06/21	Conflict of Interest and Confidentiality provisions at Meetings
Bob Teasdale	14/08/2020	LGRS Corporate Risk Training
	27/08/20	Elected Member Allowance & Benefit Policy overview
	24/09/20	Conflict of Interest, Media Matters & Allowances and Benefits
	10/06/21	Conflict of Interest and Confidentiality provisions at Meetings
Graham Walkom (resigned December 2020)	14/08/2020	LGRS Corporate Risk Training
	27/08/20	Elected Member Allowance & Benefit Policy overview
	24/09/20	Conflict of Interest, Media Matters & Allowances and Benefits
Rosalie Chirgwin	14/08/2020	LGRS Corporate Risk Training
	10/06/21	Conflict of Interest and Confidentiality provisions at Meetings
	10/06/21	Managing and declaring conflict of interests - one-on-one
Peter Tiggemann	14/08/2020	LGRS Corporate Risk Training
	27/08/20	Elected Member Allowance & Benefit Policy overview
	24/09/20	Conflict of Interest, Media Matters & Allowances and Benefits
	10/06/21	Conflict of Interest and Confidentiality provisions at Meetings
Richard Cotterill	23/24 - March	LGA Elected Member Mandatory Training 4 Modules
	10/06/21	Conflict of Interest and Confidentiality provisions at Meetings
David Mepham	23/24 - March	LGA Elected Member Mandatory Training 4 Modules
	10/06/21	Conflict of Interest and Confidentiality provisions at Meetings

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 2020-21, provisions of the *Local Government Act 1999* section 90(2) were utilised 29 times.

The date, subject of item and grounds upon which Council determined to exclude the public from the meeting, are outlined in below the table. Grounds on which the public can be excluded from the meeting include:

- a** Personal affairs
- b** Commercial advantage
- c** Trade secret
- d** Commercial information (not a trade secret)
- e** Security / safety
- f** Maintenance of law
- g** Breach of law
- h** Legal advice
- i** Litigation
- j** Minister of the Crown
- k** Tenders for supply of goods or services
- l** Amendment to Development Plan
- m** Freedom of Information Act 1991.

MEETING DATE	LG ACT SECTION	ITEM DETAILS
14-Jul-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 19/06/20
14-Jul-20	90(3)(a)	Geoff Rischbieth 'Granny Stirlings' offer for Land Acquisition associated with Hog Bay Hotel Car Parking
14-Jul-20	90(3)(a)	Cr Liu - Outstanding payment from former CEO
14-Jul-20	90(3)(a)	Cr Liu - Question without Notice update on Minute C201:2020 Apology to Mr Postle and offer of assistance
11-Aug-20	90(3)(a)	CEO Performance Review Final Report
11-Aug-20	90(3)(a)	CEO Performance Review Committee Meeting Minutes 22/07/20
11-Aug-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 24 July 2020
11-Aug-20	90(3)(a)	Development Matter Update - Unauthorised Development
8-Sep-20	90(3)(a)	KIMBRRF Committee Minutes 28/08/20
8-Sep-20	90(3)(b)	EOI process for the potential lease, sale or disposal of the Gateway Centre, 43 Howard Drive, Part Lot 71, Penneshaw
8-Sep-20	90(3)(h)	Solar Panels - Penneshaw Progress Association
8-Sep-20	90(3)(b)	Cr Walkom - Question on notice - Consultant costs
13-Oct-20	90(3)(a)	General Business - Staff Matters update - Verbal
23-Oct-20	90(3)(d)	Recommissioning of Kingscote Wharf Facility Proposal
10-Nov-20	90(3)(a)	KIMBRRF Committee Minutes 13-10-20
10-Nov-20	90(3)(b)	Asset condition assessments of boating facilities

MEETING DATE	LG ACT SECTION	ITEM DETAILS
10-Nov-20	90(3)(a)	KIMBRRF Committee Minutes 23-10-20
10-Nov-20	90(3)(b)	Land acquisition - 8 Osmond Street, Kingscote
24-Nov-20	90(3)(h)	Penneshaw Progress Association Solar Panels
8-Dec-20	90(3)(a)	In-confidence correspondence for information (including tabled documents)
8-Dec-20	90(3)(a)	Citizen of the Year Awards
9-Feb-21	90(3)(b)	Possible Land acquisition - land north and east of racecourse - Certificate of Title 5630/223 comprising Piece 111 and 112.
9-Feb-21	90(3)(a)	In-confidence discussion in relation to item 14.3
9-Mar-21	90(3)(b)	Council's Bushfire Recovery - Form 1 Claim
13-Apr-21	90(3)(h)	Christmas Cove Marina - Mr Batt & Mr Coppins Underleases and Marina Rules
11-May-21	90(3)(a)	Sapphire town Illegal Developments
11-May-21	90(3)(a)	Capital Works Delivery
8-Jun-21	90(3)(a)	Business Arising from Minutes 11 May 2021
8-Jun-21	90(3)(h)	Christmas Cove Boat Launching Facility: Underleases & Christmas Cove Boat Launching Facilities Rules – Confidential

Forty confidential items were revoked, none expired and none ceased to apply during the financial year with 81 items still remaining in confidence, detailed in the table below.

MEETING DATE	LG ACT SECTION	ITEM DETAILS
31-Aug-12	90(3)(a)	Ombudsman's Draft Report
12-Mar-14	90(3)(a)	Rates Outstanding 3+ Years (excluding Council decision)
14-Mar-14	90(3)(a)	Employee Update
13-Aug-14	90(3)(a)	Staff Exit Interview Report
14-Apr-15	90(3)(a)	Soldier Memorial Gates
12-May-15	90(3)(a)	Request for rates refund / waiver
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
9-May-17	90(3)(a)	Code of Conduct 2017/01
12-Jun-18	90(3)(a)	Debt Management - Section 181-184 of LGA
12-Jun-18	90(3)(a)	Outstanding Rates
22-Jan-19	90(3)(a)	Business Arising from In-confidence Minutes 17/01/19
17-Jan-19	90(3)(a) (h)	Legal Advice
12-Feb-19	90(3)(a)	Legal Advice
19-Feb-19	90(3)(a)	Legal Advice
9-Apr-19	90(3)(d)	Request to purchase Council land - Lot 4 Baudin Beach
20-Mar-19	90(3)(d)	Strategic Development Opportunity
14-May-19	90(3)(d)	Sale of land for non-payment of rates
18-Jun-19	90(3)(a)	CEO Selection Panel
10-Sep-19	90(3)(a)	WHS Matter
10-Aug-19	90(3)(a)	Land Acquisition Matter
10-Aug-19	90(3)(h)	Emu Bay Boat Ramp Variations
12-Nov-19	90(3)(b)	Sale of Land - Emu Bay, Adam Street Properties
10-Dec-19	90(3)(b)	Land Acquisition - KI Race Course Car Parking Land
10-Mar-20	90(3)(a)	Unauthorised Developments - Commencement of Legal Enforcement Proceedings Environment in the Resources and Development Court

MEETING DATE	LG ACT SECTION	ITEM DETAILS
10-Mar-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 07/02/20
10-Mar-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 19/02/20
10-Mar-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 28/02/20
10-Mar-20	90(3)(d)(i&ii)	KI Shellfish Rescind Motion
10-Mar-20	90(3)(h)	Pennshaw Solar Project
14-Apr-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 13 March 2020
14-Apr-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 20 March 2020
14-Apr-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 27 March 2020
14-Apr-20	90(3)(a)	Cr K Liu - Unauthorised Developments - Commencement of Legal Enforcement Proceedings Environment in the Resources and Development Court
14-Apr-20	90(3)(d)(i&ii)	Late Report - REX Open Letter to Local Councils
12-May-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Meeting 17/04/20
12-May-20	90(3)(h)	KI Mayoral Bushfire Relief & Recovery Fund Meeting 30/04/20
17-Apr-20	90(3)(d)(i&ii)	Rex Proposal For a New or Amended Agreement
11-Feb-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 30/01/20
9-Jun-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 15/05/20
9-Jun-20	90(3)(a)	KI Mayoral Bushfire Relief & Recover Fund Committee Special Meeting Minutes 29/05/20
9-Jun-20	90(3)(a)	CEO Performance Review Committee Minutes 20/05/20
9-Jun-20	90(3)(a)	CEO Performance Committee Special Minutes 27/05/20
9-Jun-20	90(3)(b)	EOI process for the potential lease, sale or disposal of the former VIC building at Penneshaw
9-Jun-20	90(3)(b)	Emu Bay Boat Ramp Land Sale
9-Jun-20	90(3)(a)	Finance Committee In-confidence Minutes - 28 May 2020
9-Jun-20	90(3)(j)	Ombudsman Final Report matter 2011/07898
9-Jun-20	90(3)(d)	Bushfire Consultant Update
14-Jul-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Meeting 19/06/20
14-Jul-20	90(3)(a)	Geoff Rischbieth 'Granny Stirlings' offer for Land Acquisition associated with Hog Bay Hotel Car Parking
14-Jul-20	90(3)(a)	Cr Liu - Outstanding payment from former CEO
14-Jul-20	90(3)(a)	Cr Liu - Question without Notice update on Minute C201:2020 Apology to Mr Postle and offer of assistance
11-Aug-20	90(3)(a)	CEO Performance Review Final Report
11-Aug-20	90(3)(a)	CEO Performance Review Committee Meeting Minutes 22/07/20
11-Aug-20	90(3)(a)	KI Mayoral Bushfire Relief & Recovery Fund Committee Minutes 24 July 2020
11-Aug-20	90(3)(a)	Development Matter Update - Unauthorised Development
8-Sep-20	90(3)(a)	KIMBRRF Committee Minutes 28/08/20
8-Sep-20	90(3)(b)	EOI process for the potential lease, sale or disposal of the Gateway Centre, 43 Howard Drive, Part Lot 71, Penneshaw
8-Sep-20	90(3)(h)	Solar Panels - Penneshaw Progress Association
8-Sep-20	90(3)(b)	Cr Walkom - Question on notice - Consultant costs
13-Oct-20	90(3)(a)	General Business - Staff Matters update - Verbal
23-Oct-20	90(3)(d)	Recommissioning of Kingscote Wharf Facility Proposal
10-Nov-20	90(3)(a)	KIMBRRF Committee Minutes 13-10-20
10-Nov-20	90(3)(b)	Asset condition assessments of boating facilities
10-Nov-20	90(3)(a)	KIMBRRF Committee Minutes 23-10-20

MEETING DATE	LG ACT SECTION	ITEM DETAILS
10-Nov-20	90(3)(b)	Land acquisition - 8 Osmond Street, Kingscote
24-Nov-20	90(3)(h)	Penneshaw Progress Association Solar Panels
8-Dec-20	90(3)(a)	In-confidence correspondence for information (including tabled documents)
8-Dec-20	90(3)(a)	Citizen of the Year Awards
9-Feb-21	90(3)(b)	Possible Land acquisition - land north and east of racecourse - Certificate of Title 5630/223 comprising Piece 111 and 112.
9-Feb-21	2020-21	In-confidence discussion in relation to item 14.3
9-Mar-21	90(3)(b)	Council's Bushfire Recovery - Form 1 Claim
13-Apr-21	90(3)(h)	Christmas Cove Marina - Mr Batt & Mr Coppins Underleases and Marina Rules
11-May-21	90(3)(a)	Sapphiretown Illegal Developments
11-May-21	90(3)(a)	Capital Works Delivery
8-Jun-21	90(3)(a)	Business Arising from Minutes 11 May 2021
8-Jun-21	90(3)(h)	Christmas Cove Boat Launching Facility: Underleases & Christmas Cove Boat Launching Facilities Rules – Confidential
22-Jul-21	90(3)(a)	Young Achiever of the Year Awards
22-Jul-21	90(3)(b)	Cr Peter Tiggemann - Question on Notice - DIT Project / Playford Highway - Shoulder Sealing Project
5-Aug-21	90(3)(a)	CEO Performance Review Committee

Procurement and Competitive Tender

The Council has an endorsed Procurement Policy (incorporating Contracts and Tenders) which commits to delivering cost-effective services to our Community while supporting local businesses where possible. Tenders are assessed across a range of criteria, appropriate for the works / 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 2020/21 no complaints were received with regard to Competitive Neutrality.

List of Registers and Codes required to be kept

Register of Elected Members' Interests and Staff

Register of Elected Members' Allowances and Benefits

Register of Salaries and Allowances (Staff)

Register of Departmental Heads and Interests

Schedule of Fees and Charges

Register of Community Land

Register of Public Roads

Register of By-Laws

Register of Gifts (Council Members and Staff)

Campaign Donations Return Register

Other Council Registers

Register of Registered Cats
Register of Registered Dogs
Register of Campaign Donation Returns
Register of Confidential Items
Register of Development Approvals
Register of Council Delegations

By-Laws

The *Local Government Act* 1999 enables Council to set their own By-Laws, which, after Council's initial approval are published in the SA Government Gazette before they can be officially enforced by authorised officers of Council.

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

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, Local Government Governance Panel, Ombudsman, and potentially 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 August 2018.

A similar Code of Conduct, applicable to Council Employees, was revoked by Legislation and replaced with 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 (Gifts and Benefits) Policy
Complaints Against Council Employees Policy
Code of Conduct for Elected Members Policy
Code of Conduct for Elected Members (Gifts and Benefits)
Code of Conduct for Elected Members Procedure
Council Assessment Panel Code of Conduct

Codes of Practice and Guidelines

Access to Council and Committee Meetings and Documents
Code of Practice for Meeting Procedures
Code of Practice for Access to Meetings and Documents
Caretaker Guidelines (2018)
Caretaker Policy (Election)
Election Signage Guidelines (2018)

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:

Annual Report
Annual Business Plan
Annual Financial Statements
Infrastructure Asset Management Plans
Environmental Management Plan
Business Continuity Plan
Community Lands Management Plan
Council and Committee Agendas and Minutes
Council Budget
Council Assessment Panel Agendas and Minutes
Infrastructure Management Plan
Long Term Financial Plan
Policies and Procedures
Schedule of Fees and Charges
Strategic 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 8 requests for information from 1 July 2020 to 30 June 2021.

NEW APPLICATIONS	8
Applications brought forward from previous year	0
Access granted in full	1
Access granted in part or the majority	6
Access refused	1
Transferred	0
Closed/withdrawn	0
Undetermined at 30 June 2021	0
Internal review – decision confirmed	1
Internal review – decision varied	0

Time Limits

An application will be dealt with by an accredited Freedom of Information 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 were no Internal Review of Council Decisions requests for the period governed by this Annual Report.

Council Representation Quota Review

The *Local Government Act 1999* requires a Council to undertake a 'Representation review' at regular intervals determined by the Minister for Local Government.

An elector representation review gives councils and their community the opportunity to examine the options available for the composition of Council and consider whether the current composition is adequate, or whether a change will provide ratepayers with increased representation and input into Council decision making.

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 came into effect at the first sitting of the new Council in November 2018. It was determined that:

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

The next representation review for Kangaroo Island Council will be in the period of April 2024 – April 2025.

Community Land

The last major review and update of the Community Land Register (the Register) including community land management plan data sheets was completed and approved by the Minister in June 2016.

The *Kangaroo Island Council - Council Lands Management Plan* is available on Council's website www.kangarooisland.sa.gov.au or at 43 Dauncey St, Kingscote. This document is in the process of a current staged review to ensure it is up to date with respect to legislative requirements, current and anticipated management strategies and identified uses of the land.

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



SECTION 3

Finance Report 2020-21 year

Council's 2020-21 Annual Financial Statements were formally adopted by Elected Members on 14 December 2021.

Council's financial accounts for the 2020-21 financial year (FY2021) are represented fairly, in all material respects, and Council's financial performance for the year ended in accordance with accepted accounting standards and legislative requirements.

This reporting period reflects a net surplus of \$3.285M. This is another positive overall result for Council, a decrease of \$0.931M on last year. The FY2021 results detail a \$732K operating surplus.

There are a number of influences in the Statement of Comprehensive Income which have brought about this result.

Following the December 2019 and January 2020 bushfires, the South Australian Valuer General applied a **property revaluation** to all properties on Kangaroo Island, with a cumulative devaluation of properties to the value of \$302 million. For the FY2021 the Valuer General has applied an 18% average reduction on each rateable property on Kangaroo Island. However, for those properties directly affected by bushfires in the summer of 2020 a property revaluation was immediately undertaken, which resulted in a lowering of the capital values that was backdated to December 2019. In FY2021 **General Rates** were held consistent with the previous year with a small increase in total income from \$10.409M to \$10.460M.

Grants decreased by \$0.524M in FY2021 to \$4.239M, down from \$4.763M in FY2020.

This result reflects both a decrease in the overall value of grants in FY2021, and the impact of changes in methodology in the reporting of grant income since FY2019. Income from capital and other specific purpose grants previously recognised on receipt is now recognised over time as performance obligations are met, (where these obligations are sufficiently specific and rise from enforceable contracts), and a liability is recognised for unspent monies.

Council saw an increase in private works undertaken during the financial year. These are reported as **Reimbursements** and increased from \$811K in FY2020 to \$4.980M in FY2021. The most significant change in reimbursements was for private works undertaken as a result of the January 2020 bushfires, this was activity that had not been undertaken in the previous financial years.

User Charges decreased by \$237K in FY2021 down from \$981K in FY2020 to \$744K. This includes among other items, a decrease in aerodrome fees by \$249K and reduced Property Rental and Hall and Equipment hire by \$13K year on year. When considering the results across the previous two financial years, it is plain to see the effects of the 2020 summer bushfires and COVID-19 on Council's fee for service operations. Restrictions to travel by both sea and air and hire of council facilities, (campgrounds experienced an increase in fees of \$43K) and built infrastructure have been significantly impacted.

In FY2021, the \$20.75M Council received over financial years 2017, 2018 and 2019 for the Kangaroo Island Airport redevelopment continues to be recorded as **Income Received in Advance**. This is in line with Council's Accounting Policy and the three funding agreements - South Australian State Government (\$10.25M), Commonwealth's National Stronger Regions Fund (\$9.0M) and Commonwealth Development Grants Program (\$1.5M), where receipt of the funding is to be recognised over a 20 year period.

For FY2021 Council recognised \$2M of the airport funding as **Amounts Received Specifically for New or Upgraded Assets**, as well as \$1.298M from the Roads to Recovery Program and Local Roads and Community Infrastructure Program Funding. The total of Amounts Received Specifically for New or Upgraded Assets was \$4.647M.

Expenses

Total expenses for FY2021 are \$20,703M an increase of \$3.088M compared with the previous year. Increases in costs are attributable to **other materials, contracts and expenses** where costs were up by \$1.647M in FY2021 and **employee costs** were up by \$89K in FY2021 when compared with FY2020. The **depreciation, amortization and impairment** costs increased by \$179K in FY2021. **Finance costs** decreased from \$467K in FY2020 to \$247K in FY2021.

The 'Black Summer' bushfires, exacerbated by drought, resulted in Council continuing to incur substantial unbudgeted costs, with \$246K of material contract and other expenses attributed to supporting emergency services and undertaking repairs to fire damaged infrastructure. This was down from \$1.266M in the FY2020. Council has sought to recover costs from insurance and grants where possible.

The increase in **depreciation** by \$179K from FY2020, is largely attributable to the revaluation of our road transport assets and a realignment of our building and structures, community wastewater system, stormwater and road transport infrastructure asset management plans.

Council moved from a surplus position of \$185K in FY2019 to a deficit position in FY2020 and back to a small surplus \$739K in FY2021. Council has been able to find some savings and efficiencies to meet Elected Member and community expectations related to bushfires and COVID measures – these costs have come on top of, and parallel to Council's 'Business as Usual' operations.

The FY2021 **audit fees** were \$28K. This represented **Galpins'** second year of their three year independent audit engagement. Galpins Accountants, Auditors and Business Consultants were appointed as the Kangaroo Island Council's External Audit Services provider for a three year period (1 July 2019 to 30 June 2022), with the right of renewal for a further two years (1 July 2022 to 30 June 2024). Galpins are responsible for the audit of Council's financial statements, grant acquittals and audit of internal controls.

Revenue Sources

During FY2021 Council continued to rely heavily on rates (49% of revenue, compared to 60% last year) and total grants (20%, compared to 27% last year) as its prime revenue sources. Favorably, reimbursements for private works have become another significant revenue source (23% compared to 5% in FY2020) however, the loss in equity accounted business from FRWA, \$1.477M in FY2021 significantly impacted the total income.

Expenditure

Further challenges to Council's long term financial planning are the year to year variations in operational expenditure with materials, contracts and other expenses increasing by \$1.656M or 22% year on year.

Borrowings / Debt Management

In FY2021 Council continued to borrow funds for the development of key infrastructure assets for the community, including road upgrades and Community Waste Water Management System (CWMS) assets. Council used the borrowings as a means of allocating costs to ratepayers and consumers over the useful life of the assets.

Outstanding borrowings as at 30 June 2021 are \$8.761M, a decrease of \$3.335 in borrowings from \$12.096M the previous year. Council elected to have no new borrowing in FY2021.

Financial Indicators

Council continues to monitor and report performance against the three key financial indicators that have been generally adopted by Councils across South Australia as a guide to their financial performance. (See note 15 in the Financial Statements).

OPERATING SURPLUS RATIO	Expresses the operating surplus as a percentage of the total operating revenue.
NET FINANCIAL LIABILITIES RATIO	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.
ASSET RENEWAL FUNDING RATIO	Measuring capital expenditure on renewal or replacement of existing assets relative to the optimal level proposed in Council's Infrastructure and Asset Management Plans. It excludes new capital expenditure on the acquisition of additional assets.

Table 1: Financial Indicators

	2016/17	2017/18	2018/19	2019/20	2020/21
Operating Income	\$15,845	\$15,081	\$17,864	\$17,287	\$21,435
Operating Surplus /Deficit('000)	-\$1,143	-\$1,346	\$185	-\$328	\$732
Operating Surplus Ratio	-7%	-9%	1%	-1%	3%
Net Financial Liabilities ('000)	\$13,494	\$14,880	\$14,880	\$26,022	\$20,860
Net Financial Liability Ratio	91%	99%	99%	148%	97%
Asset Sustainability, /Renewal Ratio	47%	155%	155%	76%	76%

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.

In FY2020 the bushfires had a significant impact on expenditure for Council which resulted in a negative **operating surplus ratio**. The extent of that bushfire expenditure was significantly reduced in FY2021. Further, a \$405K insurance claim related to bushfire costs incurred by Council has been recognised as income in FY2021 as the claims are settled.

New accounting standards in relation to lease liabilities and amounts received in advance commenced July 2019 which results in these figures now being included in this ratio where previously they weren't. This resulted in a higher **Net Financial Liabilities Ratio** in FY2020, a lower actual ratio 97% has been achieved in FY2021.

The **new lease standards** – AASB 16, effective 1 January 2019, have brought significant changes to the way councils report leases. The previous accounting treatment for a lessee under AASB 117 was based on the classification of a lease agreement either as a finance or an operating lease. A finance lease was a lease that transferred substantially all the risks and rewards of ownership to the lessee. An operating lease was a lease that did not transfer substantially all risks and rewards incidental to ownership. Under AASB 117, operating leases were not recorded in the Statement of Financial Position and did not form a part of the financial liabilities used to calculate this ratio.

Under the new standard AASB 16, leases eliminate the distinction between operating and finance leases. The accounting treatment is based on the 'right-of-use' of an asset rather than 'risks and rewards' incidental to the ownership. The new standard requires councils to recognise right-of-use assets and lease liabilities in the Statement of Financial Position related to current lease agreements and is also a change from 2019 in the methodology of calculating the **net financial liability ratio**.

In FY2021 Council continued renewal of its Asset Management Plans. The required renewal expenditure is included in the **Asset Renewal Ratio** calculations. Previously Council used the depreciation figure for this calculation which resulted in a higher ratio.

Rates

All land within the Council area, except for land specifically exempt, 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 rateable 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 number of properties in the Kangaroo Island Council area has remained relatively constant with 6,067 in FY2021 compared with 6,049 in FY2020 and 5,995 in FY2019.

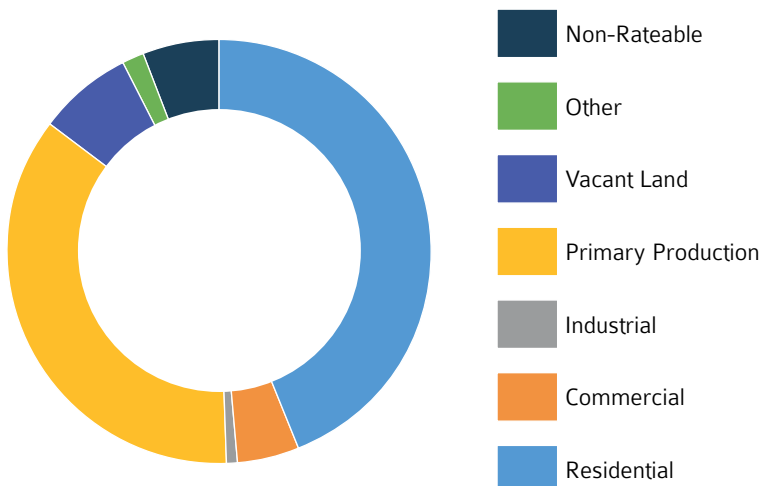
Valuation by Rating Category 2020-21

RATING CATEGORY	VALUATION BY CATEGORY
00 - Non-Rateable	45,310,224
01 - Residential	604,840,660
02 - Commercial Shop	17,096,316
03 - Commercial Office	2,382,762
04 - Commercial Other	46,206,237
05 - Industrial	3,034,500
06 - Industrial Other	6,077,000
07 - Primary Production	494,945,753
08 - Vacant Land	99,308,000
09 - Other	20,621,908
10 - Marinas	-
11 - Council / Non Rateable	34,557,820
TOTAL	1,374,381,180

The capital value of properties on Kangaroo Island in FY2021 reduced to \$1.374BN, down from \$1.678BN in FY2020.

Average General Rates for a Residential property on Kangaroo Island for FY2021 were \$1,242 and FY2020 \$1,245 respectively. Average General Rates for a Primary Production property on Kangaroo Island in FY2021 were \$1,695 down from an average of \$1,740 in FY2020, this change resulted from a reduction in valuation of primary production land - \$494,945,753 in FY2021 down from \$627,865,491 in 2020.

Council offer both Mandatory and Discretionary Rebates. The payment of these rebates are 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 FY2021 totalled \$103K and can be seen in Note 2 of the financial statements, in FY2020 it was \$95K and in FY2022 rebates are expected to be \$91K. 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 2021-22 (From 2021-22 Annual Business Plan)

Significant Influences and Priorities

CPI – set at Dec 2020 quarter: CPI rate (0.95 %)

Catastrophic bushfires consumed the western districts of Kangaroo Island from late December 2019 to late January 2020. The bushfires came off the back of a prolonged drought and in turn were followed by the global pandemic COVID-19. The extraordinary impacts of these crises present Council with an unprecedented and long term challenge.

These turbulent events played a significant role in the preparation of Council's 2021-22 Annual Business Plan and Budget.

Council's intention is to support Kangaroo Island's recovery, and establish a stable base from which the Island can grow.

Another significant impact on the 2021-22 Business Plan and Budget has been the **devaluations** and subsequent **revaluations** of all rateable properties on the island – with a significant impact on Primary Production valuations in the FY2021 and FY2022.

As mentioned in the introductory section of this Financial Report, following the December and January bushfires, the South Australian Valuer General applied a property revaluation to all properties on Kangaroo Island, with a cumulative devaluation of properties to the value of \$302 million. Effectively the Valuer General applied an 18% average reduction on each rateable property on Kangaroo Island for FY2021. The decision to reduce the Capital Value of all island properties, significantly impacted Council's long term financial plans. A general revaluation of Kangaroo Island properties in FY2022, with many significant increases in Primary Production property values, has again impacted Council's rating considerations.

In consideration of the economic impacts on the Kangaroo Island community of bushfires and COVID-19, Elected Members have continued to be very conscious of the ability of ratepayers to meet their ongoing rate commitments. As a result we have deviated away from the previously adopted long-term financial plan assumptions. For FY2021 Council elected to have no increase in the rate revenue from that obtained in FY2020, and endorsed a rates capping position where no individual ratepayer would pay more than they did in FY2020. Some property owners paid less. In FY2022 Council applied a 5.05% increase in rates and also applied an increase rates fixed-charges of \$50, now \$340.

Council supports previous Council decisions to bring the '**primary production differential**' into line with the 'residential differential'. As such, the primary production differential will increase a further 2.5% to move from 97.5% to 100%. Achieving primary production and residential parity in FY2022 for the rating differential has achieved the intended long-term outcome.

Despite an increase in the State Government's Solid Waste Levy, continued efficiencies in waste management have enabled Council to apply CPI and small increases to the **Waste Service Charge** above the FY2021 levels. **Community Wastewater Management Scheme (CWMS)** service charges allocated to properties that have the capability to be connected to one of the CWMS schemes will increase above FY2021 levels with CPI and cost recovery increase applied.

To meet the needs of the community whilst delivering on our **Capital Works Program**, Council has opted to borrow \$2.39M in FY2022. Council expects to deliver \$9.619M of infrastructure and asset upgrades in FY2022.

Council secured the commitment of the State Government to provide \$2M for the **Unsealed Roads Upgrade Program** in FY2022 and expects \$1.633M in grant funds will be provided by other funding sources.

General purpose financial statements

for the year ended 30 June 2021

A confident, growing and cohesive Community;

Benefiting from a thriving economy based on strong tourism and primary production sectors;

Preserving our unique heritage;

Sustainably managing our natural environment

Contents

1. Council Certificate	41
2. Primary Financial Statements:	
- Statement of Comprehensive Income	42
- Statement of Financial Position	43
- Statement of Changes in Equity	44
- Statement of Cash Flows	45
3. Notes to the Financial Statements	47
4. Independent Auditor's Report - Financial Statements	88
5. Independent Auditor's Report - Internal Controls	90
6. Certificates of Audit Independence	
- Council Certificate of Audit Independence	92
- Audit Certificate of Audit Independence	93

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 2021 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.



Greg Georgopoulos
Chief Executive Officer

21 January 2022



Michael Pengilly
Mayor

21 January 2022

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Income			
Rates	2a	10,460	10,409
Statutory Charges	2b	278	234
User Charges	2c	744	981
Grants, Subsidies and Contributions	2g	4,239	4,763
Investment Income	2d	8	21
Reimbursements	2e	4,980	811
Other income	2f	726	54
Net Gain - Equity Accounted Council Businesses	19(a)	—	14
Total Income		21,435	17,287
Expenses			
Employee costs	3a	4,741	4,650
Materials, Contracts and Other Expenses	3b	9,267	7,606
Depreciation, Amortisation and Impairment	3c	4,971	4,892
Finance Costs	3d	247	467
Net loss - Equity Accounted Council Businesses	19(a)	1,477	—
Total Expenses		20,703	17,615
Operating Surplus / (Deficit)		732	(328)
Physical Resources Received Free of Charge		—	295
Asset Disposal & Fair Value Adjustments	4	(2,094)	(115)
Amounts Received Specifically for New or Upgraded Assets	2g	4,647	4,364
Net Surplus / (Deficit)		3,285	4,216
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9a	(11,308)	258,509
Total Amounts which will not be reclassified subsequently to operating result		(11,308)	258,509
Total Other Comprehensive Income		(11,308)	258,509
Total Comprehensive Income		(8,023)	262,725

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes. Changes between the 2020 and 2021 year Total Comprehensive Income relate to valuations of assets undertaken in each of the years and are detailed in Note 9a of the accompanying notes.

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

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	2,484	2,985
Trade & Other Receivables	5b	3,743	1,691
Inventories	5c	282	268
Total current assets		6,509	4,944
Non-current assets			
Financial Assets	6a	36	50
Equity Accounted Investments in Council Businesses	6b	—	131
Other Non-Current Assets	6c	355	1,372
Infrastructure, Property, Plant & Equipment	7a(i)	464,377	476,414
Total non-current assets		464,768	477,967
TOTAL ASSETS		471,277	482,911
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	6,412	5,279
Borrowings	8b	581	1,351
Provisions	8c	1,006	1,036
Liability Accounted Investments in Council Businesses	8d	1,347	—
Total Current Liabilities		9,346	7,666
Non-Current Liabilities			
Trade & Other Payables	8a	9,368	11,982
Borrowings	8b	8,180	10,745
Provisions	8c	243	355
Total Non-Current Liabilities		17,791	23,082
TOTAL LIABILITIES		27,137	30,748
Net Assets		444,140	452,163
EQUITY			
Accumulated surplus		22,720	19,435
Asset revaluation reserves	9a	415,788	427,096
Other reserves	9b	5,632	5,632
Total Council Equity		444,140	452,163
Total Equity		444,140	452,163

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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 2021

\$ '000	Notes	Accumulated surplus	Asset revaluation reserve	Other reserves	Total equity
2021					
Balance at the end of previous reporting period		19,435	427,096	5,632	452,163
Net Surplus / (Deficit) for Year		3,285	–	–	3,285
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	(11,308)	–	(11,308)
Other comprehensive income		–	(11,308)	–	(11,308)
Total comprehensive income		3,285	(11,308)	–	(8,023)
Transfers between Reserves	9b	–	–	–	–
Balance at the end of period		22,720	415,788	5,632	444,140
2020					
Balance at the end of previous reporting period		19,740	168,587	1,111	189,438
Net Surplus / (Deficit) for Year		4,216	–	–	4,216
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	–	258,509	–	258,509
Other comprehensive income		–	258,509	–	258,509
Total comprehensive income		4,216	258,509	–	262,725
Transfers between Reserves	9b	(4,521)	–	4,521	–
Balance at the end of period		19,435	427,096	5,632	452,163

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

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 2021

\$ '000	Notes	2021	2020
Cash flows from operating activities			
<u>Receipts</u>			
Rates Receipts		10,645	10,306
Statutory Charges		278	234
User Charges		329	981
Grants, Subsidies and Contributions (operating purpose)		4,857	4,763
Investment Receipts		8	21
Reimbursements		5,029	811
Other Receipts		1,644	886
<u>Payments</u>			
Finance Payments		(256)	(513)
Payments to Employees		(4,915)	(4,665)
Payments for Materials, Contracts & Other Expenses		(10,362)	(7,441)
Net cash provided by (or used in) Operating Activities	11b	<u>7,257</u>	<u>5,383</u>
Cash flows from investing activities			
Amounts Received Specifically for New/Upgraded Assets		881	2,752
Sale of Replaced Assets		–	280
Repayments of Loans by Community Groups		14	–
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(3,959)	(3,974)
Expenditure on New/Upgraded Assets		(1,360)	(465)
Loans Made to Community Groups		–	(56)
Net cash provided (or used in) investing activities		<u>(4,424)</u>	<u>(1,463)</u>
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from Borrowings		430	11,806
<u>Payments</u>			
Repayments of Borrowings		(3,764)	(14,670)
Repayment of Bonds & Deposits		–	(14)
Net Cash provided by (or used in) Financing Activities		<u>(3,334)</u>	<u>(2,878)</u>
Net Increase (Decrease) in Cash Held		<u>(501)</u>	<u>1,042</u>
plus: Cash & Cash Equivalents at beginning of period		2,985	1,943
Cash and cash equivalents held at end of period	11a	<u>2,484</u>	<u>2,985</u>

Additional Information:

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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 2021

Contents

Note	Details	Page
1	Significant Accounting Policies	47
2	Income	55
3	Expenses	58
4	Asset Disposal & Fair Value Adjustments	59
5	Current Assets	60
6	Non-Current Assets	61
7	Infrastructure, Property, Plant & Equipment	62
8	Liabilities	65
9	Reserves	66
10	Assets Subject to Restrictions	67
11	Reconciliation to Statement of Cashflows	68
12a	Functions	69
12b	Components of Functions	70
13	Financial Instruments	71
14	Capital Expenditure and Investment Property Commitments	75
15	Financial Indicators	76
16	Uniform Presentation of Finances	79
17	Leases	80
18	Superannuation	82
19	Interests in Other Entities	83
20	Non Current Assets Held for Sale & Discontinued Operations	84
21	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	85
22	Events After the Balance Sheet Date	85
23	Related Party Transactions	86
Additional Council Disclosures (unaudited)		
24	Council Information and Contact Details	87

Notes to and forming part of the Financial Statements

For the year ended 30 June 2021

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 10 November 2020.

1.2 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.

1.3 Estimates and assumptions

The COVID-19 pandemic has impacted the 2020/21 financial statements, which may impact on the comparability of some line items and amounts reported in these financial statements and/or the notes. The financial impacts are a direct result of either Council's response to the pandemic or due to mandatory shutdowns as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

Examples include:

1. Increased costs related to protective equipment and cleaning related to maintaining services and employee safety.
2. Reduced Passenger Levy income collected from travellers using Kangaroo Island Airport; and
3. Discounts of up to 50% on licenses, including Mobile Food Vendors, to support businesses.

COVID-19 is not expected to have a significant financial impact on Council operations with the Council working to reduce discretionary expenditure in the short term to help mitigate the effect of the reduced revenue and increased costs. It is expected further financial impacts will flow into the 2021/22 financial year but these have been largely taken into account during the development of the budget process for 2021/22. The budget assumptions for 2021/22 assume that no further harsher restrictions are put in place by the government. However, Council has determined that there is no material uncertainty that casts doubt on Council's ability to continue as a going concern.

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 Street, Kingscote, SA. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

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 2021, Kangaroo Island Council has net assets of \$444,140 (2020 net assets of \$452,163).

Note 1. Summary of Significant Accounting Policies (continued)

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

The Council recognises revenue under *AASB 1058 Income of Not-for-Profit Entities* (AASB 1058) or *AASB 15 Revenue from Contracts with Customers* (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Council expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

In recent years the payment of untied grants (financial assistance grants / local roads / supplementary grants) has varied from the annual allocation as shown in the table below:

	Cash Payment, Received	Annual Allocation	Difference
2017/18	\$2,114	\$1,997	+ \$117
2018/19	\$2,254	\$2,239	+ \$15
2019/20	\$2,122	\$2,074	+ \$48
2020/21	\$2,091	\$2,093	-\$2

In addition, the 2021/22 Supplementary Local Road Grants of \$669 was paid in advance in June 2021.

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.

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. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

For works undertaken on a fixed price contract basis, revenues are recognised over time using the input method, with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

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, except for trade receivables from a contract with a customer, which are measured at the transaction price. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

(5) Inventories

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

5.1 Other Real Estate Held for Resale

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

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

Note 1. Summary of Significant Accounting Policies (continued)

(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.

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
Airport	\$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
Airport	1 to 100 years
Building & Other Structures	7 to 100 years
Roads – Sheeted Surface	15 to 30 Years
Roads - Sealed Surface - Pavement	18 to 40 Years
Roads - Sealed Surface - Seal	80 to 100 Years

Notes to and forming part of the Financial Statements

For the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

Guardrails	50 Years
Footpaths - Concrete	50 Years
Footpaths - Paved	50 Years
Footpaths - Spray Seal	25 Years
Footpaths - Mixed Surface	50 Years
Bridges	5 to 100 Years
Carparks - Sheeted Surface	20 Years
Carparks - Sealed Surface - Pavement	30 Years
Carparks - Sealed Surface - Seal	100 Years
Walking Trails - Base Course	100 Years
Walking Trails - Spray Seal	30 Years
Stormwater Drainage	50 to 70 years
Community Wastewater Management Schemes	10 to 70 years
Furniture & Fittings	5 to 20 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 14 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

Note 1. Summary of Significant Accounting Policies (continued)

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 0.24% (2020, 0.24%)

Weighted avg. settlement period 7 years (2020, 7 years)

Council recognise a provision for sick leave liabilities for the employees falling under the AWU enterprise bargaining agreement.

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. 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

Accounting policy applicable from 01 July 2019

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

11.1 Council as a lessee

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-Use-Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Motor Vehicles	3 to 5 years
----------------	--------------

The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

ii) Lease Liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Council uses its incremental borrowing rate or the interest rate implicit in the lease.

iii) Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(12) 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.

(13) GST Implications

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

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

(14) New accounting standards and UIG interpretations

The Council applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. New standards and amendments relevant to the Council are listed below. The Council has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to AASB 101 and AASB 108 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Council.

Amendments to AASB 16 Covid-19 Related Rent Concessions

In 2020, the AASB issued AASB 2020-4, Amendments to AASBs - Covid-19-Related Rent Concessions. The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. This amendment had no impact on the consolidated financial statements of the Group.

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Councils.

Note 1. Summary of Significant Accounting Policies (continued)

Effective for NFP annual reporting periods beginning on or after 1 January 2022

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)

Effective for NFP annual reporting periods beginning on or after 1 January 2023

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and associated standards.

(15) 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.

(16) 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 2021

Note 2. Income

\$ '000	2021	2020
(a) Rates		
General Rates		
General Rates	6,979	6,985
Less: Discretionary Rebates, Remissions & Write Offs	(103)	(95)
Total General Rates	6,876	6,890
Other Rates (Including Service Charges)		
Natural Resource Management Levy	400	402
Waste Collection	1,612	1,616
Community Wastewater Management Systems	1,453	1,450
Total Other Rates (Including Service Charges)	3,465	3,468
Other Charges		
Penalties for Late Payment	59	38
Legal & Other Costs Recovered	60	13
Total Other Charges	119	51
Total Rates	10,460	10,409
(b) Statutory Charges		
Development Act Fees	91	71
Town Planning Fees	24	21
Health & Septic Tank Inspection Fees	38	38
Animal Registration Fees & Fines	62	64
Parking Fines / Expiation Fees	3	1
Other Licences, Fees & Fines	28	21
Rate Searches	32	18
Total Statutory Charges	278	234
(c) User Charges		
Cemetery/Crematoria Fees	22	37
Hall & Equipment Hire	107	120
Sundry	50	66
Biosolids Fees	5	8
Aerodrome Fees	146	395
Lease Fees	305	289
Camping Fees	109	66
Total User Charges	744	981

Note 2. Income (continued)

\$ '000	2021	2020
(d) Investment Income		
Interest on Investments		
- Local Government Finance Authority	8	21
<u>Total Investment Income</u>	8	21
(e) Reimbursements		
Private Works	3,578	258
Insurances	37	24
Other	41	110
Bushfire	1,324	419
<u>Total Reimbursements</u>	4,980	811
(f) Other income		
Sundry	9	9
Insurance Rebates	671	43
Contributions	46	-
Standpipe Fees	-	2
<u>Total Other income</u>	726	54
(g) Grants, Subsidies, Contributions		
Amounts Received Specifically for New or Upgraded Assets	4,647	4,364
<u>Total Amounts Received Specifically for New or Upgraded Assets</u>	4,647	4,364
Other Grants, Subsidies and Contributions	706	646
Untied - Financial Assistance Grant	1,044	998
Roads to Recovery	609	593
LRCIP	689	-
Individually Significant Item - Additional Grants Commission Payment (refer below)	1,191	1,124
Bushfire	-	1,402
<u>Total Other Grants, Subsidies and Contributions</u>	4,239	4,763
<u>Total Grants, Subsidies, Contributions</u>	8,886	9,127
The functions to which these grants relate are shown in Note 12.		
(i) Sources of grants		
Commonwealth Government	3,405	3,400
State Government	4,348	5,524
Other	1,133	203
<u>Total</u>	8,886	9,127

Notes to and forming part of the Financial Statements

For the year ended 30 June 2021

Note 2. Income (continued)

\$ '000	2021	2020
---------	------	------

(ii) Individually Significant Items

Grant Commission (FAG) Grant Recognised as Income	1,119	1,124
---	-------	-------

On the 9 June 2021 Council received an advance payment of \$1,118,954 being 50% of the estimated FAG income for the 2021/22 financial year. The equivalent payments made in the previous two years were \$1,124,184 being 50% of the estimated FAG income for the 2020/21 financial year and \$1,075,842 being 50% of estimated FAG income for the 2019/20 year respectively.

Bushfire	—	1,402
----------	---	-------

(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 are not yet expended in accordance with those conditions, are as follows:

Unexpended at the close of the previous reporting period	—	55
---	---	----

Less:

Expended during the current period from revenues recognised in previous reporting periods

African Boxthorn Grant	—	(55)
------------------------	---	------

Subtotal	—	(55)
-----------------	---	------

Plus:

Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions:

Net increase (decrease) in assets subject to conditions in the current reporting period	—	(55)
--	---	------

Note 3. Expenses

\$ '000	Notes	2021	2020
(a) Employee costs			
Salaries and Wages		3,091	3,085
Employee Leave Expense		795	754
Superannuation - Defined Contribution Plan Contributions	18	330	327
Superannuation - Defined Benefit Plan Contributions	18	56	72
Workers' Compensation Insurance		160	142
Other Employee Related Costs		309	270
<u>Total Operating Employee Costs</u>		<u>4,741</u>	<u>4,650</u>
Total Number of Employees (full time equivalent at end of reporting period)		57	54
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports and Grant Acquittals		28	39
Elected Members' Expenses		207	206
Election Expenses		17	1
<u>Subtotal - Prescribed Expenses</u>		<u>252</u>	<u>246</u>
(ii) Other Materials, Contracts and Expenses			
Contractors		4,062	1,645
Contractors - Fleurieu Regional Waste Authority (FRWA)		1,519	1,473
Community Grants Provided		62	124
Energy		349	435
Insurances		312	302
Legal Expenses		198	155
Levies Paid to Government - Landscape Levy		402	402
Levies - Other		3	2
Parts, Accessories & Consumables		1,042	652
Professional Services		365	269
Sundry		244	421
Telecoms & Software		195	199
Lease & Rental		16	15
Bushfire		246	1,266
<u>Subtotal - Other Material, Contracts & Expenses</u>		<u>9,015</u>	<u>7,360</u>
<u>Total Materials, Contracts and Other Expenses</u>		<u>9,267</u>	<u>7,606</u>

Notes to and forming part of the Financial Statements

For the year ended 30 June 2021

Note 3. Expenses (continued)

\$ '000	2021	2020
(c) Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Land Improvements	199	199
Buildings & Other Structures	347	309
Infrastructure		
- Stormwater Drainage	528	524
- CWMS	532	509
- Roads/Bridges/Footpaths	2,059	2,034
- Airport Upgrade	919	939
Right-of-use Assets	110	95
Plant, Machinery & Equipment	257	262
Office Equipment, Furniture & Fittings	20	21
Subtotal	4,971	4,892
Total Depreciation, Amortisation and Impairment	4,971	4,892
(d) Finance Costs		
Interest on Loans	247	467
Total Finance Costs	247	467

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	2021	2020
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	—	280
Less: Carrying Amount of Assets Sold	(2,094)	(395)
Gain (Loss) on Disposal	(2,094)	(115)
Net Gain (Loss) on Disposal or Revaluation of Assets	(2,094)	(115)

Note 5. Current Assets

\$ '000	2021	2020
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	977	377
Deposits at Call	1,507	2,608
<u>Total Cash & Cash Equivalent Assets</u>	<u>2,484</u>	<u>2,985</u>
(b) Trade & Other Receivables		
Rates - General & Other	591	776
Accrued Revenues	4	287
Debtors - General	3,105	581
GST Recoupment	—	22
Prepayments	37	19
Loans to Community Organisations	6	6
<u>Subtotal</u>	<u>3,743</u>	<u>1,691</u>
<u>Total Trade & Other Receivables</u>	<u>3,743</u>	<u>1,691</u>
(c) Inventories		
Stores & Materials	282	268
<u>Total Inventories</u>	<u>282</u>	<u>268</u>

Notes to and forming part of the Financial Statements

For the year ended 30 June 2021

Note 6. Non-Current Assets

\$ '000	2021	2020
(a) Financial Assets		
Receivables		
Loans to Community Organisations	36	50
Subtotal	36	50
Total Receivables	36	50
Total Financial Assets	36	50

\$ '000	Notes	2021	2020
(b) Equity Accounted Investments in Council Businesses			
Fleurieu Regional Waste Authority	19	—	131
Total Equity Accounted Investments in Council Businesses		—	131

(c) Other Non-Current Assets

Other		
Capital Works-in-Progress	355	1,372
Total Other	355	1,372
Total Other Non-Current Assets	355	1,372

Note 7. Infrastructure, Property, Plant & Equipment

(a(i)) Infrastructure, Property, Plant & Equipment

	Fair Value Level	as at 30/06/20				Asset movements during the reporting period							as at 30/06/21		
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Transition adjustment - AASB 16	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation
\$ '000															
Land	2	26,533	400	-	26,933	-	100	-	-	-	(22,910)	-	4,123	-	4,123
Land	3	-	-	-	-	-	-	-	-	-	-	7,507	7,507	-	7,507
Land Improvements	2	403	-	(306)	97	-	13	-	-	(5)	-	633	1,464	-	738
Land Improvements	3	7,149	225	(4,063)	3,311	-	-	-	-	(194)	-	1,689	8,765	-	4,806
Buildings & Other Structures	2	12,242	142	(10,674)	1,710	-	186	-	-	(141)	-	4,568	14,119	-	6,324
Buildings & Other Structures	3	7,357	3,420	(2,798)	7,979	-	-	-	-	(206)	(3,185)	-	7,497	-	4,587
Infrastructure															
- Stormwater Drainage	3	7,620	36,288	(21,030)	22,878	-	221	135	(34)	(528)	-	59	7,543	36,724	(21,537)
- CWMS	3	28,665	1,236	(8,167)	21,734	-	171	74	(36)	(532)	-	12	28,715	1,481	(8,774)
- Roads & Footpaths	3	383,055	-	(18,709)	364,346	-	1,618	3,750	(2,022)	(2,059)	-	319	379,435	5,659	(19,143)
- Airport Upgrade	3	11,672	21,685	(9,512)	23,845	-	39	-	-	(919)	-	-	11,672	21,724	(10,431)
Right-of-Use Assets															
Library Books	3	-	384	(95)	289	-	-	-	-	(110)	-	-	-	384	(204)
Plant, Machinery & Equipment	3	600	14	(614)	-	-	-	-	-	-	-	-	600	14	(614)
Office Equipment, Furniture & Fittings	3	6,483	1,089	(4,350)	3,222	-	29	-	(1)	(257)	-	-	6,473	1,118	(4,598)
	3	532	167	(629)	70	-	-	-	-	(20)	-	-	532	167	(648)
Total Infrastructure, Property, Plant & Equipment		492,311	65,050	(80,947)	476,414	-	2,377	3,959	(2,093)	(4,971)	(26,095)	14,787	478,445	67,271	(81,339)
Comparatives		276,284	43,732	(105,562)	214,454	99	2,947	5,691	(395)	(4,892)	-	258,509	492,311	65,050	(80,947)

Notes to and forming part of the Financial Statements

For the year ended 30 June 2021

Note 7. Infrastructure, Property, Plant & Equipment (continued)

(b) Valuation of Infrastructure, Property, Plant & Equipment

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 re-stated 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.

Note 7. Infrastructure, Property, Plant & Equipment (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 Marsh Advisory at 30 June 2021 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.

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 generated from the asset, the net present value of future cash flows for that asset is the disposal value. Where assets are not rationally replaced, and Council has decided that 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 2021 by Marsh Advisory.

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 Public Private Property as at 30 June 2020

Stormwater drainage infrastructure was valued by JLL Public Sector Valuations Pty Ltd as at 30 June 2019 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 2019 by JLL Public Sector Valuations Pty Ltd 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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2021

Note 8. Liabilities

\$ '000	2021 Current	2021 Non Current	2020 Current	2020 Non Current
(a) Trade and Other Payables				
Goods & Services	1,460	—	1,263	—
Payments Received in Advance ¹	4,648	9,368	3,778	11,982
Accrued Expenses - Employee Entitlements	36	—	141	—
Accrued Expenses - Finance Costs	51	—	60	—
Accrued Expenses - Other	181	—	—	—
Deposits, Retentions & Bonds	36	—	36	—
Other	—	—	1	—
<u>TOTAL Trade and Other Payables</u>	<u>6,412</u>	<u>9,368</u>	<u>5,279</u>	<u>11,982</u>

(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	581	8,180	1,351	10,745
<u>TOTAL Borrowings</u>	<u>581</u>	<u>8,180</u>	<u>1,351</u>	<u>10,745</u>

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

(c) Provisions

Employee Entitlements (including oncosts)	996	95	1,019	73
Future Reinstatement / Restoration, etc	10	148	17	282
<u>TOTAL Provisions</u>	<u>1,006</u>	<u>243</u>	<u>1,036</u>	<u>355</u>

(d) Other Liabilities

Liability Accounted Investments in Council Businesses	1,347	—	—	—
<u>TOTAL Other Liabilities</u>	<u>1,347</u>	<u>—</u>	<u>—</u>	<u>—</u>

Note 9. Reserves

	as at 30/06/20				as at 30/06/21
\$ '000	Opening Balance	Increments (Decrements)	Transfers	Impairments	Closing Balance
(a) Asset Revaluation Reserve					
Land	21,924	(15,403)	—	—	6,521
Land Improvements	6,209	2,322	—	—	8,531
Buildings & Other Structures	771	1,383	—	—	2,154
Infrastructure					
- Stormwater Drainage	3,689	59	—	—	3,748
- CWMS	6,498	12	—	—	6,510
- Roads/Bridges/Footpaths	385,436	319	—	—	385,755
Furniture & Fittings	362	—	—	—	362
Library Books	204	—	—	—	204
Plant, Machinery & Equipment	2,003	—	—	—	2,003
Total Asset Revaluation Reserve	427,096	(11,308)	—	—	415,788
Comparatives	168,587	258,509	—	—	427,096

	as at 30/06/20				as at 30/06/21
\$ '000	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other Reserves					
Airport Reserve	4,472	—	—	—	4,472
CWMS Reserve	753	—	—	—	753
Asset Reinvestment Reserve	289	—	—	—	289
Kingscote CBD Car Park Reserve	30	—	—	—	30
Open Space Reserve	15	—	—	—	15
Ronald Maxwell Bell Property Reserve	61	—	—	—	61
Daniel Williams Reserve	12	—	—	—	12
<u>Total Other Reserves</u>	<u>5,632</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,632</u>
Comparatives	1,111	4,521	—	—	5,632

Notes to and forming part of the Financial Statements

For the year ended 30 June 2021

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.

Daniel Williams 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.

Note 10. Assets Subject to Restrictions

\$ '000	2021	2020
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		
Developer Contributions	33	31
Sale of Ratepayer's Property	76	74
Infrastructure	1,881	1,000
Total Cash & Financial Assets	1,990	1,105
Infrastructure, Property, Plant & Equipment		
Land Assets ¹	7,405	26,503
Total Infrastructure, Property, Plant & Equipment	7,405	26,503
Total Assets Subject to Externally Imposed Restrictions	9,395	27,608

(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	2021	2020
---------	-------	------	------

(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	2,484	2,985
Balances per Statement of Cash Flows		2,484	2,985

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

Net Surplus/(Deficit)		3,285	4,216
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		4,971	4,892
Equity Movements in Equity Accounted Investments (Increase)/Decrease		1,477	(14)
Non-Cash Asset Acquisitions		—	(295)
Grants for capital acquisitions treated as Investing Activity		(881)	(4,364)
Net (Gain) Loss on Disposals		2,094	115
		10,946	4,550
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(2,052)	728
Net (Increase)/Decrease in Inventories		(14)	139
Net Increase/(Decrease) in Trade & Other Payables		(1,481)	(8)
Net Increase/(Decrease) in Unpaid Employee Benefits		(1)	(30)
Net Increase/(Decrease) in Other Provisions		(141)	4
Net Cash provided by (or used in) operations		7,257	5,383

(c) Financing Arrangements

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

Bank Overdrafts	100	100
Corporate Credit Cards	11	14
LGFA Cash Advance Debenture Facility	16,820	17,854

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 2021

Note 12(a). Functions

Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).										
\$ '000	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions/Activities										
Business Undertakings	5,566	727	3,644	1,840	1,922	(1,113)	(22)	—	21,425	21,345
Community Services	51	57	886	899	(835)	(842)	11	—	—	122
Culture	38	37	291	292	(253)	(255)	33	33	—	—
Economic Development	—	410	13	20	(13)	390	—	—	—	—
Environment	2,027	3,071	2,942	2,741	(915)	330	11	—	14	133
Recreation	65	65	964	956	(899)	(891)	—	—	—	1,880
Regulatory Services	1,524	2,409	2,664	2,955	(1,140)	(546)	—	1,402	—	—
Transport & Communication	994	1,000	5,597	6,012	(4,603)	(5,012)	817	560	5,407	4,520
Plant Hire & Depot/Indirect	21	11	1,003	891	(982)	(880)	—	—	3,172	3,511
Governance	11,149	9,906	2,699	1,018	8,450	8,888	3,389	2,768	2,809	4,327
Support Services	—	—	—	—	—	—	—	—	438,450	447,073
Other Revenue/Expenses	—	—	—	—	—	—	—	—	—	—
Total Functions/Activities	21,435	17,693	20,703	17,624	732	69	4,239	4,763	471,277	482,911

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

Note 12(b). Components of Functions

The activities relating to Council functions are as follows:

BUSINESS UNDERTAKINGS

Airport Management, Caravan & Camping Parks, Boating Facilities, Private Works, Property Portfolio.

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, Sewerage/CWMS, 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, Water Supply 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

Bridges, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded), and Other Transport, Wharfs & Jetties.

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 2021

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 0.3% and 0.45% (2020: 0.1% and 0.45%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - Rates & Associated Charges

Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

Secured over the subject land, arrears attract fines of 2% and interest of 5.2% (2020: 2% and 6.35%). 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 do not bear interest. 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).

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.

Note 13. Financial Instruments (continued)

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 principal amounts. Interest is charged as an expense as it accrues.

Terms & Conditions:

Secured over future revenues, borrowings are repayable on a quarterly and annual basis; interest is charged on a spread of fixed or variable rates between **2.05%** and **6.73%** (2020: **2.2%** and **6.73%**). Overdraft rate is 7.71% (2019: 7.35%).

Carrying Amount:

Approximates fair value.

Liabilities - Leases

Accounting Policy:

Accounted for in accordance with AASB 16 as stated in Note 17.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2021

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets					
2021					
Cash & Cash Equivalents	2,484	—	—	2,484	2,484
Receivables	3,707	26	13	3,746	3,742
Total Financial Assets	6,191	26	13	6,230	6,226
Financial Liabilities					
Payables	1,728	—	—	1,728	1,728
Current Borrowings	629	—	—	629	515
Non-Current Borrowings	—	1,685	6,779	8,464	8,061
Total Financial Liabilities	2,357	1,685	6,779	10,821	10,304
2020					
Cash & Cash Equivalents	2,985	—	—	2,985	2,985
Receivables	1,672	—	—	1,672	1,672
Other Financial Assets	—	29	26	55	50
Total Financial Assets	4,657	29	26	4,712	4,707
Financial Liabilities					
Payables	1,359	—	—	1,359	1,359
Current Borrowings	1,392	—	—	1,392	1,351
Non-Current Borrowings	—	2,328	8,857	11,185	10,745
Total Financial Liabilities	2,751	2,328	8,857	13,936	13,455

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

\$ '000	2021		2020	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	2.05%	5,472	2.20%	8,080
Fixed Interest Rates	3.81%	3,289	4.90%	4,016
		8,761		12,096

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 Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2021

Note 14. Capital Expenditure and Investment Property Commitments

\$ '000	2021	2020
---------	------	------

(a) Capital Commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Infrastructure	2,000	4,000
	<u>2,000</u>	<u>4,000</u>

These expenditures are payable:

Not later than one year	2,000	2,000
Later than one year and not later than 5 years	—	2,000
	<u>2,000</u>	<u>4,000</u>

(b) Other Expenditure Commitments

Other non-capital expenditure commitments in relation to investment properties at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	131	129
IT	38	62
Other	785	608
	<u>954</u>	<u>799</u>

These expenditures are payable:

Not later than one year	461	409
Later than one year and not later than 5 years	493	390
	<u>954</u>	<u>799</u>

Note 15. Financial Indicators

\$ '000	Indicator 2021	Indicators 2020	Indicators 2019
Financial Indicators overview			
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	3.4%	(1.9)%	1.0%
Total Operating Income			
This ratio expresses the operating surplus as a percentage of total operating revenue.			
2. Net Financial Liabilities Ratio			
Net Financial Liabilities	97%	151%	74%
Total Operating Income			
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			
Operating Surplus	3.4%	(1.0)%	1.0%
Total Operating Income			
Adjusted Net Financial Liabilities Ratio			
Net Financial Liabilities	103%	148%	74%
Total Operating Income			
3. Asset Renewal Funding Ratio			
Net Asset Renewals	76%	76%	136%
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.			

Notes to and forming part of the Financial Statements

For the year ended 30 June 2021

Note 15. Financial Indicators (continued)

Financial 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 2020/21 result

2020/21 ratio 3.4%

Reimbursements for works undertaken have provided additional income resulting in improvement in the ratio from previous years.

2. Net Financial Liabilities Ratio



Purpose of net financial liabilities ratio

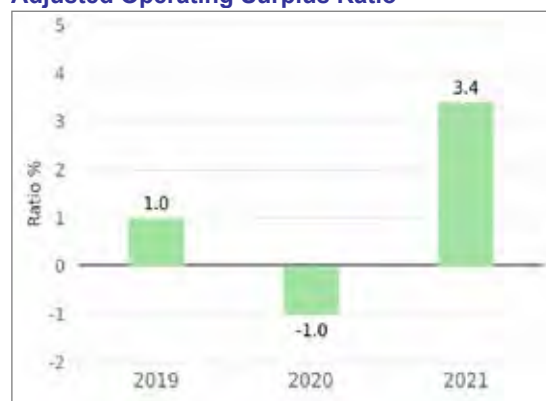
This indicator shows the significance of the net amount owed to others, compared to operating revenue

Commentary on 2020/21 result

2020/21 ratio 97%

Accounting Standards changes related to leases and amounts received in advance commenced in July 2019.

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

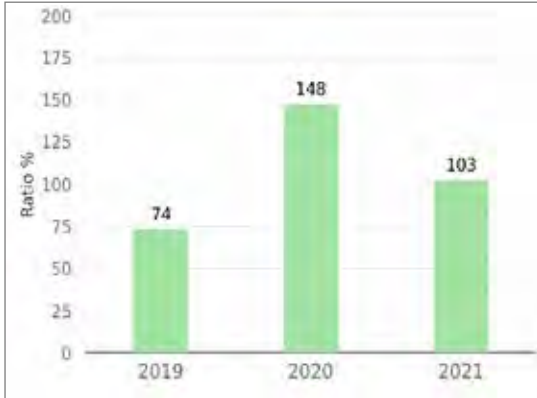
Commentary on 2020/21 result

2020/21 ratio 3.4%

This ratio excludes the effect of grants income paid in advance.

Note 15. Financial Indicators (continued)

Adjusted Net Financial Liabilities Ratio



Purpose of adjusted net financial liabilities ratio

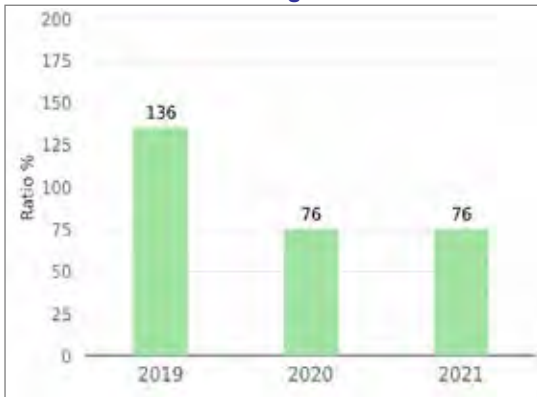
This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure

Commentary on 2020/21 result

2020/21 ratio 103%

The ratio is adjusted to remove the effect of grants received in advance.

3. Asset Renewal Funding Ratio



Purpose of asset renewal funding ratio

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

Commentary on 2020/21 result

2020/21 ratio 76%

Council has moved to utilizing Infrastructure Asset Management Plans as the basis of required renewal - previously these ratios utilized depreciation figures as the basis of renewal needs.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2021

Note 16. Uniform Presentation of Finances

\$ '000	2021	2020
<p>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.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	21,435	17,287
less Expenses	(20,703)	(17,615)
Operating Surplus / (Deficit)	732	(328)
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(3,959)	(3,974)
add back Depreciation, Amortisation and Impairment	4,971	4,892
add back Proceeds from Sale of Replaced Assets	—	52
	1,012	970
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(1,360)	(465)
add back Amounts Received Specifically for New and Upgraded Assets	881	2,752
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	—	228
	(479)	2,515
Net Lending / (Borrowing) for Financial Year	1,265	3,157

Note 17. Leases

(i) Council as a lessee

Terms and conditions of leases

Right of use assets

Operating leases for motor vehicles with terms ranging from 3-5 years.

Set out below are the carrying amounts of right-of-use assets recognised within Plant, Machinery & Equipment and the movements during the period:

(a) Right of use assets

\$ '000	Ready to use	Property Lease	Motor Vehicles	Total
2021				
Opening balance	—	—	289	289
Additions to right-of-use assets	—	—	—	—
Depreciation charge	—	—	(109)	(109)
Balance at 30 June	—	—	180	180
2020				
Opening balance	—	—	99	99
Additions to right-of-use assets	—	—	285	285
Depreciation charge	—	—	(95)	(95)
Balance at 30 June	—	—	289	289

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

\$ '000	2021	2020
Balance at 1 July	292	99
Additions	—	285
Accretion of interest	10	9
Payments	(117)	(101)
Balance at 30 June	185	292
Classified as:		
Current	66	107
Non Current	119	185

The maturity analysis of lease liabilities is included in Note 13.

The Group had total cash outflows for leases of \$101k.

The following are the amounts recognised in profit or loss:

Depreciation expense of Right-of-Use Assets	109	95
Interest expense on lease liabilities	10	9
Total amount recognised in profit or loss	119	104

Notes to and forming part of the Financial Statements

For the year ended 30 June 2021

Note 17. Leases (continued)

(ii) Council as a lessor

\$ '000	2021	2020
Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:		
Not later than one year	28	42
Later than one year and not later than 5 years	18	39
Later than 5 years	1	3
	<u>47</u>	<u>84</u>

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 2020/21; 9.50% in 2019/20). 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 2019/20) 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 119.34(a), 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 Willis Towers Watson as at 30 June 2021. 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 2021

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.

\$ '000	Council's Share of Net Income		Council's Share of Net Assets	
	2021	2020	2021	2020
Joint Ventures - in profit	–	14		131
Joint Ventures - in loss	(1,477)	–	(1,346)	–

((a)i) Joint Ventures, Associates and Joint Operations

(a) Carrying Amounts

\$ '000	Principal Activity	2021	2020
Fleurieu Regional Waste Authority	Waste and Recycling Management	(1,346)	131
Southern and Hills Local Government Association	Local Government Policies & Procedures	–	–
Total Carrying Amounts - Joint Ventures & Associates		(1,346)	131

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 Initiatives from a regional perspective.

Kangaroo Island Councils interest in the Southern & Hills Local Government Association for 2020-21 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	
	2021	2020	2021	2020	2021	2020
Fleurieu Regional Waste Authority	15.00%	15.00%	15.00%	15.00%	22.00%	22.00%

Note 19. Interests in Other Entities (continued)

(c) Movement in Investment in Joint Venture or Associate

\$ '000	Fleurieu Regional Waste Authority		Southern and Hills Local Government Association	
	2021	2020	2021	2020
Opening Balance	131	117	–	–
Share in Operating Result	(1,477)	14	–	–
Council's Equity Share in the Joint Venture or Associate	(1,346)	131	–	–

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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2021

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 deductible "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 to community organisations and sporting bodies. Council does not expect to incur any loss arising from these guarantees

4. LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 1 appeal against planning decisions made prior to reporting date.

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2021, 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.

COVID-19 has been classified as a global pandemic by the World Health Organisation and has developed rapidly in 2020. Measures taken by the Federal and State governments have affected South Australia's economic activity and Council's operations.

At this stage, the financial impacts on Council's operations have not been significant and Council expects that further impacts on Council's operations to flow into the 2021/22 financial year will not be significant. We refer to note 1.13 providing details of the financial impacts caused by COVID-19 during the 2020/21 financial year.

In reference to Note 19, a subsequent change in FRWA charter at 31 August, impacts the equity and related current liability of \$1.477M loss being Kangaroo Island Council's share of the operating Result as disclosed for 30 June 2021. The full value of this share in operating result has been taken up in 2020/21, this will be adjusted by the subsequent reduction in share of equity by 2.5 percentage points, equivalent of \$0.25M in the 2021/22 financial year results.

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, 13 persons were paid the following total compensation:

\$ '000	2021	2020
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	579	580
Post-Employment Benefits	39	39
Supplies	30	10
Total	648	629

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

One Councillor has interests in a printing & signage business that provided goods to the value of \$3,607.

No key management personnel or parties related to them had any transactions during the year on terms more favourable than those available to the general public.

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:

Planning & Building Application Fees	—	1
Total	—	1

Notes to and forming part of the Financial Statements

For the year ended 30 June 2021

Note 24. Council information and contact details

Principal place of business:

43 Dauncey St
KINGSCOTE SA 5223

Contact details

Mailing Address:

PO Box 121
KINGSCOTE SA 5223

Telephone: 08 8553 4500

Facsimile: 08 8553 2885

Opening hours:

9.00am to 5.00pm
Monday to Friday

Internet: www.kangarooisland.sa.gov.au

Email: kicouncil@kicouncil.sa.gov.au

Officers

CHIEF EXECUTIVE OFFICER
Greg Georgopoulos

Elected members

Mayor

Michael Pengilly

Councillor

Bob Teasdale - Deputy Mayor

Sam Mumford
Shirley Pledge
Rosalie Chirgwin
Peter Tiggemann
Peter Denholm
Ken Liu
Richard Cotterill
David Mephram

Other information

ABN: 93 741 277 391

Auditor's Report – Financial Statements

Galpins

Accountants, Auditors
& Business Consultants

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renae Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA



CHARTERED ACCOUNTANTS™
AUSTRALIA • NEW ZEALAND

Mount Gambier

233 Commercial Street West
PO Box 246, Mount Gambier SA 5290
P: (08) 8725 3068
F: (08) 8724 9553
E: admin@galpins.com.au

Stirling

Unit 4, 3-5 Mount Barker Road
PO Box 727, Stirling SA 5152
P: (08) 8339 1255
F: (08) 8339 1266
E: stirling@galpins.com.au

Norwood

3 Kensington Road, Norwood SA 5067
PO Box 4067, Norwood South SA 5067
P: (08) 8332 3433
E: norwood@galpins.com.au

W: www.galpins.com.au

ABN: 30 630 511 757

Liability limited by a scheme approved
under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT

To the members of Kangaroo Island Council

Opinion

We have audited the accompanying financial report of Kangaroo Island Council (the Council), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of Kangaroo Island Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with the 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 Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our 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.

Council's responsibility for the financial report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as Council 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, Council is responsible for assessing the Council'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 Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Report – Financial Statements

Auditor's responsibility 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 of the financial report in accordance with 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 of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Council'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 Council'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 Council 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.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA, Registered Company Auditor
Partner

24 January 2022

Auditor's Report – Internal Controls

Galpins

Accountants, Auditors
& Business Consultants

David Chant CA, FCPA
Simon Smith CA, FCMA
David Sullivan CA, CPA
Jason Seidel CA
Renae Nicholson CA
Tim Muhlhauser CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA



CHARTERED ACCOUNTANTS™
AUSTRALIA • NEW ZEALAND

Mount Gambier

233 Commercial Street West
PO Box 244, Mount Gambier SA 5290
P: (08) 8725 3068
F: (08) 8724 9553
E: admin@galpins.com.au

Stirling

Unit 4, 3-5 Mount Barker Road
PO Box 727, Stirling SA 5152
P: (08) 8339 1255
F: (08) 8339 1266
E: stirling@galpins.com.au

Norwood

3 Kensington Road, Norwood SA 5067
PO Box 4067, Norwood South SA 5067
P: (08) 8332 3433
E: norwood@galpins.com.au

W: www.galpins.com.au

ABN: 30 630 511 757

Liability limited by a scheme approved
under Professional Standards Legislation

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS

To the members of Kangaroo Island Council

Opinion

We have audited the compliance of Kangaroo Island Council (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2020 to 30 June 2021 have been conducted properly and in accordance with law.

In our opinion, Kangaroo Island Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2020 to 30 June 2021.

Basis for opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2020 to 30 June 2021. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Council's responsibility for internal controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the *Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our independence and quality control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditor's Report – Internal Controls

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Council to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2020 to 30 June 2021. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

Limitations of controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Limitation of use

This report has been prepared for the members of the Council in Accordance with Section 129 of the *Local Government Act 1999* in relation to the internal controls specified above. 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.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA, Registered Company Auditor
Partner

24 January 2022

Certificate of Auditor Independence

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 2021, the Council's Auditor, Galpins 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*.



Greg Georgopoulos
Chief Executive Officer



Greg Connor
Presiding Member, Audit Committee

Date: 21 January 2022

Statement by Auditor

Galpins

Accountants, Auditors
& Business Consultants

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renae Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA



CHARTERED ACCOUNTANTS™
AUSTRALIA • NEW ZEALAND

Mount Gambier
233 Commercial Street West
PO Box 244, Mount Gambier SA 5290
P: (08) 8725 3068
F: (08) 8724 9553
E: admin@galpins.com.au

Stirling
Unit 4, 3-5 Mount Barker Road
PO Box 727, Stirling SA 5152
P: (08) 8339 1255
F: (08) 8339 1266
E: stirling@galpins.com.au

Norwood
3 Kensington Road, Norwood SA 5067
PO Box 4067, Norwood South SA 5067
P: (08) 8332 3433
E: norwood@galpins.com.au

W: www.galpins.com.au

ABN: 30 630 511 757

Liability limited by a scheme approved
under Professional Standards Legislation

KANGAROO ISLAND COUNCIL

GENERAL PURPOSE FINANCIAL STATEMENTS For the year ended 30 June 2021

Statement by Auditor

I confirm that, for the audit of the financial statements of Kangaroo Island Council for the year ended 30 June 2021, I have maintained my independence in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code), 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) Regulation 2011*.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

A handwritten signature in blue ink, appearing to read 'T Muhl'.

Tim Muhlhausler CA, Registered Company Auditor

Partner

24 January 2022

Fleurieu Regional Waste Authority

Annual Report 2020-21



FLEURIEU REGIONAL
WASTE AUTHORITY



Front cover: FRWA RACV at the HMAS Hobart Memorial Lookout

Contents

Message from the Independent Chairperson	4
FRWA Governance	6
Executive Officers Report	8
Our Mission & Objectives	10
Our Services	11
Kerbside Collection Services	12
Waste and Recycling Depots	15
Waste Education and Projects	15
Financial Statements	17

Message

From the Independent Chairperson

It is my pleasure to present the Fleurieu Regional Waste Authority Annual Report for 2020-21.

The 2020-21 financial year was a challenging year, yet another one, following China Sword and the continuing pandemic. It was a year where the Authority and our member Councils collaborated on a number of issues to ensure that the Authority continues to deliver positive outcomes for the Councils and their communities that it serves.

It is now the tenth year of operation of the Authority and, together with the member Councils, a significant review of the Authority's constitutional document, known as its Charter, was undertaken. The Councils recognise that the Authority is working in a dynamic, progressive and extremely competitive industry and agreed to amend the Charter in order to ensure that it is well placed, moving forward, to achieve its strategic objectives and to activate a local circular economy.

The other foundation document that the Authority and the Councils have worked together on, in a collaborative partnering approach, was the Fleurieu Regional Waste Authority Business Plan 2021-24. The Business Plan contains a raft of innovative initiatives to ensure that the Authority achieves the objectives goals of its Strategic Plan. The initiatives range from providing kitchen caddies in every home to expanding the services we provide and the development of a carbon emissions reduction road map. It was reassuring that all member Councils approve the plan in the early part of 2021.

The Board also took steps to improve and evolve the governance oversight of the Authority by not extending the Ministerial exemption but, instead, forming an Audit Committee accordance with the Local Government Act 1999. The Board formed the Audit Committee in June 2021 which will comprise up to five members including two who are independent. This, in my view, is a further example of the evolving maturity of what is now, an established Authority.

Financially, the Authority provided a positive outcome for all Councils with a healthy surplus, before extraordinary liabilities. Relevantly, the Authority, increased its own source revenue from a budgeted 24% to 28%, due to increased patronage at the Waste and Recycling depots as well as through an increase in the range of services it offered to the community.

However, in March 2021, staff discovered traces of asbestos within recycled road rubble that the Authority produces as part of its resource recovery activities at the Goolwa Waste and Recycling Depot. The Environment Protection Authority was notified and we have been working with consultants and contractors to remediate affected properties. The contamination has been found to date back to December 2018 with approximately 26,000 tonne of material being sold since that time. At the time of writing this Message, over 138 properties have registered as having purchased or received contaminated material with 5 properties fully remediated.

Whilst the remediation process has commenced with the contaminated material removed from 5 properties at the time of writing, Administration has undertaken a review of all recycling activities and implemented appropriate risk-management processes to minimise the risk of any recurrence. This is

an unfortunate incident, one that the Authority did not identify, but one which serves to highlight the challenges in resource recovery in the circular economy.

I am particularly proud of the increase in the range of services that FRWA now provides to the Council communities, in particular the Weekly Food Waste Collections for businesses and the Special Collections Services where residents and businesses can arrange additional waste collection services outside of the schedule of their normal collections. These services demonstrate a level of responsiveness to community but also innovative business-thinking that goes to less reliance on Council funding.

In the latter part of the financial year, the Authority was recognised for its part in the bush fire recovery program on Kangaroo Island. It was named as a finalist in the Local Government Professionals SA 2021 Leadership Excellence Awards, Excellence in Disaster Recovery & Emergency Response Management Award.

In closing, I recognise and thank the Management Team led by our Executive Officer, Simon Grenfell but also expressly acknowledge all of our employees for their ongoing commitment and support in providing the diverse, efficient and flexible resource management services that our communities are proud of. I also recognise and thank my fellow Board members for their vision, wise counsel and support over the past twelve months, noting that many will no longer be Board members into the future, consequent upon the changes being made to the governance structure of the Authority. Finally, special mention must be made of the support that the Authority has received from the CEO's of the member Councils over the past 12 months, in working through some of the challenging issues. Thank you, all.

Michael Kelleedy
Independent Chairperson
Fleurieu Regional Waste Authority



FRWA Governance

FRWA is administered by a Board in accordance with the requirements of the *Local Government Act 1999* and the Fleurieu Regional Waste Authority Charter. The membership of the Board comprises nine members including an Independent Chairperson, to govern and lead the Authority. The eight other members, comprise an elected member and an officer from each Constituent Council. This year we welcomed two new members in Paul Simpson from Kangaroo Island Council and Karen Rokicinski from the City of Victor Harbor. Paul Simpson replaced John Fernandez who has been a long time supporter of the Authority and has been either a Board member or deputy member over the past ten years. Karen replaced Glen Sanford who retired from the Board at the end of last year.

This year changes were made to the governance structure via the amended Charter that will see a revised Board in 2021/22.

Board Members: Paul Simpson, Simon Grenfell (EO), Karen Rokicinski, Tim Glazbrook, Elizabeth Williams, Alistair Christie, Michael Kelledy (Independent Chairperson), Andy Baker, Peter Denholm, Michael Scott.



The Board held seven meetings during the 2020-21 financial year. Given the wide area that the Authority covers, it holds Board meetings in each Council area during the year. The table below details the Board Member attendance.

Board Member	Meetings
Mr Michael Kelledy (Independent Chairperson)	7 of 7
Mr Andy Baker (District Council of Yankalilla)	6 of 7
Cr Alistair Christie (District Council of Yankalilla)	6 of 7
Cr Peter Denholm (Kangaroo Island Council)	7 of 7
Mr John Fernandez (Kangaroo Island Council)	2 of 2
Mr Paul Simpson (Kangaroo Island Council)	5 of 5
Cr Tim Glazbrook (City of Victor Harbor)	7 of 7
Ms Karen Rokicinski (City of Victor Harbor)	5 of 5
Cr Michael Scott (Alexandrina Council)	7 of 7
Ms Elizabeth Williams (Alexandrina Council)	6 of 7

Deputy Board Member	Meetings
Mr Brian Doman (City of Victor Harbor)	1 of 2
Mr Mark van der Pennen (Alexandrina Council)	1 of 1

Schedule 2 to the *Local Government Act 1999*, requires local government subsidiaries to establish an Audit Committee to ensure that the Authority meets its legislative and probity requirements as required by the Act and other relevant legislation, standards and codes.

FRWA was been granted an exemption from this provision by the Minister of Local Government until June 2021 from this requirement. A condition of this exemption is that FRWA establish an Internal Audit Committee to provide oversight of its risk and audit functions.

The Internal Audit committee held seven meetings during the 2020-21 financial year. The table below details the Internal Audit Committee Member attendance

Internal Audit Committee Member	Meetings
Mr Peter Fairlie-Jones (Independent Chairperson)	7 of 7
Cr Alistair Christie (District Council of Yankalilla)	6 of 7
Cr Tim Glazbrook (City of Victor Harbor)	4 of 4
Ms Karen Rokicinski (City of Victor Harbor)	4 of 5
Ms Elizabeth Williams (Alexandrina Council)	7 of 7
Mr Andy Baker (District Council of Yankalilla)	3 of 3
Brian Doman (City of Victor Harbor)	1 of 2

Executive Officer Report

The waste and resource sector is always throwing up challenges and this year was no different.

Despite the challenges of COVID-19, lockdowns, changing community behaviours and managing contaminated materials; we achieved the priority actions in the 2020-21 Business Plan.

This year we also undertook a number of initiatives to increase the range of services we provide to the community and reduce waste to landfill.

FRWA now provide weekly food waste collections for commercial businesses and special on-demand waste collections for business and holiday home owners that have a bin that needs to be collected urgently.

We rolled out kitchen caddies to Mt Compass households and undertook a Summer Recycling Collections Pilot. These initiatives will provide long term benefits through waste diversion and provide vital information for the development of policies and services in the future.

We have continued to improve the management of our business with the implementation of the 3Logix Waste Track system in our collection vehicles.

The weekly FOGO collections for commercial businesses allows people to recycle their food waste at work as well as at home. While special bin collections provides a service for holiday home owners to ring up and order an out of cycle bin collection. We also formalised the collection program for caravan parks that is tailored to meet their needs. These

programs provide a foundation for further diversion of waste from landfill into the future.

This included a Summer Recycling Collection Trial that provided weekly collection of Recycling bins and FOGO bins in the Chiton and Hayborough area this resulted in a diversion rate of 84% and provided valuable information that will inform the setting of summer time services in the future.

Food Waste is still the number one contributor of waste to landfill. In analysing our collection data it was found that Mt Compass had low presentation rates of FOGO Bins and higher bin weights than most other areas. FRWA supported by Alexandrina Council and Green Industries SA delivered kitchen caddies to all Mount Compass households, provided educational material, promoted the program through local publications and Facebook. The Mount Compass Area School got on board and implemented FOGO bins throughout their school to demonstrate how circular use of material. Peats Soils donated 150 bags of compost to give away as prizes.

The program was a success increasing the FOGO bin presentation rate from 42% to 58% and increased FOGO collection by 45%.

FRWA continues to be held up as the leading regional waste authority. I made presentations to the Green Industries SA Regional Waste Forum, the Waste Management Association Australia State Conference and to the Murray Lands and Riverland LGA. I also provided advice and assistance to the Copper Coast Council in its transition to fortnightly collection of kerbside waste and recycling.

The discovery of small traces of asbestos in crushed rock at the Goolwa Waste and Recycling Depot has been devastating for our recycling practices. We have reviewed our processes and are currently developing Recycled Product plans to ensure that we have procedures and practices in place that eliminates the risk of this occurring again.

FRWA will be working with consultants and contractors over the next twelve months to remediate the impacted properties and eliminate any risks to health and property.

This year's achievements would not have been possible without the commitment and hard work of the FRWA Board, the Constituent Councils and, importantly the staff of FRWA. I look forward to continuing to work with member Councils and the Board to build on these achievements into the future.

Simon Grenfell

Executive Officer

Fleurieu Regional Waste Authority



Our Mission & Objectives

About FRWA

The Fleurieu Regional Waste Authority (FRWA) is a local government regional subsidiary of the Alexandrina Council, City of Victor Harbor, District Council of Yankalilla and Kangaroo Island Council. With a vision of *“FRWA will provide diverse and flexible resource management services that are affordable, improve environmental outcomes and promote a circular economy that our community are proud of”*.

Objectives

Objective 1: Reduce the impact of the community on the environment through best practice waste management and diversion

Key Performance Indicators

- Increase kerbside diversion rates from 50% to 70% by 2030
- Reduce the amount of organic waste in the blue bin from 44% to less than 15% by 2025
- Reduce contamination of the recycling bin to less than 8% by 2025
- Reduce greenhouse gas emissions of FRWA by 30% by 2030

Objective 2: Advocate and facilitate a local circular economy

Key Performance Indicators

- Value of recovered materials is increased by 10% by 2025
- Reduce freight kilometres by 5% by 2025
- Constituent councils purchase recyclable materials equivalent to 30% by weight of material collected in the yellow bin.

Objective 3: Provide flexible services that meet the needs of councils, residents and visitors.

Key Performance Indicators

- Reduce the number of bin banks in rural areas by 15% by 2025
- Increase range of services provided to customers by 20% by 2025
- Increase range of services provided to constituent Councils by 2025

Objective 4: Provide efficient and effective Regional Subsidiary

Key Performance Indicators

- Reduce the cost of kerbside collection per property by 5% by 2025, excluding CPI and solid waste levy
- Reduce the cost to councils of waste transfer station operations by 10% by 2025 excluding CPI and solid waste levy.

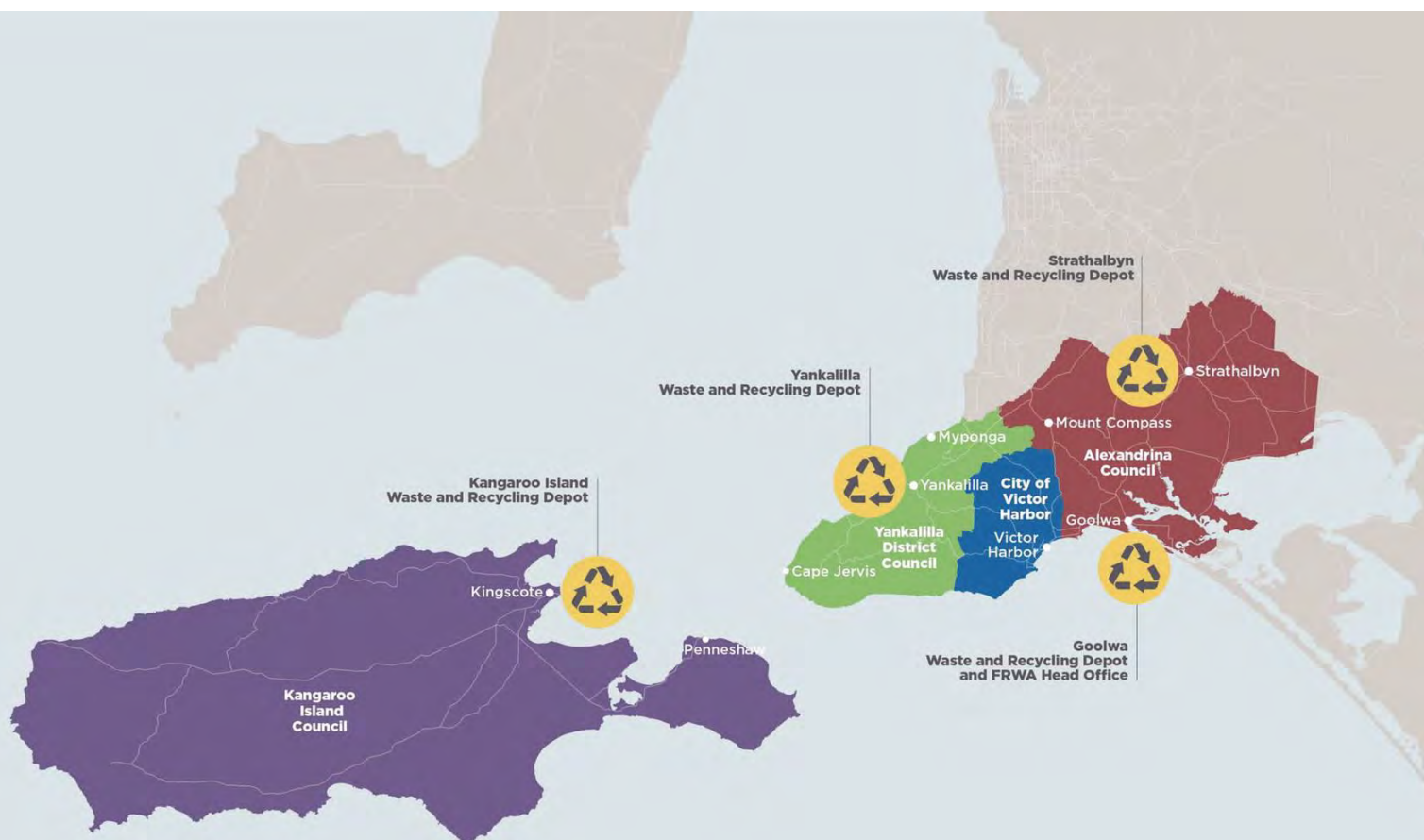
Our Services

The Fleurieu Peninsula and Kangaroo Island covers 7,341km² and has a resident population of 54,000 which increases by up to 50% in coastal areas during holiday periods.

FRWA is a fine example of local governments working together to achieve efficiencies across boundaries. We are capturing the best practices brought over from the Councils: reducing waste going to landfill, increasing recycling, and promoting a cleaner and healthier environment for today and tomorrow.

We offer a range of services to the communities we serve including:

- 3-bin fortnightly collection of kerbside waste
- Public Waste and Recycling Depots in Goolwa, Yankalilla, Strathalbyn and Kingscote
- Public Litter Bin collections
- Additional Waste Collection Services including: Event Bins, Weekly commercial FOGO collections, Exceptional Circumstances Bins
- Community Waste Education
- Customer Service
- Sale of composting equipment, kitchen caddies, bins and supplies
- Representation and advocacy on behalf of constituent Councils.



Kerbside Collection Services

FRWA has a fleet of 13 collection vehicles and provides fortnightly collection of waste, recycling and Food Organics Garden Organics to over 32,000 properties.

The kerbside collection teams continued to review their operations and improve their efficiency using data from the 3Logix Waste Track system installed in 2019/20.

These improvements included:

- The review and adjustment of the collection runs on Kangaroo Island
- Review and adjustment of collections runs around Strathalbyn
- The removal of five bin banks in Alexandrina Council
- Elimination of manual run sheets

FRWA have also sought to increase the range of kerbside waste collection services to the community.

To support and encourage the community to separate their waste and improve their recycling practices it is critical that they have access to services that suit their needs. FRWA provide a range of additional collection services including Exceptional Circumstances Bins and Additional Bins. This year we implemented a number of new services including:

Weekly Commercial FOGO

The Weekly Commercial FOGO service is aimed at commercial food producing businesses such as cafes, clubs and restaurants that are environmentally focused and want to

divert their food waste from landfill. The weekly collection of 140 litre bins does this. We developed a range of flyers, stickers and educational material as part of this service and are currently collecting 20 bins from 12 businesses across the Fleurieu Peninsula.

Special Collections Policy

Our community is diverse and varied and this is reflected in their waste management needs. To cater for this FRWA now provide a Special Collection Service where residents can ring up and book a collection of their general waste bin outside their regular collection cycle. This is particularly useful for holiday houses and businesses that create more waste than they can dispose of as part of their normal waste collection service.

Caravan Park Collection Policy

Collection services for Caravan Parks were previously unregulated and FRWA simply provided the service that the parks wanted. To encourage better management of waste FRWA created a Caravan Park Waste Collection Policy which details the services FRWA provides and the fees and charges. This has reduced the number of bins put out by caravan parks and the time our collection vehicles are spending collecting the waste.

These new services has led to a 47% increase in additional bin services and increased revenue. More importantly increased personal responsibility for waste management.

The diversion of waste from landfill is a key driver for FRWA. We collect data across all of our businesses to monitor and measure our diversion. This year we reviewed the presentation of our statistics and provided a trending graph to better represent the changes in waste generation.

COVID-19 continues to impact our waste streams in different ways. It appears that DC Yankalilla and KI Council had an influx of visitors which has increased total waste production, in particular MSW. This has had a negative impact on those Councils diversion rates. WRD's have seen an increase in activity due to an active economy supported by government grants.

This financial year kerbside material tonnages increased by 7%, with increases across all waste streams. Waste diversion across the region increased from 58% to 59% with the City of Victor Harbor achieving 62% diversion of waste from landfill with FOGO becoming the predominate waste stream for that Council.

As a region our kerbside diversion rates increased from 58% to 59% and WRD diversion rates remained static at 80%. These rates are still amongst the highest in South Australia.

COUNCIL	WASTE	FOGO	RECYCLING	DIVERSION
Alexandrina	+2% 4711	+4% 4123	+4% 2731	+1% 59%
City of Victor Harbor	+5% 2605	+0% 2611	+1% 1647	+2% 62%
DC Yankalilla	+13% 1163	867 -1%	+9% 635	0% 56%
Kangaroo Island	+22% 986	+21% 394	+20% 530	+2% 48%
Total (tonnes)	+6% 9465	+3% 7996	+5% 5544	+1% 59%

*Tonnes collected compared to 2019/20



Waste and Recycling Depots

The FRWA Waste and Recycling Depots continue to provide an important service to the communities.

All waste and recycling depots have experienced a significant increase in patronage and incoming waste.

Across the region, waste managed by the waste and recycling depots has increased by 21%. Customer numbers have increased at the Goolwa Waste and Recycling Depot by 13%.

Waste diversion from landfill has increased to 84% for the region with significant increases in diversion at the Yankalilla WRD and Kangaroo Island Resource Recovery Centre. Mulch and compost sales have been strong across the region with over 13,000m³ being sold from our depots.

This resulted in an increase in revenue and positive results for Councils.

The KIRRC continued to assist the KI Community recover from the bush fires of 2020 by receiving 3000m³ of chipped timber waste. This is being composted via our in-vessel composter and sold back to the community.

The Gosse fire waste disposal site was fenced and revegetated by the Kangaroo Island

Landscape Board with 300 tube stock and direct seeded with 6kg of seeds.

FRWA completed its plant replacement program for the year replacing the following plant items:

- 2 Robotic Arm Collection Vehicles
- Skid Steer Loader at the KIRRC
- Waste Education Officer Ute.

To improve access to transactional data and reduce paperwork for our staff a point of sale terminal was installed at the Strathalbyn Waste and Recycling Depot. It is planned to roll out point of sale terminals to the Yankalilla and Kangaroo Island facilities in the 2021-22 financial year.

FRWA continues to support the community through its policies with 53 organisations receiving \$250 credit to dispose of waste at our depots or purchase bins.

84% Waste diverted from landfill

53 community organisations receive \$250 towards waste management costs.

13,861 m³ of mulch sold back to the community.



Volunteers from the KI Landscape Board planting at the Gosse fire waste site.

Waste Education and Projects

Waste Education continues to be an important part of FRWA's activities. This year we had to adapt our approach with public education activities reduced due to COVID-19, therefore we focused on specific projects.

The summer period is a great time to be on the Fleurieu Peninsula. It is a time for holidays, celebrations and good times. Managing waste and recycling has always been a challenge for the Authority and Councils with additional collections of bins always scheduled.

The general waste bin is currently collected weekly for 6 weeks from mid-December to the end of January. This has worked well previously and is a service that is welcomed by the community, but as our community becomes better recyclers and less prone to just throw everything in the waste bin they start to demand more recycling services.

This year FRWA undertook a Summer Recycling Collection Trial in the Chiton Hayborough area where for the six week summer period FOGO and Recycling bins were collected weekly and General Waste was collected fortnightly.

The trial was a huge success with the community supporting the additional collections. 84% of waste from the trial area was diverted from landfill. Further work will be done in 2021/22 prior to making recommendations to member Councils for the 2022/23 summer.

With Food Waste still the number one contributor of waste to landfill. In analysing our collection data it was found that Mt Compass had low presentation rates of FOGO Bins and higher bin weights than most other areas. FRWA supported by Alexandrina Council and Green Industries SA delivered kitchen caddies to all Mount Compass households, provided educational material, promoted the program through local publications and Facebook. The Mount Compass Area School got on board and implemented FOGO bins throughout their school to demonstrate how circular use of material. Peats Soils donated 150 bags of compost to give away as prizes.



Mel from the Motherduck Café with her commercial FOGO bin

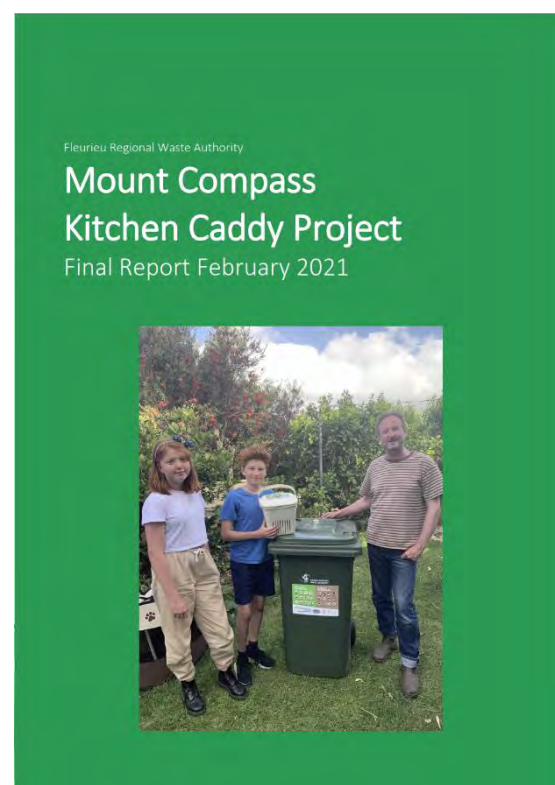
The program was a success increasing the FOGO bin presentation rate from 42% to 58% and increased FOGO collection by 45%. Our staff further supported the increase in FOGO by promoting and developing infrastructure for the Weekly FOGO Collection Service.

We continued to review our kerbside collection calendars and this year upgraded the Kangaroo Island Collection Calendar to match the “Which Bin” style formatting.

We have improved our digital communications with FRWA establishing a Facebook Page. We now have nearly 500 followers and our posts reaching over 11,000. We continue to improve this platform with competitions and informative posts that engage the community.

We are currently in the process of upgrading our website with it planned for completion in September 2021.

Our Waste Education staff are also utilising the 3Logix Waste Track System and are sending out letters to households regarding contamination.



Mount Compass FOGO Poster



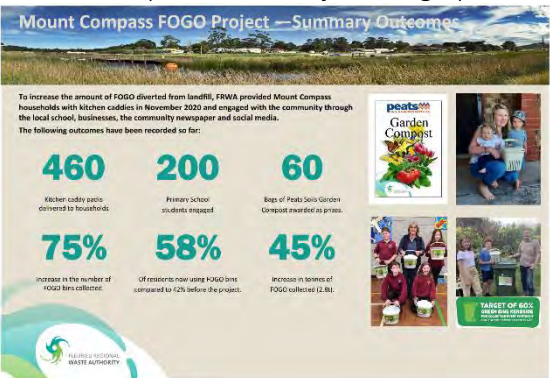
Kangaroo Island Kerbside Collection Calendar



Weekly Food Waste Brochure



Mount Compass FOGO Project Infographic



FLEURIEU REGIONAL WASTE AUTHORITY

Financial Statements

Fleurieu Regional Waste Authority

General Purpose Financial Reports

for the year ended 30 June 2021

Table of Contents

	Page #
Authority Certificate	1
 Principal Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
 Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	N6
Note 2 - Income	N10
Note 3 - Expenses	N11
Note 4 - Asset Disposal & Fair Value Adjustments	N12
Note 5 - Current Assets	N13
Note 6 - Infrastructure, Property, Plant & Equipment	N14
Note 7 - Liabilities	N16
Note 8 - Other Current Liabilities	N17
Note 9 - Reconciliation of Cash Flow Statement	N18
Note 10 - Financial Instruments	N19
Note 11 - Expenditure Commitments	N22
Note 12 - Financial Indicators	N23
Note 13 - Uniform Presentation of Finances	N24
Note 14 - Related Party Transactions	N25
Note 15 - Superannuation	N26
Note 16 - Assets & Liabilities not Recognised	N27
Note 17 - Events after Reporting Date	N28
Note 18 - Economic Dependence	N29
 Audit Report - Financial Statements	30
Audit Report - Internal Controls	33
Authority Certificate of Audit Independence	35
Audit Certificate of Audit Independence	41

FLEURIEU REGIONAL WASTE AUTHORITY




ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021

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 2021 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 Kellady
CHAIR OF THE BOARD


.....
Simon Grenfell
EXECUTIVE OFFICER

Date: 22 September 2021

Fleurieu Regional Waste Authority
Statement of Comprehensive Income
for the year ended 30 June 2021

		2021	2020
	Notes	\$	\$
INCOME			
User charges	2	9,024,433	9,083,674
Grants, subsidies and contributions	2	159,570	234,771
Investment income	2	338	2,581
Reimbursements	2	7,140	15,349
Other income	2	30,009	9,064
Total Income		<u>9,221,490</u>	<u>9,345,439</u>
EXPENSES			
Employee costs	3	3,084,886	3,115,286
Materials, contracts & other expenses	3	15,238,693	5,356,982
Depreciation, amortisation & impairment	3	659,550	706,091
Finance costs	3	99,545	114,629
Total Expenses		<u>19,082,674</u>	<u>9,292,988</u>
OPERATING SURPLUS / (DEFICIT)		<u>(9,861,184)</u>	<u>52,451</u>
Asset disposal & fair value adjustments	4	12,821	40,653
NET SURPLUS / (DEFICIT) (transferred to Equity Statement)		<u>(9,848,363)</u>	<u>93,104</u>
Other Comprehensive Income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>(9,848,363)</u>	<u>93,104</u>

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

Fleurieu Regional Waste Authority
Statement of Financial Position
as at 30 June 2021

		2021	2020
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,385,180	1,983,227
Trade & other receivables	5	894,345	492,572
Inventories	5	92,353	94,273
		<u>2,371,878</u>	<u>2,570,072</u>
Total Current Assets		<u>2,371,878</u>	<u>2,570,072</u>
Non-current Assets			
Infrastructure, property, plant & equipment	6	4,327,509	4,154,770
Total Non-current Assets		<u>4,327,509</u>	<u>4,154,770</u>
Total Assets		<u>6,699,387</u>	<u>6,724,842</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	7	1,441,944	1,918,201
Contract Liabilities	7	829,393	360,745
Borrowings	7	810,587	461,466
Provisions	7	10,153,644	228,203
Other current liabilities	8	182,021	333,367
Total Current Liabilities		<u>13,417,589</u>	<u>3,301,982</u>
Non-current Liabilities			
Borrowings	7	2,190,843	2,458,850
Provisions	7	64,579	89,273
Total Non-current Liabilities		<u>2,255,422</u>	<u>2,548,123</u>
Total Liabilities		<u>15,673,011</u>	<u>5,850,105</u>
NET ASSETS		<u>(8,973,627)</u>	<u>874,736</u>
EQUITY			
	Notes	\$	\$
Accumulated Surplus		(8,973,627)	874,736
TOTAL EQUITY		<u>(8,973,627)</u>	<u>874,736</u>

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 2021

		Accumulated Surplus	TOTAL EQUITY
2021	Notes	\$	\$
Balance at end of previous reporting period		874,736	874,736
Net Surplus / (Deficit) for Year		(9,848,363)	(9,848,363)
Other Comprehensive Income		-	-
Balance at end of period		(8,973,627)	(8,973,627)

		Accumulated Surplus	TOTAL EQUITY
2020	Notes	\$	\$
Balance at end of previous reporting period		781,632	781,632
Net Surplus / (Deficit) for Year		93,104	93,104
Other Comprehensive Income		-	-
Balance at end of period		874,736	874,736

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 2021

		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES	Notes	\$	\$
<i>Receipts:</i>			
User charges		9,115,302	9,172,959
Investment receipts		338	2,581
Grants utilised for operating purposes		159,570	154,771
<i>Payments:</i>			
Employee costs		(3,084,886)	(3,115,286)
Materials, contracts & other expenses		(5,948,671)	(4,066,457)
Finance payments		(104,056)	(110,455)
Net Cash provided by (or used in) Operating Activities	9	137,597	2,038,113
 CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Receipts:</i>			
Amounts specifically for new or upgraded assets		-	80,000
Sale of replaced assets		153,956	108,545
<i>Payments:</i>			
Expenditure on renewal/replacement of assets		(948,344)	(1,173,926)
Expenditure on new/upgraded assets		(22,370)	(113,030)
Net Cash provided by (or used in) Investing Activities		(816,758)	(1,098,411)
 CASH FLOWS FROM FINANCING ACTIVITIES		\$	\$
<i>Receipts:</i>			
Proceeds from borrowings		785,980	1,166,664
<i>Payments:</i>			
Repayments of borrowings		(704,867)	(597,547)
Net Cash provided by (or used in) Financing Activities		81,113	569,117
Net Increase (Decrease) in cash held		(598,048)	1,508,819
 Cash & cash equivalents at beginning of period	9	1,983,227	474,409
Cash & cash equivalents at end of period	9	1,385,180	1,983,227

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 2021

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 22 September 2021.

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.

There is significant uncertainty in the estimation of the provision for remediation costs of \$9,877,286 (refer to Note 3 Expenses, Note 7 Liabilities and Note 18 Economic Dependence), which is the Board's best estimate of the costs that may be incurred in relation to the coordination and removal of asbestos containing material from identified properties.

The key estimates and assumptions used to determine the provision for remediation costs include the number of properties requiring remediation, the quantity of waste to dispose, consultant costs to manage the remediation process and contractor costs for site remediation.

Other areas of estimation uncertainty are given in the relevant sections of these Notes.

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

The Authority recognises revenue under AASB 1058 Income of Not-for-Profit Entities (AASB 1058) or AASB 15 Revenue from Contracts with Customers (AASB 15) when appropriate. In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Authority expects to be entitled in a contract with a customer. In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the Authority to acquire or construct a recognisable non-financial asset that is to be controlled by the Authority. In this case, the Authority recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

FLEURIEU REGIONAL WASTE AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

Council contributions

Revenue from Council contributions is recognized as the services are performed over the financial year.

Waste Disposal Operations

Revenue from waste disposal operations is recognized at the point in time the service is provided to the customer.

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 also form 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 the Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

6.3 Subsequent Recognition

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

FLEURIEU REGIONAL WASTE AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

6.4 Depreciation of Non-Current Assets

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

Depreciation methods, useful lives and residual values of assets are reviewed annually.

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.

8 Contract Liabilities

Contract liabilities represent the Authority's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Authority recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Authority has transferred the goods or services to the customer.

9 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".

10 Employee Benefits

10.1 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.

FLEURIEU REGIONAL WASTE AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

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.

11 *GST Implications*

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

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

12 *New and amended standards and interpretations*

The Authority applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. New standards and amendments relevant to the Authority are listed below. The Authority has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to AASB 101 and AASB 108 Definition of Material:

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Authority.

Fleurieu Regional Waste Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 2 - INCOME

	Notes	2021 \$	2020 \$
<u>Revenue from Contracts with Customers:</u>			
USER CHARGES			
Council Contributions		6,271,291	5,621,498
Waste Disposal Operations		2,753,142	3,462,176
		9,024,433	9,083,674
<u>Other Revenue and Other Income:</u>			
	Notes	2021 \$	2020 \$
INVESTMENT INCOME			
Interest on investments:			
Banks & other		338	2,581
		338	2,581
REIMBURSEMENTS			
- other		7,140	15,349
		7,140	15,349
OTHER INCOME			
Sundry		30,009	9,064
		30,009	9,064
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Other grants, subsidies and contributions		159,570	234,771
		159,570	234,771
		159,570	234,771

Fleurieu Regional Waste Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 3 - EXPENSE

	Notes	2021 \$	2020 \$
EMPLOYEE COSTS			
Salaries and Wages		2,458,191	2,489,385
Employee leave expense		204,117	241,711
Superannuation	15	217,712	211,018
Superannuation - defined benefit plan contributions	15	19,876	11,065
Workers' Compensation Insurance		126,584	109,080
Other		58,406	53,027
Total Operating Employee Costs		3,084,886	3,115,286
 Total Number of Employees		32	34
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		13,000	11,670
- Auditing of Internal Controls		2,000	2,000
Bad and Doubtful Debts		-	-
Board members' expenses		23,217	24,839
Rental charge - accrued		85,764	84,000
Subtotal - Prescribed Expenses		123,981	122,509
<u>Other Materials, Contracts & Expenses</u>			
Contractors		1,755,537	1,664,662
Energy		554,708	607,232
Waste Disposal		1,853,719	1,680,254
Maintenance		413,486	380,836
Legal Expenses		4,741	41,739
Parts, accessories & consumables		154,317	191,611
Professional services		93,384	61,911
Sundry		407,534	606,228
INDIVIDUALLY SIGNIFICANT ITEMS			
Provision for remediation costs	1.3,7,18	9,877,286	-
Subtotal - Other Materials, Contracts & Expenses		15,114,712	5,234,473
		15,238,693	5,356,982
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Plant, machinery & equipment		659,550	706,091
		659,550	706,091
FINANCE COSTS			
Interest on Loans		99,545	114,629
		99,545	114,629

Fleurieu Regional Waste Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 4 - ASSET DISPOSALS AND FAIR VALUE ADJUSTMENTS

	2021	2020
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	153,956	108,544
Less: Carrying amount of assets sold	141,135	67,891
Gain (Loss) on disposal	<u>12,821</u>	<u>40,653</u>
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	 <u>12,821</u>	 <u>40,653</u>

Fleurieu Regional Waste Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 5 - CURRENT ASSETS

		2021	2020
CASH & EQUIVALENT ASSETS	Notes	\$	\$
Cash on Hand and at Bank		455,186	1,456,657
Deposits at Call		929,994	526,570
		<u>1,385,180</u>	<u>1,983,227</u>
TRADE & OTHER RECEIVABLES			
Debtors - general		892,920	477,991
Prepayments		1,425	14,581
Total		894,345	492,572
Less: Provision for Impairment		-	-
		<u>894,345</u>	<u>492,572</u>
<i>Amounts included in receivables that are not expected to be received within 12 months of reporting date.</i>		-	-
INVENTORIES			
Stores & Materials		92,353	94,273
		<u>92,353</u>	<u>94,273</u>

Fleurieu Regional Waste Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (IPP&E)

	Fair Value Level	2020 \$'000				2021 \$'000			
		Fair Value	Cost	Acc' Dep'n	Carrying Amount	Fair Value	Cost	Acc' Dep'n	Carrying Amount
Plant, machinery & equipment		4,154,770	7,364,399	(3,209,629)	4,154,770	4,327,509	7,268,743	(2,941,234)	4,327,509
Office equipment, furniture & fittings		-	3,280	(3,280)	-	-	-	-	-
Buildings & other structures		-	3,181	(3,181)	-	-	-	-	-
Total IPP&E		4,154,770	7,370,860	3,216,090	4,154,770	4,327,509	7,268,743	(2,941,234)	4,327,509
	Comparatives	3,641,795	7,259,458	(3,617,663)	3,641,795	4,154,770	7,370,860	3,216,090	4,154,770

	2020 \$									2021 \$
	Carrying Amount	Net Adjust AASB 16	Additions		Disposals	Dep'n	Impair't	Transfers		Carrying Amount
			New / Upgrade	Renewals				In	Out	
Plant, machinery & equipment	4,154,770		22,370	951,054	(141,135)	(659,550)	-	-	-	4,327,509
Total IPP&E	4,154,770	-	22,370	951,054	(141,135)	(659,550)	-	-	-	4,327,509
	Comparatives	3,641,795								4,154,770

FLEURIEU REGIONAL WASTE AUTHORITY
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 6 (con't) – 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	\$5,000
Other Plant & Equipment	\$5,000
Buildings - new construction/extensions	\$10,000

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 2021

Note 7 - LIABILITIES

		2021		2020	
		\$		\$	
TRADE & OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods & Services		742,722	-	690,903	-
Accrued expenses - employee entitlements		189,781	-	258,491	-
Accrued expenses - other		509,441	-	968,807	-
		1,441,944	-	1,918,201	-
BORROWINGS					
Loans		810,587	2,190,843	461,466	2,458,850
		810,587	2,190,843	461,466	2,458,850

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

PROVISIONS

Employee entitlements (including oncosts)		219,956	64,579	186,802	89,273
Other Provisions		56,402	-	41,401	-
Provision for remediation costs	1.3,3,18	9,877,286	-	-	-
		10,153,644	64,579	228,203	89,273

In March 2021, the Authority undertook testing of its recycled road base material at the Goolwa Waste and Recycling Depot and found that the stockpile contained asbestos. The Authority notified the South Australian Environment Protection Authority in March 2021 and engaged a consultant to assist in the coordination and removal of asbestos containing material from identified properties in South Australia, in accordance with specific remediation plans.

A provision for remediation costs has been recognised at 30 June 2021 and represents the Board's best estimate of the costs that may be incurred in relation to the coordination and removal of asbestos containing material from identified properties.

Remediation works commenced in July 2021 and the Board estimate that the majority of the remediation costs will be incurred, and remediation works completed, within the next 12 months.

This provision is a significant estimate as outlined in Note 1.3.

CONTRACT LIABILITIES

Revenue received in advance					
- additional collection services		83,125	-	53,745	-
- council contributions		746,268	-	307,000	-
		829,393	-	360,745	-

The Board approved the retention of surplus Council contributions as at 30 June 2021 for each Constituent Council to fund the asbestos contaminated material remediation project during the 2021/22 year.

Fleurieu Regional Waste Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 8 - OTHER CURRENT LIABILITIES

		2021	2020
		\$	\$
OTHER	Notes	Current	Current
Provision for rock crushing		182,021	333,367
		182,021	333,367

Fleurieu Regional Waste Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

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	2021 \$	2020 \$
Total cash & equivalent assets	5	1,385,180	1,983,227
Balances per Cash Flow Statement		<u>1,385,180</u>	<u>1,983,227</u>

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

Net Surplus (Deficit)	(9,848,363)	93,104
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	659,550	706,091
Net increase (decrease) in unpaid employee benefits	8,460	64,219
Grants for capital acquisitions treated as Investing Activity	-	(80,000)
Net (Gain) Loss on Disposals	(12,821)	(40,653)
	<u>(9,193,174)</u>	<u>742,761</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(401,773)	(112,243)
Net (increase) decrease in inventories	1,920	69,767
Net increase (decrease) in trade & other payables	(10,317)	1,123,004
Net increase (decrease) in other provisions	9,892,287	6,401
Net increase (decrease) in other liabilities	(151,346)	208,423
Net Cash provided by (or used in) operations	<u>137,597</u>	<u>2,038,113</u>

(d) 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	857,115	613,715

Fleurieu Regional Waste Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021
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	<p>Accounting Policy: Bank deposits are measured at amortised cost, interest is recognised when earned</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 0.01% and 0.05% (2020: 0.01% and 0.05%).</p>
Receivables - Fees & other charges	<p>Accounting Policy: Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.</p> <p>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.</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable in six monthly instalments; interest is charged at fixed or variable rates between 1.80% and 4.80% (2020: 1.80% and 4.80%)</p>

Fleurieu Regional Waste Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 10 - FINANCIAL INSTRUMENTS (con't)

Liquidity Analysis

2021	Due < 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<u>Financial Assets</u>	\$	\$	\$	\$	\$
Cash & Equivalents	1,385,180	-	-	1,385,180	1,385,180
Receivables	892,920	-	-	892,920	894,345
Total	2,278,100	-	-	2,278,100	2,279,525
<u>Financial Liabilities</u>					
Payables	1,572,115	-	-	1,572,115	1,572,115
Current Borrowings	503,853	-	-	503,853	433,250
Non-Current Borrowings	-	1,817,422	877,975	2,695,397	2,545,657
Total	2,075,968	1,817,422	877,975	4,771,365	4,551,023

2020	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<u>Financial Assets</u>	\$	\$	\$	\$	\$
Cash & Equivalents	1,983,227	-	-	1,983,227	1,983,227
Receivables	477,991	-	-	477,991	492,572
Total	2,461,218	-	-	2,461,218	2,475,799
<u>Financial Liabilities</u>					
Payables	1,051,648	-	-	1,051,648	1,051,648
Current Borrowings	544,351	-	-	544,351	461,466
Non-Current Borrowings	-	1,487,610	1,151,021	2,638,631	2,458,850
Total	1,595,999	1,487,610	1,151,021	4,234,630	3,971,964

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

	30 June 2021		30 June 2020	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Variable Rates	1.73	1,532,865	2.20	990,285
Fixed Interest Rates	2.55	1,468,565	2.72	1,930,031
		3,001,430		2,920,316

Fleurieu Regional Waste Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 10 - FINANCIAL INSTRUMENTS (con't)

Net Fair Value

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

Risk Exposures:

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

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

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

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

Fleurieu Regional Waste Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 11 - COMMITMENTS FOR EXPENDITURE

	2021	2020
Notes	\$	\$
Expenditure Commitments		
Expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Board & Employee Remuneration Contracts	707,982	916,539
Maintenance Contracts	-	-
	<u>707,982</u>	<u>916,539</u>
These expenditures are payable:		
Not later than one year	199,573	208,557
Later than one year and not later than 5 years	508,409	707,982
Later than 5 years	-	-
	<u>707,982</u>	<u>916,539</u>

Fleurieu Regional Waste Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 12 - FINANCIAL INDICATORS

	2021	2020	2019
Operating Surplus Ratio			
<u>Operating Surplus</u>	-107%	0.56%	-0.33%
Total Operating Income			

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

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	145%	37%	37%
Total Operating Income			

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

Asset Renewal Funding Ratio

<u>Net Outlays on Existing Assets</u>	107%	87%	63%
Net Asset Renewals - IAMP			

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 2021

Note 13 - UNIFORM PRESENTATION OF FINANCES

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

All 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 Authority's finances

	2021	2020
	\$	\$
Income	9,221,490	9,345,439
Expenses	(19,082,674)	(9,292,988)
Operating Surplus / (Deficit)	(9,861,184)	52,451
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	(948,344)	(1,173,926)
Add back Depreciation, Amortisation and Impairment	659,550	706,091
Proceeds from Sale of Replaced Assets	153,956	108,545
	(134,838)	(359,290)
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	(22,370)	(113,030)
Amounts received specifically for New and Upgraded Assets	-	80,000
Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	-	-
	(22,370)	(33,030)
Net Lending / (Borrowing) for Financial Year	(10,018,392)	(339,869)

Fleurieu Regional Waste Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

Note 14 - 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:

	2021	2020
	\$	\$
Salaries, allowances & other short term benefits	183,379	109,852
Post-employment benefits	14,740	8,867
Long term benefits	4,803	48,633
Termination benefits	-	184,876
TOTAL	202,923	352,228

FLEURIEU REGIONAL WASTE AUTHORITY
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

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 2020-21; 10.00% in 2021-22). 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 2019-20) 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 2020. 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

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 2021

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 2021

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

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There are no other events subsequent to 30 June 2021 that need to be disclosed in the financial statements.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2021

Note 18 - ECONOMIC DEPENDENCE

Note 18 – Economic Dependence

A provision for remediation costs of \$9,877,286 has been recognised at 30 June 2021 (refer to Notes 1.3, 3 and 7). As a result, the Authority's current liabilities exceed its current assets at 30 June 2021 by \$11,045,711 and the Authority has a net deficiency of \$8,973,627.

The financial statements of the Authority have been prepared on a going concern basis as its Charter includes a requirement for additional financial contributions to be made by the Constituent Councils due to the insufficient working capital available to meet the Authority's estimated financial obligations, and in accordance with Section 31 of Part 2 of Schedule 2 of the Local Government Act 1999, the liabilities incurred by a regional subsidiary are guaranteed by the Constituent Councils.

The Authority is reliant on this additional financial support being provided to enable it to continue to operate on a going concern basis

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

We have audited the financial report of Fleurieu Regional Waste Authority ("the Authority"), which comprises the Statement of Financial Position as at 30 June 2021, 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 2021, 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 & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (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.

Emphasis of Matter – Provision for Remediation Costs

We draw attention to Note 1.3 and Note 7 of the financial report, which states that there is significant uncertainty regarding the estimation of the provision for remediation costs of \$9,877,286. The provision is the Board's best estimate of the costs that may be incurred in relation to the coordination and removal of asbestos containing material from identified properties.

Our opinion is not modified in respect of this matter.

Material Uncertainty Related to Going Concern

We draw attention to Note 18 of the financial report, which states that the Authority's current liabilities exceed its current assets at 30 June 2021 by \$11,045,711 and that the Authority has a net deficiency of \$8,973,627. The financial statements of the Authority have been prepared on a going concern basis as its Charter includes a requirement for additional financial contributions to be made by the Constituent Councils due to the insufficient working capital available to meet the Authority's estimated financial obligations, and in accordance with Section 31 of Part 2 of Schedule 2 of the Local Government Act 1999, the liabilities incurred by a regional subsidiary are guaranteed by the Constituent Councils. The Authority is reliant on this additional financial support being provided to enable it to continue to operate on a going concern basis.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Authority be unable to continue as a going concern and meet its debts as they fall due.

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

Material Uncertainty Related to Going Concern (cont)

The above conditions indicate that a material uncertainty exists that may cast significant doubt on the Authority's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

The Board is responsible for the other information. The other information comprises the information included in the entity's annual report for the year ended 30 June 2021, 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 is 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 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 Board 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.

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

Auditor's Responsibilities for the Audit of the Financial Report (cont)

- 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 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 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



Matthew O'Connor
Partner

Adelaide
South Australia

23 September 2021

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF FLEURIEU REGIONAL WASTE AUTHORITY

We have audited the Internal Controls of Fleurieu Regional Waste Authority (“the Authority”) under the requirements of *Section 129(1)(b) of the Local Government Act 1999* in relation only to the Internal Controls established by the Authority to ensure that financial transactions relating to the receipt, expenditure and investment of money, the acquisition and disposal of property and incurring of liabilities for the year ended 30 June 2021 have been conducted properly and in accordance with law.

The Authority’s Responsibility for the Internal Controls

The Authority is responsible for implementing and maintaining an adequate system of internal controls, in accordance with *Section 125 of the Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Authority’s compliance with *Section 129(1)(b) of the Local Government Act 1999* in relation only to the Internal Controls established by the Authority to ensure that financial transactions relating to the receipt, expenditure and investment of money, the acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law, 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, in order to state whether, in all material respects, the Authority has complied with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls specified above for the year ended 30 June 2021. 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, and testing and evaluating the design of controls on a sample basis based on the assessed risks.

Limitation of Use

This report has been prepared for the members of the Authority in accordance with *Section 129(1)(b) of the Local Government Act 1999* in relation to the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Authority, or for any purpose other than that for which it was prepared.

**INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF FLEURIEU REGIONAL WASTE
AUTHORITY (CONT)****Inherent Limitations**

Due to 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 Internal Controls specified above, as the engagement is not performed continuously throughout the period and the procedures performed in respect of compliance with *Section 125 of the Local Government Act 1999* in relation to the Internal Controls specified above are undertaken on a test basis.

The opinion 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 Authority has complied, in all material respects, with *Section 129(1)(b) of the Local Government Act 1999* in relation to Internal Controls established by the Authority relating to the receipt, expenditure and investment of money, the acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Authority have been conducted properly and in accordance with law for the year ended 30 June 2021.



Nexia Edwards Marshall
Chartered Accountants



Matthew O'Connor
Partner

Adelaide
South Australia

23 September 2021

FLEURIEU REGIONAL WASTE AUTHORITY



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021

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 2021, 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*.



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

Date: 31 August 2021

FLEURIEU REGIONAL WASTE AUTHORITY

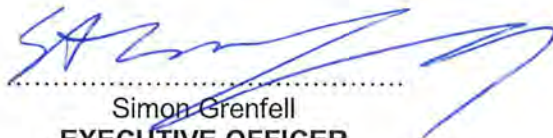


ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021

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 2021, 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*.



Simon Grenfell
EXECUTIVE OFFICER
Fleurieu Regional Waste Authority

Date: 30 August 2021

FLEURIEU REGIONAL WASTE AUTHORITY



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021

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 2021, 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*.

.....*Elizabeth Williams*.....
Elizabeth Williams

ACTING CHIEF EXECUTIVE OFFICER
Alexandrina Council

Date: 06/09/2021

FLEURIEU REGIONAL WASTE AUTHORITY

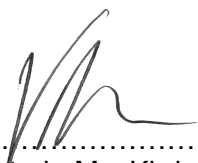


ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021

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 2021, 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

Date: 30 August 2021

FLEURIEU REGIONAL WASTE AUTHORITY



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021

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 2021, 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

Date: 6/9/2021

FLEURIEU REGIONAL WASTE AUTHORITY



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2021

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 2021, 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*.



.....
Greg Georgopoulos
CHIEF EXECUTIVE OFFICER
Kangaroo Island Council

Date: 31/8/21 .

**FLEURIEU REGIONAL WASTE AUTHORITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of Fleurieu Regional Waste Authority for the year ended 30 June 2021, 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*.

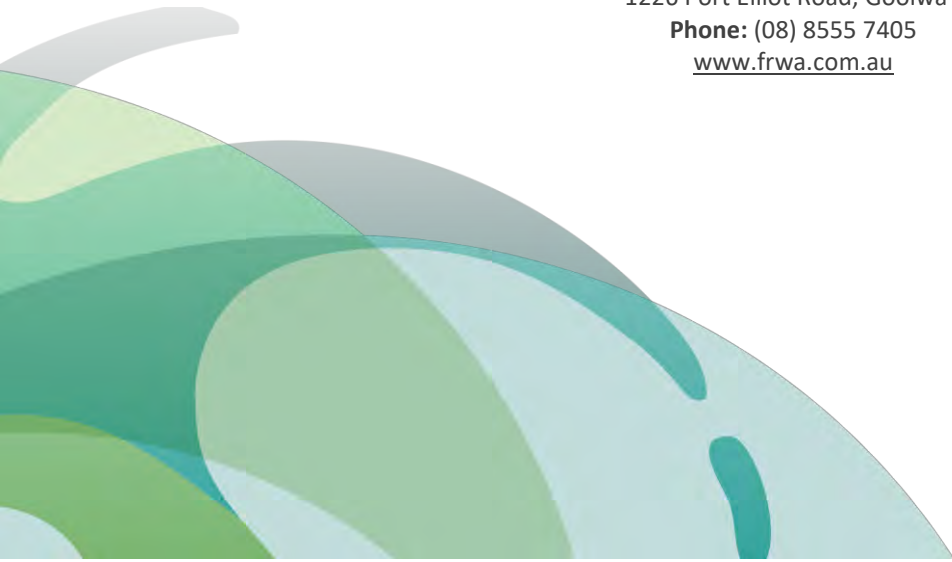


Matthew O'Connor
Partner



Nexia Edwards Marshall
Chartered Accountants

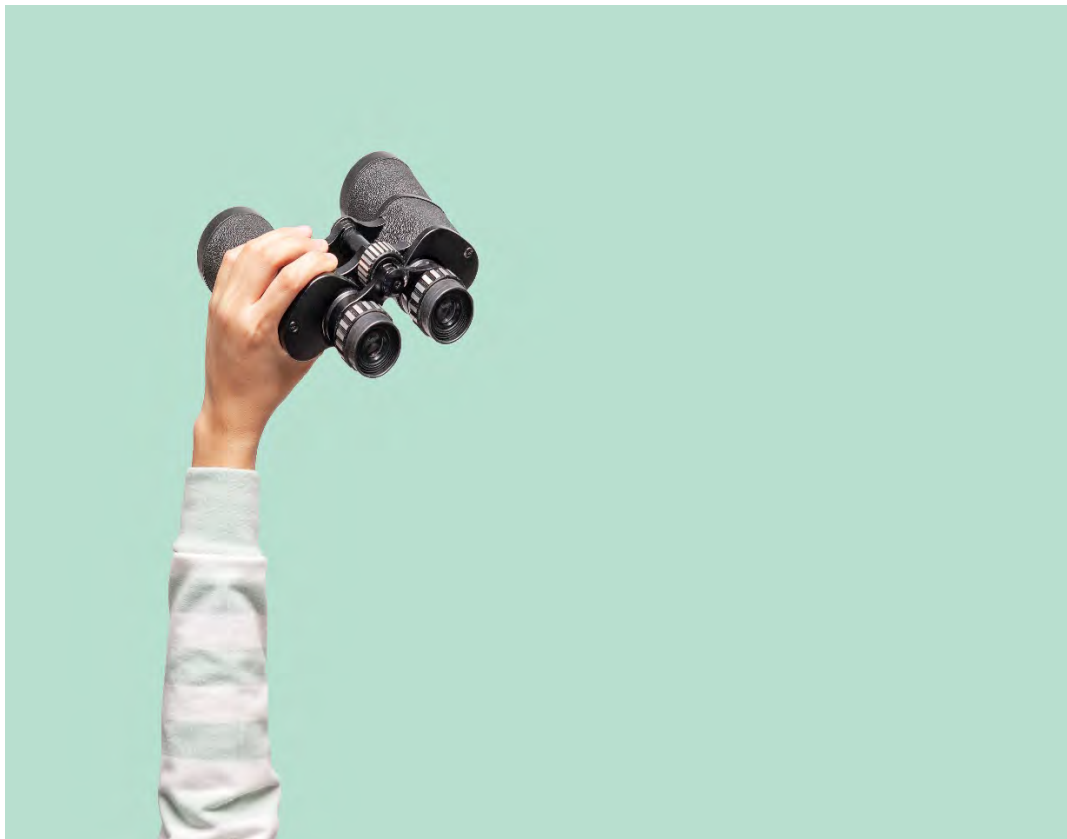
23 September 2021



PO Box 2375, Goolwa SA 5214
1226 Port Elliot Road, Goolwa
Phone: (08) 8555 7405
www.frwa.com.au

ANNUAL REPORT

2020-2021



This page is intentionally left blank

Table of Contents

About S&HLGA	Page 1
2020-21 Dashboard	Page 4
Organisation	Page 5
Reporting and accountability	Page 9
Committees, Programs and Projects	Page 13
2020-21 Key Annual Action Plan Report	Page 21
Financials	Page 28

Southern and Hills Local Government Association – Snapshot

6
Councils

SIZE
8,656
Square Kilometres

\$5.36b
GROSS
REGIONAL
PRODUCT

63,519
EMPLOYED
RESIDENTS

5,539
KILOMETERS OF
LOCAL ROADS

132,206
REGIONS
POPULATION

TOURISM
Destination

Councils Total
Revenue
\$192 MILLION

OCEAN COASTLINE OF
652
Kilometres

Largest Industry
Employment
**Health Care and
Social Assistance**



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 126,000 people as of 30th June 2020.
- ☑ 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 from 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 \$6 billion in gross value to the State economy
- ☑ 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.

President's Report

It has been my pleasure to serve as President and Chair once again during 2020-2021.

I referred to the COVID19 virus pandemic in my previous years report and alluded to its impact "has been far reaching and yet to play out in full". Regrettably the impact has been far greater and longer and broader than we anticipated.

I wish to thank all S&HLGA member councils, all the elected members and the staff for their strong efforts to support each other and their own communities during this time.

Nonetheless we were still able as an organisation to continue the excellent work with many of our important regional programs and projects such as the work of the S&HLGA Roads Working Party and the development of a new 2030 Regional Transport Plan, monitoring the S&HLGA Regional Public Health plan and successfully rolling out two new critical social inclusion projects as well as implementing and monitoring the region's Climate Change Adaptation Plan.

We have continued to cement our many regional stakeholder and partner relationships, working very closely with the RDA to further the regional economic growth strategies and Infrastructure Plan, input into our two regional Landscape Boards Strategic plans supporting the establishment of the SA Coastal Councils Alliance as well as maintaining and reviewing key strategy and performance documents such as the Annual Action Items, Annual Budget and planning our new 2021-2025 Strategy and Business Plan. These activities are all designed to drive and improve the wellbeing of our communities.

I would once again point out the S&HLGA Value proposition report documents a consistent four figure percentage return on member Council subscriptions demonstrating amazing value for member councils.

S&HLGA has been an active participant on the LGA regional SAROC committee.

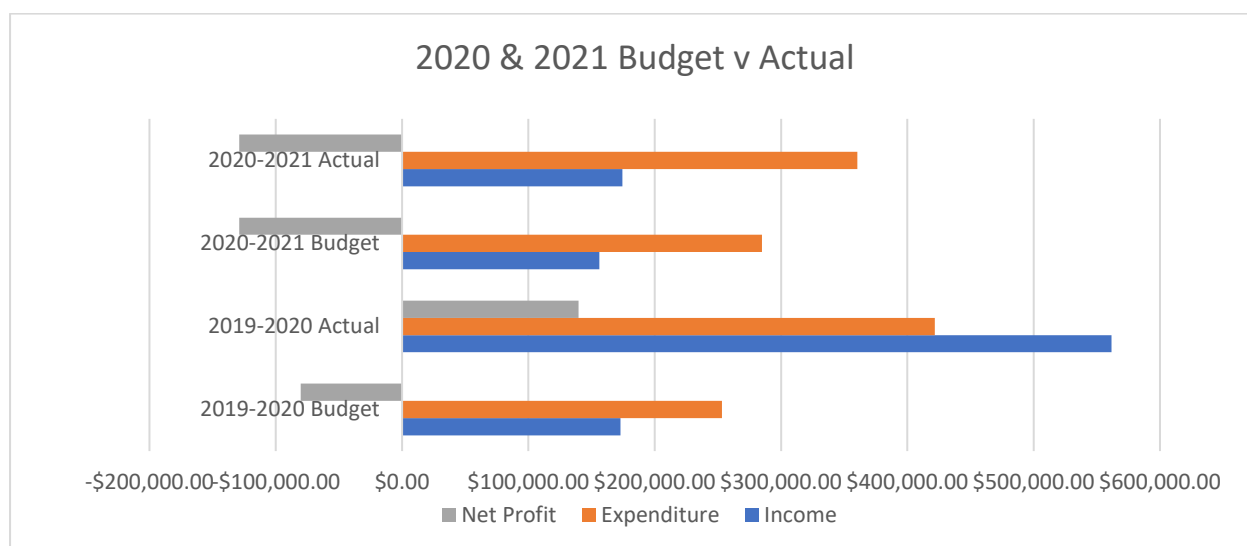
Thank you to our Executive Officer, Graeme Martin for his co-ordination and management and drive in supporting the body. He has been ably supported during 2020-2021 by Penny Worland in the Regional Public Health space.

In closing, I acknowledge and thank all the member councils for their support during the year and acknowledge the ongoing contribution of member Mayors and CEOs to the S&HLGA Board.

Mayor Keith Parkes
President



Dashboard 2020-2021



Transport

- Commenced the new 2030 S&HLGA Transport Plan
- Recommended for Special Local Roads Funding of \$1,853,300
- Active participant in South East Transport Corridor Passenger and Freight Committees and forums
- Progressed the South Coast Freight Route concept

Health and Wellbeing

- Continued with the development of the \$50,00 Community Wellbeing Indicators project
- Implemented and monitored the regional and member Council actions of the “Wellbeing in our Community” Regional Public Health Plan for S&HLGA
- Activated the two S&HLGA disability and inclusions projects, \$76,464 Regional Champions for Accessible Destinations and \$81,408 Regional Champions for Accessible Communications

Environment

- Successfully negotiated and signed a new Climate Change Regional sector Agreement
- Implemented and monitored the actions of the Resilient Hills and Coasts Climate Change 2020-2025 Regional Action Plan
- Actively worked with the LGA and our regional Landscape Boards on developing strategies to combat and manage Little Corellas

2021 S&HLGA Value Summary	Average Value per Council	Total Value for the S&HLGA region
General advocacy	\$20,000	\$120,000
Programs and Projects	\$363,062	\$2,178,372
Capacity building	\$7,025	\$42,151
Total	\$390,087	\$2,340,523

ORGANISATION

S&HLGA Organisation and its Board structure, members and Office bearers

The Southern and Hills Local Government Association Board

July 2020

Council	Elected Member Representative	Council Staff Representative
Adelaide Hills	Mayor Jan – Claire Wisdom	CEO Andrew Aitken
Alexandrina Council	Mayor Keith Parkes	CEO Glenn Rappensberg
Kangaroo Island Council	Mayor Michael Pengilly	CEO Greg Georgopolous
Mt Barker District Council	Mayor Ann Ferguson	CEO Andrew Stuart
City of Victor Harbor	Mayor Moira Jenkins	CEO Victoria MacKirdy
District Council of Yankalilla	Mayor Glen Rowlands*	CEO Nigel Morris
	*resigned 17 June 2021	

Council	Proxy Representative	Role
Adelaide Hills	Lachlan Miller	Executive Manager Governance
Alexandrina Council		
Kangaroo Island Council	Bob Teasdale	Deputy Mayor
Mt Barker District Council	Samantha Jones	Councillor
City of Victor Harbor		
District Council of Yankalilla	Simon Rothwell*	Deputy Mayor
	*Appointed to S&HLGA Board 17 June 2021	

Office Bearers 2020 – 2021

President	Mayor Keith Parkes, Alexandrina Council
Deputy President	Mayor Moira Jenkins, City of Victor Harbor
Executive Officer	Mr Graeme Martin
Auditor	Mr Nathan Saluja, Jon Colquhoun - HLB Mann Judd

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

Delegates to LGA Board	Mayor Keith Parkes	
	Mayor Jan – Claire Wisdom (via Metro/GAROC)	
Delegates to SAROC	Mayor Keith Parkes	Alexandrina Council
	Mayor Moira Jenkins	City of Victor Harbor

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

Years	President	Council	Secretary / EO
2020 - 2021	Mayor Keith Parkes	Alexandrina Council	Graeme Martin
2019 – 2020	Mayor Keith Parkes	Alexandrina Council	Graeme Martin
2018 - 2019	Mayor Keith Parkes	Alexandrina Council	Graeme Martin
2017 – 2018	Mayor Keith Parkes ^g	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		
30 th July 1969	First Constitution for S&HLGA Adopted		

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

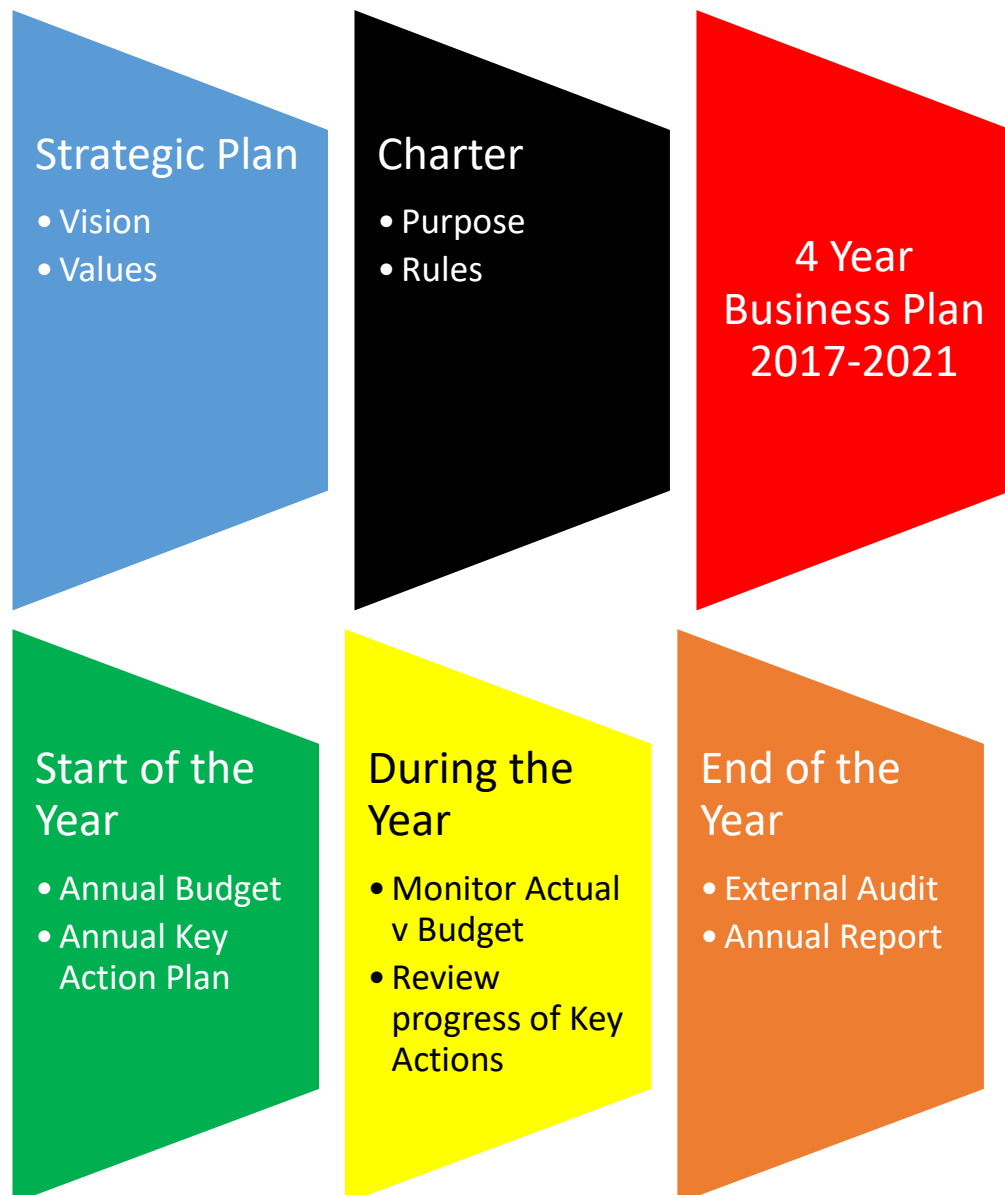
^a Until 12th May 2003 ^b Executive Officer ^c From February 2011 ^d To December 2011 ^e From January 2012

^f From February 2015 ^g From December 2017

REPORTING AND ACCOUNTABILITY

S&HLGA Reporting flow and performance monitoring

S&HLGA Administration - Flow



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 firsthand knowledge of regional issues, meetings are hosted by Member Councils on a rotational basis and were held at:

Date	Host
21 August 2020	Mt Barker
23 October 2020	Adelaide Hills
11 December 2020	Alexandrina
26 February 2021	Kangaroo Island
16 April 2021	Adelaide Hills
18 June 2021	City of Victor Harbor

Key Issues acted on by the Board included:

- o Transferring, updating and maintaining of the S&HLGA Website to the new LGA Squiz platform
- o Implementing and monitoring the S&HLGA Regional Public Health Plan
- o Continued the development of the Community Wellbeing indicators project
- o Commenced the two ILC disability and social inclusion projects
- o Implementing and monitoring the S&HLGA Regional Climate Change Adaptation Plan and 2020-25 Regional Action Plan
- o Co-ordinated and signed new Climate Change regional sector agreement with DEW
- o Continued to work closely with the Adelaide Hills Fleurieu and Kangaroo Island Regional Development Australia Board and with RDA officers to implement the 2019 Regional Public Transport study, develop the regional Infrastructure Priority Plan, and the South East Transport Corridor review
- o **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 continues to support the Governance process by attending the meetings, contributing to agenda items for SAROC meetings, the distribution of Key Outcomes Statements and/or Minutes of meetings to S&HLGA Board meetings and collegiate support to prepare submissions on behalf of country Councils.
- o Commissioned the new 2030 Regional Transport Plan, Special Local Roads Program applications as well as the advocacy of the South Coast Freight Corridor and Public Transport in the region.
- o Having input into and supporting the LGA in developing and highlighting Local Government reform issues and advocacy with the State Government
- o Assisted in the development of the South Australian Coastal Councils strategy and funding model
- o Continued to discuss and develop an updated Charter for S&HLGA

Regional Consultations and briefings were usually coordinated to occur on the day of Board meetings. 5 various speakers addressed meetings of the Board.

The Board reviewed its achievements to date via the 2020-2021 Key Action Plan, tracked the Actual performance against Budget and developed a new Budget and Action Plan for 2021-2022

At the commencement of 2019-2020 the Board completed a review of its Annual Key Actions, the EO performance and its Annual Budget performance covering the previous period.

S&HLGA Value proposition

The S&HLGA provided a report back to its Council members on the estimated value of their membership. This is based on the same methodology utilised by the LGA in determining its membership value.

The value from membership in a regional organisation can be summarised in the following key categories; advocacy and representing the region, establishing and implementing high level regional partnerships and links, developing and strengthening regional capacity.

The table1 below summarise the ongoing value per council and for the region as a total.

2021 Summary	Average Value per Council	Total Value for the S&HLGA region
General advocacy	\$20,000	\$120,000
Programs and Projects	\$363,062	\$2,178,372
Capacity building	\$7,025	\$42,151
Total	\$390,087	\$2,340,523

Table 1

The table 2 below summarises and compares the S&HLGA membership subscriptions and levies total with the value per S&HLGA member Councils as measured in the value proposition over the past years

	2018	2019	2020	2021
Av Council membership	\$12,529	\$12,279	\$13,536	\$15,202
Value per Council	\$427,871	\$430,953	\$401,809	\$390,087
Return on Investment	3,375%	3,385%	2,968%	2,466%

Table 2

COMMITTEES, PROGRAMS AND PROJECTS

S&HLGA Committees, work groups and the programs and projects
undertaken during 2020-2021

Committees and Working/Task Groups

The S&HLGA EO was a member of the following Committees 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	Secretarial/Administration	Every 2 months	ongoing
Regional Economic Development Officers	Committee member	Every 2 months	ongoing
Regional EO Management Group	Committee member	Every 2 months	Precedes SAROC
S&HLGA Advisory Group	Secretarial/Administration	As necessary	Precedes S&HLGA Board
S&HLGA Roads Works Group	Secretarial/Administration	Ad hoc but at least 3 times per annum	ongoing
S&HLGA CWMS User Group	Secretarial/Administration	As necessary	ongoing
SAROC	Advisor/Observer	Every 2 months	ongoing



S&HLGA Roads Working Group

The Roads Working Party (RWP) has its membership drawn from directors /managers of technical services of Councils and as required regional managers and infrastructure planners of the Department of Planning, Transport and Infrastructure.

The RWP held meetings on:

Date	Host
15 December 2021	LGA Offices
22 April 2021	HDS (Aust) Pty Ltd offices

Key achievements and outcomes:

- Evaluated the tenders and appointed the consultant for the development of the 2030 S&HLGA Transport Plan
- Co-ordinated the application process of Councils to the SLRP.
- Made recommendations for the SLRP 2021 – 2022 based on the 2020 Transport Plan critical Roads database.

- Reviewed Part A drafts of the next 2030 S&HLGA Transport plan due for completion in 2021
- Further input into the South Coast Freight Corridor concept
- The following projects were recommended, based on the methodology of the Plan and proposed funding under the Special Local Roads Program for 2021 – 2022

Project	Council	Total Project Cost for this stage	SLRP request	Council contribution	comment
Wedgewood/Hickmans Rd	Kangaroo Island	\$1,650,000	\$1,100,00	\$550,000	Stage 4 of 4
Forktree Rd	District Council of Yankalilla	\$1,130,000	\$753,300	\$376,700	Stage 2 of 2
The Lane	Kangaroo Island	\$1,024,000	\$682,666	\$341,334	Stage 1 of 2
Total		\$3,804,000	\$2,535,966	\$1,268,034	



S&HLGA Regional Public Health Plan

S&HLGA Regional Public Health Committee (RPHC) has its membership drawn from Health, Environment and social planning officers of the member Councils

The S&HLGA RPHC held meetings on:

Date	Host
14 July 2020	Alexandrina, Goolwa
8 December 2020	Alexandrina, Strathalbyn
2 March 2021	City of Victor Harbor
18 May 2021	Video Conference

Primary tasks and focus for this committee:

- Attendance at Committee meetings to implement and monitor the Wellbeing in Our Community- Regional Public Health Plan
- Liaise with LGA officers responsible for Public Health Programs
- Liaise with SA Public Health Office
- Represent the region at Forums and workshops
- Liaise with Public Health Researchers
- Prepare funding submissions for regional Public Health projects

Key achievements and outcomes:

- Of significant importance was the further development and administration of the Community Wellbeing Indicators project
- In addition, the region successfully commenced the two ILC grants for disability and inclusion projects for Communications and Destinations.



S&HLGA Regional Climate Change Adaptation Committee (Resilient Hills and Coasts)

Resilient Hills and Coasts has its membership drawn from Environmental officers of the member Councils, RDA, Department of Water and Environment, Green Adelaide and Landscapes Board

The S&HLGA Regional Climate Change Adaptation Committee (Resilient Hills & Coast) held meetings on:

Date	Host
8 October 2020	District Council of Yankalilla
2 December 2020	Adelaide Hills, Stirling
11 March 2021	Alexandrina, Goolwa
25 May 2021	Adelaide Hills, Stirling

Primary tasks and focus for this committee:

- Attendance at Committee meetings to implementation and Monitoring of the Regional Climate Change Adaptation Plan for S&HLGA:
- S&HLGA presentations as required
- Implement and monitor the 2020-2025 Regional Action Plan
- Represent the region at forums and workshops
- Liaise with various "Climate Change" State Government agencies and authorities

Key achievements and outcomes:

- Developed and signed off on 2020-2025 Regional Sector Agreement
- Assisted South Australian Coastal Councils with funding and governance model
- Worked with SAROC developing a Little Corella management strategy
- Liaised with Hills and Fleurieu Landscape Board and had input into its Strategic Plan and annual business plan



Regional Economic Development Network Committee

The S&HLGA has strongly supported the activities and research of the Adelaide Hills Fleurieu and Kangaroo Island Regional Development Australia Board and worked closely with RDA officers to partner with the organisation in the general Economic Development of the region.

This Committee has been formed with the Economic Development Officers from the S&HLGA Member Councils under the guidance of the RDA.

The RDA Economic Development Network Committee held meetings on:

Date	Host
10 August 2020	Video Conference
12 November 2020	Yankalilla, Normanville
8 February 2021	McLaren Vale
17 May 2021	Lobethal

Primary tasks and focus for this committee:

- To share information, achieve procurement and resource sharing efficiencies and develop a regional infrastructure Plan
- Identify and collating infrastructure projects from Council plans
- Grade them according to Local, District or Regional category, dollar value and impact and probability
- Review the criteria to insure relevant social and environmental impacts are captured
- Generally, identify and develop regional economic growth strategies and opportunities

Key achievements and outcomes:

- Continued advocacy on behalf of effected Councils for bushfire recovery funding
- Assisted and guided applicants with their Federal Government Building Better Regions Fund
- Worked through the meeting Action items
- Shared information and knowledge about individual Council projects and programs



Regional LGA Organisations EO Management Group

The Regional LGA EO group has its membership drawn from each of the Executive Officers of the respective regional LGA organisations

The Regional LGA Organisations EO Management Group held meetings on:

Date	Host
2 July 2020	LGA House
27 August 2020	Whyalla
16 December 2020	LGA House
3 February 2021	Video Conference
28 April 2021	In - studio Adelaide

Primary tasks and focus for this committee:

- To provide input into the sector, develop capacity, share knowledge and develop co-operation between the regions:
- Have input into SAROC Business Plans and the Agenda
- Develop a working relationship with the LGA Management team
- Have input into sector issues
- Advocate on behalf of the regions
- Share information and provide collegiate support
- Develop a priority issues and action list

Key achievements and outcomes:

- Input into the SAROC 2020-2021 Business Plan
- Identified critical regional issues with CWMS and Waste recovery and developed research discussion papers on same
- Lead reviews of Special Local Roads Program and LGA Regional Capacity Building Grant program



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 and/or Minutes of meetings to S&HLGA Board meetings and collegiate support to prepare submissions on behalf of country Councils that included:

Key achievements and outcomes:

- Review of the 2020 SAROC Annual Business Plan and development of the 2021 SAROC Annual Business Plan
- Working on the management and control of abundant pest species particularly Little Corellas
- Assist and input into the development and rollout of the new Planning and Design Code

- Continued working on Coastal Council Alliance project and the development of its Governance structure, strategic plan and funding model
- Taking a leadership position on Waste and recycling strategy
- Continued its work with the State Government on support for the second tranche of Climate Change and adaptation sector partner agreements
- Continued working with the State Government on the role of the LG sector in any economic recovery and stimulus programs
- Advocated to address deteriorating medical services in regional areas



MP Relationships

In conjunction with the CEO and Chair of the RDA, the EO S&HLGA met regularly with the regions State government MPs (Finniss, Kavel and Heysen) to discuss key priorities and policy impact for the region.

Federal MP Rebekha Sharkie (Mayo) and/or members of her team were regular attendees at S&HLGA Board meetings

Regional Research Papers and Submissions

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

- 2021 Value proposition
- Review of the S&HLGA Charter
- Response and input into the Hudson Howell review of the Special Local Roads Program
- Report for the signing of the second Climate Change Regional Sector agreement
- Report for the continuance of the exemption for an Audit Committee

Workshops and seminars

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

Date	Event
September 2020	LGA Reform workshop
October 2020	RDA Rail Corridor meeting
October 2020	LGA AGM
February 2021	Hills Transport passenger group workshop
February 2021	Premiers Climate Change Council of SA Leaders Awards
March 2021	Hills Transport freight group workshop
April 2021	Bailey Abbott opportunities meeting
May 2021	LGA SLRP workshop

LGA Board

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.

Resources

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

Part of the additional capacity has supported the administrative processes and project outcomes 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 committees and various reports, submissions and forums throughout the year.

Mr Graeme Martin has provided Executive Officer services to the Association.

Penny Worland has provided under contract, project oversight of the S&HLGA Community Wellbeing Indicators project, ILC Champions for accessible destinations, ILC Champions for accessible communications and a preliminary review of the current S&HLGA Regional Public Health plan in anticipation of a new S&HLGA 2021 Regional Public Health plan as required under legislation.

2020-2021 KEY ANNUAL ACTION PLAN

S&HLGA Key Annual Action Plan report for 2020-2021



KEY CATEGORIES & THEMES

THE 2017-2021 S&HLGA BUSINESS PLAN

OBJECTIVE
1. To provide leadership and advocacy for Member Councils on regional issues.
2. To market & promote the Southern & Hills Local Government Association
3. To support sustainable economic, environmental and social development in the region
4. To improve infrastructure to meet the community's needs.
5. To strengthen the capacity of the Association to meet its service obligations.

THE 2020-2021 S&HLGA ANNUAL KEY ACTION PLAN











Key themes

The LGA member's 2019 poll highlighted three major themes- Local Government reform, Waste strategy and Environmental/Climate change issues.

S&HLGA response:

- Managing in a post COVID 19 environment with expected revenue headwinds for member Councils – doing with less!
- The assessment of the history of S&HLGA value proposition demonstrates the high value of regional collaboration
- Be prepared for the “other side” and build in flexibility and nimbleness to respond to post COVID 19 recovery. Focus on the likely infrastructure opportunities via the co-operation with our RDA in refining our regional Infrastructure Priorities list
- Identify those projects and committees which may have to hibernate during 2020-2021. Actively seek external funding.
- Along with Business as usual in the administration area the Key 2020-2021 Action is the project scoping, appointment and production of the 2030 Regional Transport Plan
- Focus on any priority areas which have been on the radar but so far received minor attention. e.g., Waste

Theme	Items & Actions
General Administration (sound financial and compliance management)	Budget, Charter Review, Board meetings, Subscriptions and Levies, Key Actions, Audit, Annual Report, Grant reporting & acquittals.
Projects and support (sustainability and development)	Regional Public Health Plan, Resilient Hills & Coast Climate adaptation Plan, Community Wellbeing Indicators project, 2030 Regional Transport Plan
Leadership, advocacy and marketing	LG reform, Continue relationship building with Government MPs, Website transition & maintenance, Peri-Urban grouping
Opportunities (capacity and infrastructure)	CWMS, Waste, Regional Infrastructure Plan, External Funding, Regional Development Assessment Panel, Telecommunications and 5G

Theme	Items & Actions	Item	Status	Comment
General Administration (sound financial and compliance management)	Budget, Charter Review, Board meetings, Subscriptions and Levies, Key Actions, Audit, Annual Report, Grant reporting & acquittals, 3 year S&HLGA forward forecast	Budget		2020-2021 Budget adopted June 2020
		Charter review		Awaiting approval April 2021
		Subscriptions & levies		Members invoiced July 2020
		Audit		Completed July-August 2020
		Annual Report		Completed and distributed by 30 September 2020
		LGA Grants		Annual LGA Regional Capacity application submitted and received by 30 Sept 2020
		Website		Transitioned to Squiz. Maintained during 2020-21. Updated March 2021.
Projects and support (sustainability and development)	Regional Public Health Plan, Resilient Hills & Coast Climate adaptation Plan, Regional Transport Plan	Regional Public Health Plan		Defer new Regional Public Health Plan until 2021-2022. Maintain Committee and conclude Community Wellbeing Indicators project
		Resilient Hills & Coast Climate adaptation Plan		Defer appointment of regional Co-ordinator unless it is externally funded. Maintain Committee and continue to implement the Regional Climate Change adaptation plan.
		Regional Transport Plan		2020-21 SLRP applications submitted and successful. 2021-22 due 28 May 2021. South Coast Freight corridor concept review. New 2030 Transport Plan being developed

Theme	Items & Actions	Item	Status	Comment
Leadership, advocacy and marketing	LGA Peri-Urban Governance review, New Government Policies and LG Reform, Relationship building with State Government MPs,	LGA peri Urban Governance review		Peri-urban regional organisation to be investigated
		LG reform		Continue to work with the LGA/SAOC
		Relationship with MPs		Regularly meeting
Opportunities (capacity and infrastructure)	CWMS, Waste, Regional Infrastructure Plan, External Funding and telecommunications	CWMS		Committee to meet regularly. Liaise with Legatus
		Waste		Liaise with the regional Waste Authorities to co-ordinate the regional strategy around waste management and the circular economy
		Infrastructure Plan		Recent RDA priority project forum/ Committee meeting regularly
		External funding		Project based and WIP. Overabundant species research required. Funding for Climate Change Officer required
		Telecommunications		Seek funding opportunities as presented

Key		Not on track/overdue / yet to commence
		Past due date but some minor action commenced
		Past due date / action commenced and on track
		completed / no further action required

Category	S&HLGA Role	Item	Comment/Description
Administration	Active/Lead	Charter Review	Draft tabled Dec 2020. Draft Charter out with Member Councils for consideration. All Council feedback now received. Estimated completion date now Sept 2021
	Active/Lead	Budget 2020-2021	Endorsed by Board 19/06/2020. 2021-2022 Budget out for information.
	Active/Lead	Key Action 2020-2021	Endorsed by Board 19/06/2020. 2021-2022 Key Action plan out for comment

Category	S&HLGA Role	Item	Comment/Description
	Active/Lead	Regional Capacity grant acquittal 2019-2020	Completed 21/07/2020
	Active/Lead	Audit 2019-2020	Completed 31/08/2020
	Active/Lead	Annual Report 2019-2020	Completed
	Active/Lead	2021-2022 year forward financial forecast	Draft 2021-2022 Budget issued April 2021 for discussion. Engagement plan with member elected bodies on offer. SAG to consider a draft 3 year Budget and funding model.
Projects – Lead/S&HLGA Committee	Active/Lead	Regional Public Health Plan	Ongoing. Committee has recommended a refresh to the Regional Plan due in 2021. Looking for an internal resource to undertake this task
	Active/Lead	Resilient Hills & Coast	On going
	Active/Lead	S&HLGA Advisory Group	Focus to move to 2021-2025 Business Plan, 2021-2022 Budget and Annual Key Action Plan have been discussed and recommended for endorsement at June Board meeting
	Active/Lead	Road Works Party	S&HLGA 2030 Transport Plan in progress with HDS and GTA. EO currently working with LGA on the LGA/Hudson Howell SLRP paper and recommendations
	Active/Influence	CWMS	Legatus Group now leading sector review
Projects – Lead	Active/Lead	Grants Commission methodology review	Ongoing
	Lead/Partner/Influence	Regional LGA Management Group	Regular meeting of the LGA EOs and development of priority projects in conjunction with SAROC
Projects - Partner	Partner/Influence	Coastal Alliance project	Adam Gray appointed as project consultant Jan 2020. Strategic & Business Plans developed. Governance and Funding paper out for discussion. Decision required by S&HLGA Coastal councils re: funding
	Partner/Advocate	Telecommunications	Advocating for regional black spot funding and ready for 5G
	Partner/Influence	Economic Development Officers Forum	RDA lead but focus on Regional Infrastructure plan, Federal stimulus opportunities and Public

Category	S&HLGA Role	Item	Comment/Description
			Transport. Last meeting 17 May 2021
	Partner/Influence	Waste Management Strategy	EO on the Steering Committee. Project completed and with LGA for decision and action
	Partner/Advocate	Northern Freight Bypass	Co-ordinating next phase with RDA. Workshop completed 1 Dec. Ongoing review of the SE Hills Transport Corridor. Two sub committees formed Meetings 23 and 26 March 2021. Report being finalised
	Partner/Influence	Overabundant Species	S&HLGA/LGA/Landscapes Board working on collaborative project for managing Little Corellas
Relationships	Active/Lead/Influence	State MPs/Federal MP	Continue regular catch ups during 2020-2021
	Active/Lead/Influence	Peri –Urban Group	Advocate and seek input from potential expanded Council members into a larger peri – urban Regional Organisation. Meeting convened by Gawler Council August 2019. Information conveyed to Adelaide Plains Mayor Nov 2019 Planned meeting with Barossa in 2021

Acronyms

AICD.....	Australian Institute of Company Directors
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
GAROC.....	Greater Adelaide Region of Councils
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
RH&C.....	Resilient Hills and Coasts Committee
RDA.....	Regional Development Australia
RPHC.....	Regional Public Health Committee
RWP.....	Roads Works Party
SA.....	South Australia
SAROC.....	South Australian Regional Organisation of Councils
S&HLGA.....	Southern and Hills Local Government Association
SLRP.....	Special Local Roads Program

FINANCIALS

S&HLGA Audited Financial statement for 2020-2021

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

FINANCIAL STATEMENTS

Statement of Comprehensive Income for the Year Ended 30th June 2021

	Notes	2021 \$	2020 \$
Income			
Subscriptions	1.8	91,214	81,214
Operating Grants	2.2	42,151	423,581
Investment Income	1.7	1,258	2,282
Other		39,832	54,478
		174,455	561,555
Expenditure			
Contractual Services	3	153,741	243,951
Finance Charges		4,036	3,958
Other		202,560	173,850
		360,338	421,759
Surplus (Deficit) from Operations		(185,882)	139,796

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

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Balance Sheet as at 30th June 2021

	2021	2020
Notes	\$	\$
Current Assets		
Investments	201,700	376,271
Debtors		10,450
	<hr/>	<hr/>
Total Current Assets	201,700	386,721
	<hr/>	<hr/>
Current Liabilities		
Accounts Payable	0	14,300
GST	(9,912)	(6,179)
PAYG Payable	2,576	2,760
Employee provisions	23,194	4,117
Rounding	(15)	(15)
Superannuation payable	906	906
Wages payable	3,406	3,406
	<hr/>	<hr/>
Total Current Liabilities	20,156	19,295
	<hr/>	<hr/>
Net Current Assets	181,544	367,426
	<hr/>	<hr/>
	<hr/>	<hr/>
Net Assets	181,544	367,426
	<hr/>	<hr/>
Equity		
Accumulated Surplus	181,544	367,426
	<hr/>	<hr/>
Total Equity	181,544	367,426
	<hr/>	<hr/>

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 2021

	2021	2020
Notes	\$	\$
Accumulated Surplus		
Balance at beginning of period	367,426	227,630
Net Surplus / (Deficit)	(185,882)	139,796
	181,544	367,426
	181,544	367,426
Total Equity	181,544	367,426

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 2021

	2021	2020
Notes	\$	\$
Cash Flows from Operating Activities		
Receipts	202,013	678,147
Payments	(390,984)	(448,083)
GST Paid (received)	17,179	(33,398)
Finance Costs	(4,037)	(3,958)
Interest Receipts	1,258	2,282
	<hr/>	<hr/>
Net Cash Provided by (Used in) Operating Activities	(174,571)	194,990
Net increase/(decrease) in Cash Held	(174,571)	194,990
	<hr/>	<hr/>
Cash at the beginning of the reporting period	376,271	181,281
	<hr/>	<hr/>
Cash at the end of the reporting period	201,700	376,271
	<hr/>	<hr/>

Reconciliation of Change in Net Assets to Cash from operating activities

	2021	2020
		\$
Net Surplus	(185,882)	139,796
Decrease / (Increase) in Debtors	10,450	137,225
(Decrease) / Increase in Accounts Payable	860	(2,031)
(Decrease) / Increase in Grants in Advance	-	(80,000)
	<hr/>	<hr/>
Net Cash provided by Operating Activities	(174,571)	194,990
	<hr/>	<hr/>

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 2021

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 one employee having converted the EO from contractor to employee in February 2019.

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 2021	\$13,667
Constituent Council Subscription 2020	\$12,000

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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.

Note 2.2 Functions / Activities of the Southern & Hills Local Government Association

Administration

Year	Revenue				Expenses		Surplus (Deficit)
	Grants	Other	Total Revenue	%	Expenses Total	%	
2021	0	92,472	92,472	53.0%	205,278	56.9%	(112,806)
2020	104,959	120,640	225,599	40.2%	176,808	41.9%	48,791
Projects							
2021	62,251	19,732	81,983	47.0%	155,060	45.4%	(73,077)
2020	318,622	17,334	335,956	59.8%	244,951	58.1%	91,005
Total							
2021	62,251	112,204	174,455	100%	360,338	100%	(185,882)
2020	423,581	137,974	561,555	100%	421,759	100%	139,796

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Contractual Services

Contractual Services involve payments or liabilities for the external provision of services and include (net of GST):

		2021	2020
Consultants:	Jeanette Pope	\$20,400	\$0
	URPS	\$47,496	\$0
	HDS Australia Pty Ltd	\$28,810	\$5,653
	Centre for Inclusive design	\$10,500	\$0
	Seed Consulting	\$0	\$117,182
	Jack Jensen	\$17,500	\$60,222
	Penny Worland Consulting	\$27,455	\$60,894
	ILC Advisors	\$1,580	\$0
<hr/> Totals		\$153,741	\$243,951

4. Comparison of Budget and Actual Results

	2021		2020	
	Budget \$	Actual \$	Budget \$	Actual \$
Revenue				
Administration	92,214	92,472	152,914	225,599
Projects	63,910	81,983	20,033	335,956
Total Revenue	156,124	174,455	172,947	561,555
Expenditure				
Administration	184,449	205,278	175,750	176,808
Projects	100,559	155,060	77,400	244,951
Total Expenditure	285,008	360,338	253,150	421,759
Surplus (Deficit)	(128,884)	(185,882)	(80,203)	139,796

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:

- o the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- o the financial statements present a true and fair view of the Association's financial position at 30 June 2020 and the results of its operations and cash flows for the financial year.
- o 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.
- o the financial statements accurately reflect the Association's accounting and other records.

Dated 31st August 2021



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 2020, 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 31st August 2021



Graeme Martin
EXECUTIVE OFFICER



Mayor Keith Parkes
PRESIDENT

The Board
C/- Graeme Martin
Executive Officer
Southern & Hills Local Government Association
13 Ringmer Drive
Burnside SA 5066

TO THE BOARD MEMBERS OF SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

**STATEMENT OF AUDITORS INDEPENDENCE
ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2021**

I confirm that, for the audit of the financial statements of Southern & Hills Local Government Association for the year ended 30 June 2021, 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.

A stylized blue ink signature of 'HLB Mann Judd'.

**HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants**

Adelaide, South Australia
31 August 2021

A stylized blue ink signature of 'Jon Colquhoun'.

**Jon Colquhoun
Director**

hlb.com.au

HLB Mann Judd Audit (SA) Pty. Ltd. ABN: 32 166 337 097

169 Fullarton Road, Dulwich SA 5065 | PO Box 377, Kent Town SA 5071

T: +61 (0)8 8133 5000 | F: +61 (0)8 8431 3502 | E: reception@hlbsa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd Audit (SA) Pty. Ltd. is a member of HLB International, the global advisory and accounting network.

Independent Auditor's Report to the Members of Southern & Hills Local Government Association

Opinion

We have audited the financial report of Southern & Hills Local Government Association ("the Association") which comprises the Balance Sheet as at 30 June 2021, 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.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Association as at 30 June 2021, and its financial performance and its cash flow for the year then ended in accordance with Australian Accounting Standards.

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 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 Board Members 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 Members 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.

hlb.com.au

HLB Mann Judd Audit (SA) Pty. Ltd. ABN: 32 166 337 097

169 Fullarton Road, Dulwich SA 5065 | PO Box 377, Kent Town SA 5071

T: +61 (0)8 8133 5000 | F: +61 (0)8 8431 3502 | E: reception@hlbsa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd Audit (SA) Pty. Ltd. is a member of HLB International, the global advisory and accounting network.

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



HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants

Adelaide, South Australia
31 August 2021



Jon Colquhoun
Director

hlb.com.au

HLB Mann Judd Audit (SA) Pty. Ltd. ABN: 32 166 337 097

169 Fullarton Road, Dulwich SA 5065 | PO Box 377, Kent Town SA 5071

T: +61 (0)8 8133 5000 | F: +61 (0)8 8431 3502 | E: reception@hlbsa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd Audit (SA) Pty. Ltd. is a member of HLB International, the global advisory and accounting network.

**Southern and Hills Local Government Association
Independent Assurance Report**

Qualified Opinion

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls established by Southern and Hills Local Government Association ('Association') in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2020 to 30 June 2021 relevant to ensuring such transactions have been conducted properly and in accordance with law.

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, in all material respects:

- (a) The controls established by the Association in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- (b) The controls operated effectively as designed throughout the period from 1 July 2020 to 30 June 2021.

Basis for Qualified Opinion

The Association sought exemption from the requirement in clause 30 of Schedule 2 of the *Local Government Act 1999*. The Minister granted the exemption on the basis that the Association would periodically review and update its internal controls and encouraged the use of the practical and contemporary guidance material on internal controls issued by the Local Government Association's 'Better Practice Model – Internal Financial Controls'.

The Association's 'Operations Manual – Finance Policy' is available on the Association's website and was last updated in October 2014.

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ASAE 3150 Assurance Engagement on Controls, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies

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

The Associations Responsibility for Internal Control

The Association is responsible for:

- a) The receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities;
- b) Identifying the control objectives
- c) Identifying the risks that threaten achievement of the control objectives
- d) Designing controls to mitigate those risks, so that those risks will not prevent achievement of the identified control objectives; and
- e) Operating effectively the controls as designed throughout the period.

hlb.com.au

HLB Mann Judd Audit (SA) Pty. Ltd. ABN: 32 166 337 097

169 Fullarton Road, Dulwich SA 5065 | PO Box 377, Kent Town SA 5071

T: +61 (0)8 8133 5000 | F: +61 (0)8 8431 3502 | E: reception@hlbsa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd Audit (SA) Pty. Ltd. is a member of HLB International, the global advisory and accounting network.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applied Auditing Standard ASQC 1 Quality Control for Firms that Performs Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements in undertaking this assurance engagement.

Auditor's responsibility

Our responsibility is to express an opinion on the Authority's compliance with Section 125 of the Local Government Act 1999 in relation only to the internal controls established by the Authority to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Information and ASAE 3150 Assurance Engagements on Controls, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Authority has complied with Section 125 of the Local Government Act 1999 in relation only to the internal controls specified above for the period 1 July 2020 to 30 June 2021. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected. An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Limitations of Use

This report has been prepared for the members of the Authority in Accordance with Section 129 of the Local Government Act 1999 in relation to the Internal Controls Specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Authority, or for any purpose other than which it was prepared.



HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants

Adelaide, South Australia
31 August 2021



Jon Colquhoun
Director

hlb.com.au

HLB Mann Judd Audit (SA) Pty. Ltd. ABN: 32 166 337 097

169 Fullarton Road, Dulwich SA 5065 | PO Box 377, Kent Town SA 5071

T: +61 (0)8 8133 5000 | F: +61 (0)8 8431 3502 | E: reception@hlbsa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd Audit (SA) Pty. Ltd. is a member of HLB International, the global advisory and accounting network.

