



2011/12

Annual Report
1 July 2011—30 June 2012

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Kangaroo Island - a pristine island full of natural beauty

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Welcome

Kangaroo Island - a pristine island full of natural beauty

What is the purpose of the Annual Report?

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

Who is this Annual Report for?

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

Kangaroo Island Council

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



Kangaroo Island

A pristine island full of natural beauty

Kangaroo Island

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

Location



Map sourced from maps.google.com

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

Geography and Environment

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

remaining tracts of remnant native vegetation within the agricultural zone in South Australia.

The Island boasts a temperate climate. It has a variety of landscapes; rolling hills, grassland plains, large granite outcrops, sheer cliffs, white sandy beaches, gum lined water courses and inland sand dunes.

There are a number of settlements varying in size and facilities, including Baudin Beach, Emu Bay, Island Beach, Stokes Bay and Vivonne

Bay. The township of Kingscote remains the principal centre of the Island's administrative and economic activity. Parndana provides services to the western end of the Island, American River and Penneshaw likewise in the east and on the Dudley Peninsula. Penneshaw is the key port for Kangaroo Island,

housing the ferry terminal.

Beginnings

The discovery and naming of Kangaroo Island is credited to Matthew Flinders, Captain of the *Investigator* who came ashore on the north coast in March 1802. Soon afterwards French Captains Nicholas Baudin aboard the corvette *Le Geographe* and Jacques Hamelin of the '*Le Naturaliste*' mapped most of the southern and western coastline of the Island, which explains the predominance of French names along the coast.



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

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

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

Settlement

Not long after discovery, Kangaroo Island was settled by Europeans who were mostly deserters from whaling ships, ex convicts and sealers. These people brought with them Aboriginal women abducted from both the nearby mainland and from Tasmania (SIC Lampert, 2002). This is known as the second stage of Aboriginal occupation of Kangaroo Island and there are many artefacts on Kangaroo Island that reflect this occupation. Many families on Kangaroo Island can trace their ancestry back to this time.

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

Industry development

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

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

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



Kangaroo Island

A pristine island full of natural beauty

Economic Prosperity

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

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

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

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

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

Natural Environment

Visitors enjoy varied, dramatic scenery and unique flora and fauna. There are over 850 native plants on Kangaroo Island with over 400 different species found within Flinders Chase National Park. Free from rabbits and foxes, the Island provides natural habitat for platypus, goanna, rare but increasing numbers of glossy black cockatoos, sea lions, pelicans, penguins, tammar wallabies and the Island's own sub-species of kangaroo. Its waters are also home to the iconic but elusive leafy-sea dragon.

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



Kangaroo Island

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Recreation, culture and community

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

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

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

Services and community activities

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

On the regular social calendar are the Kingscote and Parndana Shows, the monthly Penneshaw Farmer's Market, Penneshaw Community Market, KI Cup, KI Players production, Art Feast, Easter Art Show, Motor Fest, Speed Shearing Competition, bi-annual Field Day, fishing and sailing competitions, the annual Street Party and Christmas Parade. Other popular activities include; surfing, yachting, canoeing, diving, snorkelling, fishing and bird watching.

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

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

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



Sandcastle Competition Entry - Emu Bay



Vision, Mission and Values

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Kangaroo Island Council Vision, Mission, Values & Behaviours

Our Vision

A confident, growing and cohesive community:

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

Our Mission

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

Our Values & Behaviours

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



Mayor and Chief Executive Officer

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It is a tough task to sit down, look back across such a busy year and draw out the highlights for our Annual report – so much has happened and all of it is important in its own right.

It would be fair to say that this has been a year of further change, consolidation and opportunity. This started early in the year with Andrew Boardman moving from the role of Asset Services General Manager into the role of CEO in August – this allowed the organisation to maintain a continuity of purpose yet commence a process of realigning to, and focusing on our Vision, Mission, Values and Behaviours – our *Next Steps*.

The *Next Steps* are characterised by a focus on performance, service, integrity and innovation to improve Council operations for the future:

Maintain / Improve excellence of

service - This must be a cornerstone of our culture and distinguishes us from our peers

Maximise our revenue opportunities whilst meeting our service obligations

- This pays the bills and ensures our reputation

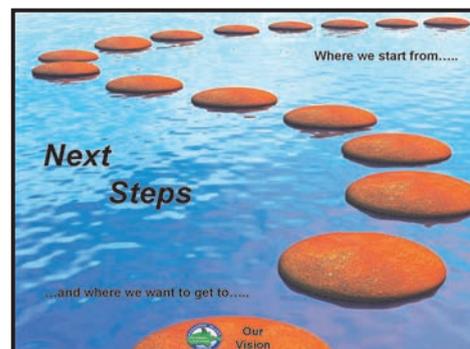
Do this at the optimum cost - We must be cost conscious but invest prudently in our future

Develop our people to their maximum potential - They are our future and something that sets us apart

Ensure the long term sustainability of our Council operations - This ensures that we drive the delivery of services to our Communities for decades to come

As an Organisation we have looked to our staff, acknowledged their commitment and expertise and encouraged them to contribute at every level in the business, building on our strengths and addressing those areas where we could do better. Their response has been excellent and this participation and their engagement continues to drive improvements in our business from within.

The journey has not been without its challenges but identifying these; understanding how they influence the business and then planning and executing to address them has been a continual theme through the year and the improvements that we can see throughout the business are a testament to this.



Mayor and Chief Executive Officer

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The year started with the Community hosting the State Government for their Community Cabinet in mid July – five days of focus by the Premier and his Cabinet Ministers on the Island, the Community, our challenges and the huge opportunities that our unique location, heritage and environment present. The Premier released the report compiled by the State Economic Development Board in early 2011 – *Paradise Girt by Sea* – a critical review of the issues and challenges faced by the Community that limit our ability to grow our social and economic fabric.

The report made some potentially far-reaching recommendations which have been accepted by the Government and one of these was to create a body with a mandate specifically to focus on addressing the strategic barriers to growth of access, infrastructure and power - this body is the Kangaroo Island Futures Authority (KIFA).

The Board is comprised of Chief Executives from the major State Agencies, the Mayor and two Community representatives and is chaired by the Chair of the State Economic Development Board, Mr Raymond Spencer reporting directly to the Deputy Premier. The appointment of a General Manager and subsequent engagement with Agencies, the Community and Council has added a

fresh and invigorating practical and political focus on finding solutions to the issues that limit the Island's capacity to grow and prosper.

This board is providing the Island with a significant opportunity to address the serious and debilitating factors that impede our potential as a community and we look forward to working with and supporting KIFA over the next two years.

At the end of July we celebrated our 175th anniversary of Settlement Day – a huge event for the Island where a large proportion of the Community came together at Flagstaff Hill and then Reeves Point to celebrate First Settlement in South Australia – Council and Community came together to organise this and the results were a spectacular success – our thanks must go once again to all who assisted in the organisation and participation in this event. A significant milestone for the Island was the attendance of Premier Rann who delivered his "State of the State" address in Kingscote that evening, in formally recognising the Island as the first settlement of our State.



Councillors and Staff meet with Jamie Briggs MP



Mayor and Chief Executive Officer

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This year has been a year where we have gone out to the Community – looking to work with Progress Associations and other representative groups to improve communication and understanding of what it is that the Groups would like to do in their respective areas and the response has been really encouraging. We have supported Groups with discussions around the development of strategic plans and having these documents available will allow Council to look at how we can align our work plans and capital program with the Community Plans to come up with a better result.

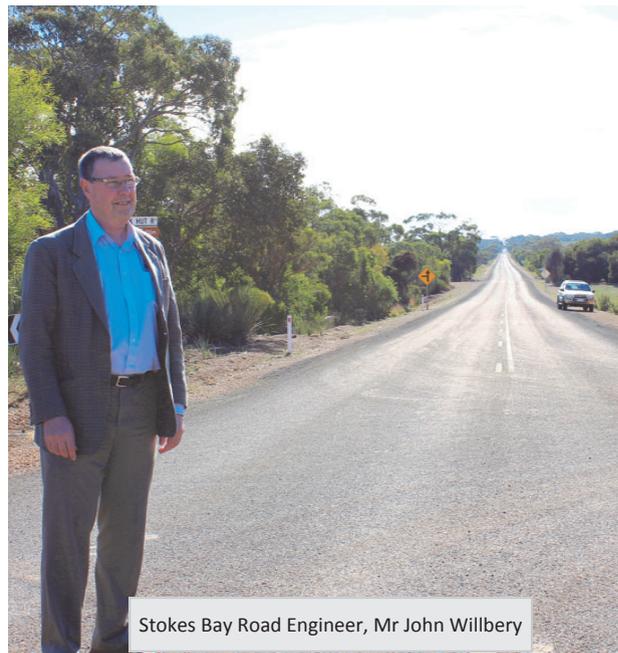
Still lots of work to do from both sides for this to become entrenched but we can see some great progress. These together with the creation of the Community Capital Projects Fund in 2012-13 will empower Community Groups to achieve their goals and we look forward to reporting on their success in our next report.

From a core Council perspective there has been much for us to do. The Council's many years of lobbying and work with the Government have borne fruit with the support of The Minister for Planning, Transport and Infrastructure and the announcement in the State Budget of an annual allocation of \$2M for the Kangaroo Island rural unsealed roads upgrade program.

This funding has been a major achievement and will assist in the improvement of our

road network over time. The Council has acted as project managers for this work this year with the North Coast Road between Emu Bay and Stokes Bay being the first road on the priority list and work commenced in early January. Unfortunately due to the work in developing designs, specifications and contracts the actual work commenced later than is ideal and the onset of autumn rain has meant that the road was not completed before winter – this work will recommence when the weather breaks in Spring 2012 and it is anticipated that it will be complete by the end of November 2012.

A huge achievement for this Council was the completion of Stage 4 of the Stokes Bay Road Sealing Project – the final descent into Stokes Bay, linking the Playford Highway, west of Parndana, with the North Coast Road and the Stokes Bay Community.



Stokes Bay Road Engineer, Mr John Willbery



Mayor and Chief Executive Officer

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The Community support through this project has been extraordinary, with assistance from neighboring land owners through out the construction, and by the Community's great efforts in raising the funds to bitumise the last portion of the road to the beach. The overall project cost \$4.6M would not have been possible without significant support by the Local Government Transport Assistance Program (LGTAP) and the Special Local Roads Program to achieve this.

The road was finally officially opened on June 1st by Mayors Brian Hurn OAM, Kym McHugh and Jayne Bates at a ceremony hosted by the Stokes Bay Hall Committee. It was a beautifully sunny and mild winter afternoon with many of the Community, Councillors and Council staff coming together to celebrate this significant achievement.

Council has worked hard in 2011-12 to optimize revenue and costs of operation by looking at the way we work to increase efficiency of operations. With this aim in mind, we have been able to deliver some significant savings across the breadth of the organisation – getting a “*bigger bang for the buck*” has become a mantra for the business and Staff throughout have worked hard and successfully to achieve this – the end results speak for themselves:

2011-12 Financial Year

Operational Income	7.23% over budget
Operational Expenditure (before depreciation)	2.80% under budget

A portion of the operational under-spend was related to recruitment challenges leaving us without capacity to do the work we had budgeted for but there is still a significant element of this that is down to more effective use of time and resources and staff must be congratulated for their efforts in these areas.

An additional piece of work in 2011-12 has been the need to examine our accounting practices in detail – we have had three successive years of unqualified audit, so we know that our structural day-to-day accounting practices are robust and sound – however the devil – as always – is in the detail! This year we have focused on the non-cash elements of our accounting practices - the way we treat our assets and the ensuing depreciation.



Stokes Bay Road - Officially opened



Mayor and Chief Executive Officer

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We have worked very closely with Deloitte, our auditors, in reviewing our asset register and the implications of both the valuations of asset and the accounting for the potential replacement costs of asset that we either do not actually own or would not replace at the end of their life. The net result of this work has been the ability to apply accepted accounting practices and a net reduction in depreciation value on our books which significantly improves the financial bottom line of this organisation.

Depreciation 17.6% reduction

We anticipate that initiatives planned for 2012-13 will see further savings in this area and we will continue to work towards using best practice accounting conventions to assist in the accurate reporting and management of our financial position.

All of this work has resulted in our posting of an overall operating deficit (after depreciation) of \$3.39M – a drop of **38.6%** overall – this is an extremely good result for this Council.

Whilst this does not necessarily translate into better standards of service etc., this is worthwhile as it demonstrates that we have control of our work and finances and provides provenance when looking for additional funding.

As we work with the Community and other spheres of Government to create an environment that encourages growth we will see resident numbers and businesses grow – our Community becoming sustainable – and this in turn will lead to Council becoming sustainable. It is clear however that this will not happen overnight and therefore we have to look at other revenue generating opportunities outside of traditional Council activity that will allow us to become financially sustainable in the future.



Lighthouse - Cape Du Couedic



Mayor and Chief Executive Officer

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We will need to become an “*Unconventional Council*” if we are to truly address these issues.

A lot of work is happening in this sphere now, with significant studies and submissions for funding around the potential for involvement in the renewable energy generation and supply market.

We have been working with staff from Regional Development Australia—Adelaide Hills, Fleurieu and Kangaroo Island in this regard and are close to pulling together an opportunity to create *Island Energy* – a Council-led, Community Energy business which has the potential to reduce energy costs to the Community, deliver additional capacity and quality of supply and also a revenue stream to Council and Community participants. It is a complex area to work within and there are many different options that we need to evaluate before determining a particular direction.

Given the focus that KIFA is bringing to the issue of our power supply to the Island (the need for the undersea cable to be replaced and the on-Island distribution network improved), it is very important that we continue to work closely with all stakeholders. We expect to see some major developments in this sphere in 2012-13.

The work of this small Council is large and complex due to the significant issues our remote Island Community faces - in the

basic provisions of service, the cost of access, limiting availability of power, and a fragile economic and social fabric.

The work of Council, while very limited in budget and resources, must also include advocating on behalf of our Community, raising their concerns to the highest level possible to seek fair and equitable solutions or, at the very least, a clearer understanding in the minds of the State Government of the implications of decision making delivered out of the region and without reference to those in the Region who understand the issues. This seems to be an ever increasing workload and has been absorbed without increasing staff or budget.

All have contributed to sharing this workload and we would like to acknowledge and thank the Elected Members and our dedicated Staff – past, present and new - for their work and commitment to this Community and Council and the many positive and significant outcomes achieved.



Mayor and Chief Executive Officer

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No Council can achieve in isolation, and the partnerships we have with other Island Agencies, neighbouring Councils and the LGA, and in particular our Community and our many valued volunteers are critical in all we do. We thank you all for your support and involvement, and for the work you do to enhance our Community's way of life.

As we commend our Annual Report for 2011-12 to you and start to look to the future.

We are pleased to say that we see this Council progressing towards our goals and we look forward to reporting this time next year that we have been able to continue to do this consistently and effectively in partnership with our Community.

Mayor Jayne Bates
Andrew Boardman, CEO



Tracey McCauley and Ian Woolard
Certificates of Service to LG



Elected Members

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Rosalie Chirgwin

Councillor

Resigned 11 July 2012



Council

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Principal role of a Council

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

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

Functions of Council

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

enhance and conserve the environment in an ecologically sustainable manner, and to improve amenity

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

Roles of the Elected Members, CEO and Senior Management

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

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



Elected Members

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Elected Member Attendance Summary

Year	2011-12		
Sum of Total			
Councillor	Meeting Type	% Attendance	Total
Cr Boxall	Council	100%	12
	Informal Gathering	100%	14
	Special Council	93%	13
Cr Chirgwin	Council	58%	7
	Informal Gathering	21%	3
	Special Council	21%	3
Cr Clements	Council	92%	11
	Informal Gathering	86%	12
	Special Council	86%	12
Cr Connell	Council	83%	10
	Informal Gathering	86%	12
	Special Council	93%	13
Cr Davis	Council	92%	11
	Informal Gathering	93%	13
	Special Council	93%	13
Cr Denholm	Council	100%	12
	Informal Gathering	100%	14
	Special Council	100%	14
Cr Liu	Council	83%	10
	Informal Gathering	50%	7
	Special Council	21%	3
Cr Walkom	Council	83%	10
	Informal Gathering	71%	10
	Special Council	64%	9
Cr Willson	Council	83%	10
	Informal Gathering	71%	10
	Special Council	71%	10
Mayor Bates	Council	100%	12
	Informal Gathering	100%	14
	Special Council	100%	14



Elected Members

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Councillor Allowances

Councillor allowances for the reporting period of 2011/12 were set in August 2010 by the Remuneration Tribunal, and incorporate the CPI increase. The following table outlines the actual allowances for Elected Members over the 2011-12 period.

Elected Member	Allowance	Reimbursements
Mayor Bates	\$33,605.00	\$13,701.10
Deputy Mayor Clements	\$10,334.50	\$6,298.77
Malcolm Boxall	\$8,267.50	\$1,293.52
Rosalie Chirgwin	\$8,267.50	\$0.00
Graeme Connell	\$8,267.50	\$0.00
Bec Davis	\$8,267.50	\$1,199.52
Peter Denholm	\$8,267.50	\$5,101.65
Ken Liu	\$8,267.50	\$229.40
Graham Walkom	\$8,267.50	\$1,565.55
Joy Willson	\$8,267.50	\$3,769.56

Internal Review of Decisions

Pursuant to Section 270 of the Local Government Act 1999, Council received two applications for internal review of Council decisions, regarding:

- Development approval for infrastructure on land at Vivonne Bay
- Council Informal Gatherings

The results of the reviews were that the decisions were affirmed.

Report of the Use of Confidentiality Provisions

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

Good Governance

What is good governance? It is an extremely important aspect of any organisation, be it government, commercial or private enterprise. It is the setting of ideals and

values for customers and clients or in Council's case, residents, ratepayers and community members in general. It necessitates ethics, clarity, equity, transparency and demands honesty and integrity.

The Kangaroo Island Council has ensured good governance, conducting reviews and audits across all departments of the Council. This has been followed by the development and implementation of processes in line with a continuous improvement philosophy. This has been achieved not just by meeting compliance, however also by leading the local government sector along with 5 other Councils in SA with our involvement in the Internal Control/Good Governance pilot; Stage 1 being Audit and Stage 2 being the sustainable management system. This process and system is being overseen by the Audit Committee.



Elected Members

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Ethics

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

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

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

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

Representation Quota

In June 2010 the Local Government Association confirmed the representation quota for Kangaroo Island to be 323. This is

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

Involving our Community

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

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



Elected Members

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Planning and Decision Making

In accordance with the Kangaroo Island Council Public Consultation Policy and adherence to our commitment of transparent, accountable and responsive decision making, public consultation was strongly demonstrated through 2011/12. During the development of the 2010-2014 Kangaroo Island Council Strategic Plan a forum was held attracting approximately eighty attendees titled: *Future Search: United in our Future*. Representation was inclusive of residents, ratepayers, members of the community groups, Government agencies, Elected Members and Employees of Council.

Future Search enabled a broad spectrum of Kangaroo Island community representation to provide input into the direction and goals for the Council and the outcome set the

platform for the development of this strategic plan. Each and every "common ground" item identified from the two day session was incorporated into the Kangaroo Island Council four year Strategic Plan. Furthermore, a direct flow-on effect occurred with the development of the 2010-2011 Business Plan and budget.

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



Kangaroo Island Council meeting—American River 2012. pre-meeting engagement session



Committee Representation

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COUNCIL COMMITTEES (Section 41)	MEMBERSHIP
Audit Committee	Mayor, Cr Willson, Cr Walkom, Cr Clements & Mr John Comrie <u>Advice</u> - CEO, FGM & Compliance Officer
Boating Facilities	Mayor, Crs Connell & Denholm, Rep from American River, Emu Bay, Shoal Bay, Baudin Beach & Penneshaw <u>Advice</u> - ASPM
Community Passenger Network	Cr Davis, Rep from Transport Industry, Education Sector, Employment Sector (2) & Health Sector (2) <u>Advice</u> - CEMGM
Finance Committee	Mayor, Crs Willson, Clements, Cr Boxall & Cr Davis <u>Advice</u> - CEO, ASGM, ASGM & FGM
Strategic Planning & Development Policy Committee (Section 101A)	Full Council
Town Centres	Mayor, Cr Willson, Cr Connell, Cr Liu, Cr Denholm & Cr Walkom, Reps from Progress Associations - Penneshaw, Advance Kingscote, Parndana, American River <u>Advice</u> - CEO, DSA, ASPM, CEMGM, ASGM, Planning SA Rep & Project Consultants
REGIONAL SUBSIDIARIES (Section 43)	
Southern & Hills LGA [Executive & General meetings]	Mayor & CEO (Proxy first Deputy Mayor & second ASGM)
Fleurieu Regional Waste Authority	Cr Boxall (proxy Cr Chirgwin) ASGM until Nov 2012
DEVELOPMENT ACT (Section 56A)	
Development Assessment Panel	Mayor, Crs Boxall & Willson, Independent Chair & 3 Independent Reps
INTERNAL OPERATIONAL COMMITTEES	
Airport Safety	CEO, Airport Services Coordinator, Airport Administration Officer (ex-officio), Reps of Regional Express, DOIT, Royal Flying Doctor Service, Hertz KI, Budget KI, SAPOL, KI Transfers
Airport Security	CEO, Airport Services Coordinator, Airport Administration Officer (ex-officio), Reps of Regional Express, DOIT, Royal Flying Doctor Service, Hertz KI, Budget KI, SAPOL, KI Transfers
Building Fire Safety	Building Officer, Senior Planning Officer, Rep from SA CFS & Building surveyor
Kingscote Aerodrome Emergency Committee	Reps of KIC, SAPOL, SA Ambulance Service, KICFS, KISES, Emergency Management Australia, Regional Express & Families SA
Workplace Consultative Committee	PL&GGM, ASGM, PLCO, ASU Employee Rep, AWU Employee Rep
OHS&W Committee	ASGM, PLGGM, WCAS, H&S Admin Rep, H&S Penn Rep, H&S Kct Rep, H&S Compliance Rep

Committee Representation

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



Departments and Senior Staff

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Kangaroo Island Council Administration

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

Chief Executive Officer

John Coombe (acting May 2011 — Aug 2011)
Andrew Boardman (Aug 2011 -)

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

Following an internal reorganisation the HR/ Risk Manager, OHSW Coordinator and Development Services Department report directly to the CEO.

Asset Services (AS)

General Manager
Andrew Boardman (Jan 2011 - Sept 2011)
Steven Watson (Sept 2011 -)

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

The Kingscote Airport is a major asset in this department. Also part of Asset Services is

Regulatory Services which includes General Inspectors, Fire Inspectors and Dog and Cat management.

Finance and Systems (FIN)

General Manager
Andrew Cole (Jan 2011 -)

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

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

Communications, Engagement and Marketing (CEM)

General Manager
Darren Keenan (November 2011 -)

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

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



Departments and Senior Staff

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Functions Reporting to CEO

HR Risk & OHSW

General Manager and Deputy CEO
Bernadette Brennan (GM 2009– April 2012 / DCEO
May 2011 – April 2012)

Revised Structure with HR Risk Manager & HR
Staff and OHSW Coordinator reporting
directly to CEO from April 2011 –

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

Development Services

David Altmann (Advisor 2009—)

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

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



Asset Services

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Overview

Council's AS (Asset Services Department) employs 41 FTE staff as well as casual employees when required. The responsibility and diversity of the AS includes the Airport, Infrastructure (Capital & Operational expenditure), Project Management, Asset Management, Leases & Licenses, Environmental Health, General Inspectorate, Waste Management and CWMS (Community Wastewater Management Systems).

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

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

The Asset Services Department operate a contract to undertake maintenance of the Department of Planning, Transport & Infrastructure (DPTI) sealed road network- 110 kilometers.

Airport

Whilst passenger numbers continued to decline in the 2011-12 year, Council continued to work on strategies to improve

performance. Discussion with our single regular RPT service provider, REX, have looked at timing of flights to allow for better connectivity between east coast capitals and Adelaide and the onwards connection to the Island. This led to a trial flight in the middle of the day – its effectiveness is being assessed at this time.

Further involvement in promotion / cross-selling of accommodation / other services on the Island between REX and on-Island tourist service providers has not been progressed as it does not fit with the REX corporate strategy.

The airport has maintained its complete compliance with CASA requirements and we have managed to avoid the need for significant investment in security scanning equipment and training associated with new legislation that affects airports operating aircraft with greater than 20,000kg maximum takeoff weight as virtually all our flight operations use aircraft beneath that threshold.

Extensive consultation with Government and the Office for Transport Security was required prior to the legislation coming into effect on July 1 2012 to look at how we might continue to support operation of a single operator using aircraft that exceed the limit by 800kg. This has since been satisfactorily resolved and the services (an open charter service out of Melbourne) have been able to continue.



Asset Services

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Asset Management

Council continued to provide focus on development of its Asset Management including active recruitment of a dedicated officer. This sector of the department is responsible for the ongoing development of asset management plans, assessment of 'whole of life' cycle costs associated with all asset classes, including Roads, Storm water, CWMS, Reserves, Buildings, Plant, & Furniture & Fittings.

Major asset works undertaken during the financial year included:

- Sealing of Stokes Bay Road Stage 4 to connect to North Coast Road
- North Coast Road sealing to connect Stokes Bay Road to the Stokes Bay camping and day visitor area.
- Sealing of Campbell Street, Kingscote, plus sealing of a section of Muston Road and a section of Kangaroo Street behind the Hog Bay Hotel.
- Resealing of North Coast Road, from Playford Highway to Boxer Road.
- Unsealed road re-sheeting of sections of East West Highway One, Moffatts Road, Willson River Road, Branch Creek Road, Min Oil Road, North Coast Road west of Stokes Bay (three segments)

Project Management

The role of the Asset Services Project Manager is to manage works associated

with external grant funding, and other works requiring the sourcing of external service providers. Major projects undertaken in this regard included:

1. Renewal of Unsealed Roads Stage 1- North Coast Road re-sheeting between Gap Road and Stokes Bay (34 kilometers/ \$2.0 m)
2. Upgrade of the timber floor to the Kingscote pavilion/sports facility.
3. Completion of concrete footpaths at River Park Subdivision, American River.
4. Unsealed road re-sheeting utilizing Storm Damage funding from the State Government Disaster fund- Bark Hut Road & Playford Highway.
5. Cleaning of the Kingscote Aerodrome drainage network.
6. Placement of a glass enclosure over Frenchman's Rock, Tourism KI building, Penneshaw.
7. Project Management of Stokes Bay Road Stage 4, and North Coast Road sealing, including a generous co-contribution from the Stokes Bay community.



Asset Services

Kangaroo Island - a pristine island full of natural beauty

8. Penneshaw street name blades installation to AS1742
9. Kingscote depot security fencing
10. Kingscote Yacht Club storm-water outfall erosion control and beach front protection in association with the Coastal Protection Board of DEWNR and the Yacht Club
11. Kingscote sealed road design – this is necessary to have completed prior to capital works projects to upgrade streets from unsealed to sealed complete with kerb and water table.

CWMS (Community Wastewater Management Systems)

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

The preferred design was submitted with Council approval to the Local Government CWMS Committee for their assessment of subsidy payment – an essential step in the process of taking this project to public consultation. At the time of writing their response has not yet been received. All other CWMS at American River, Kingscote, Parndana East and Parndana continued to be managed and maintained.

General Inspectorate

The General Inspectorate team has been instrumental in achieving several Strategic Plan Objectives for the ASD in 2011-12, including completing:

- 4.18.1 Undertake Section 105F under the Fire and Emergency Services Act compliance activities in conjunction with local CFS Brigades
- 4.18.2 In partnership with CFS undertake targeted community education programs
- 4.18.3 Council undertake on ground works in accordance with the Council Work Plan
- 4.18.4 Council actively contribute to the Bushfire Management Committee
- 4.19.1 Promote and implement the Dog & Cat Management Plan
- 4.19.2 Promote and implement the Council Bylaws

The team has now incorporated these objectives into daily activities.



Jannes Boers - Certificate of Service to LG

Asset Services

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Environmental Health

Environmental health is the field of science that considers how environmental factors can harm human health. Council's EHO (Environmental Health Officer) has continued to focus on food premises inspections, public swimming pool and spa inspections, hairdresser inspections, septic tank application and inspections, waste water testing and deal with other common environmental health issues.

DPTI \$2M Unsealed Road Project (DEPARTMENT PLANNING TRANSPORT INFRASTRUCTURE)

2011-12 saw the commencement of the annual DPTI \$2m funding with North Coast Road from Emu Bay to Stokes Bay being upgraded. The upgrade includes road safety measures such as increased lane width, which in turn will allow the user better visibility and hopefully reduce wildlife injury or fatality.

Stage 2 of the project in 2012-13 will target Willsons Road, Stars Road and Elsegood Road (part).

There is a current 10 year program of works associated with this funding opportunity.

Plant Replacement

Council took delivery of a new John Deere Grader and New Isuzu Light Truck. Council staff trialed a combination roller through a

hire arrangement, although found it not suitable and, although a more costly option, a decision was then made to purchase a roller-type already in use by Council and found to work well.

Plant purchases are undertaken in accordance with the outcomes of the "Major Plant Review" 2010, and buying decisions are delivered by a plant replacement panel consisting of key staff within the department, senior managers and acceptance reporting to Kangaroo Island Council.



Mark Haby and Ben Perry
Certificates of Service to LG



Asset Services

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Roadside Vegetation Management

Kangaroo Island Council manages roadside native vegetation in accordance with the Council's RVMP (Roadside Vegetation Management Plan 2007).

The RVMP, which is authorised by the Native Vegetation Council, provides Council delegated authority to clear, and approve clearance by another party, under the Native Vegetation Act guidelines. During 2011-12 Council's activities included the clearance of approximately 210 kilometers roadside vegetation and commenced a Draft RVMP 2012 for public consultation.

The Asset Services Department also commenced dedicated use of its own vegetation groomer, mounted to a large tractor suited to the purpose. The groomer was purchased from external grant funding and the department will conduct a monitoring analysis of the on ground outcomes and financial cost checks to prove the efficiency of this machine. Early indications have produced reductions in estimate costs to maintain vegetation following major treatment by external service providers.

Waste Management (FLEURIEU REGIONAL WASTE AUTHORITY)

FRWA (Fleurieu Regional Waste Authority) is a relatively new authority formed by the member councils of the Fleurieu Peninsula in

South Australia in order to manage their waste and recycling.

Those member Councils are:

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

FRWA is responsible for each Council's waste operations, including collection of kerbside collected waste and operation of their waste and recycling depots. FRWA is a fine example of local government working together to achieve efficiencies across boundaries. FRWA is capturing the best practices brought over from its member Councils: reducing waste going to landfill, increasing recycling, and promoting a cleaner and healthier environment for today and tomorrow.

Summary

Asset Services Teams have worked hard this year to increase their accountability and delivery of key services and acknowledge that there is much that can be done to improve further. Development of pro-active work programs that will allow activities to have a greater degree of forward planning resulting in greater efficiency and therefore minimize the costs and inefficiencies associated with reactive activities.

Steven Watson

Asset Services General Manager



Communications, Engagement and Marketing

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The Communications, Engagement and Marketing Department (CEM Department) had a very busy year, with the creation of the CEM Department, significant structural modifications to the working area and changes to staff members.

The CEM Department evolved from the People, Learning and Communications Department in November 2011. This evolution allowed for the departments to align relevant roles and functions.

CEM Department is responsible for:

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

The CEM Department has had significant physical change with the structural changes to the front counter, public foyer and library areas within the administration building. These changes have provided significant benefits to both staff and the Community.

The staff have benefited by having a more structured work flow with direction of enquiries to the specific employee responsible, this also being of benefit to the Community member, who can also be

attended to more promptly.

The Community have also benefited by the introduction of formal locations for the placement of information, whether on the new, larger, public notice boards, or via the self-serve brochure racking system. The foyer has also provided opportunity for Community groups to come and make displays that may be of interest to the Community.

CEM Department has welcomed new staff members, including Maree Crowley, CEM Senior Officer, Debbie Neeson, Records Management Officer, Anne Ellson, Community Passenger Network Officer and provided Lidia Pasquale with the extra responsibility of Grants Officer.

CEM Department has been working hard on formalising policies and procedures relating to the functions of Council that we are responsible for.

CEM Department have been responsible for several engagement activities prior to Council Meetings (Penneshaw, Parndana and American River). These valuable sessions provide opportunity for the Community to engage with Elected Members and Senior Staff.



Communications, Engagement and Marketing

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Council again ran its very successful Community Partnership Grants Scheme. With the receipt of applications well in excess of the available funds, demonstration of the true value of this program has never been more evident.

This year the following organisations were successful in the receipt of grant funding:

- Kangaroo Island Anglican Parish
- MacGillivray Cricket Club
- Parndana Soldier Settlement Museum
- Stokes Bay Community Hall
- National Trust of SA—Kangaroo Island
- Kangaroo Island Kindergym
- Kangaroo Island Yacht Club
- Island Care

The Friends of the Library have again contributed to the ongoing success of the Library. The Library have completed a

membership drive during the year—with an outstanding result of 12% increase of membership. The membership drive culminated in an Open Day, catered for by The Friends of the Library.

Finally I would like to acknowledge the service of Lynne Hodder. Lynne has worked at Council for seven years in many roles, her last one being the supervisor of the CEM Department. Whilst Lynne has left us in a full-time capacity, she will still do some project work for Council.

Darren Keenan

Communications, Engagement and Marketing General Manager



Library Open Day



Development Services

Kangaroo Island - a pristine island full of natural beauty



Council's Development Services Department assesses development applications against the Kangaroo Island Development Plan, Development Act and Regulations, Building Code of Australia and relevant Australian Standards and Codes.

The department is also responsible for providing accurate and concise planning advice to people undertaking development at all levels of scale and complexity, and provides strategic planning functions to maintain a purposeful direction for development of Kangaroo Island.

Development Services staff work within a high level of delegated authority. Assessment of matters that fall outside of staff delegations are forwarded to the Kangaroo Island Council Development Assessment Panel (DAP) for a decision. The DAP is constituted under legislative requirements and is empowered to deal with planning approvals where public notification is required and/or where public objection is received.

Building

Development Services incorporates Building Surveying and Planning functions, as well as some supplementary land administration roles.

The building component involves the assessment of technical and structural aspects of Development Applications under

the Building Code (Building Rules applications), undertaking audit inspections of building work in progress, and the operation of the Kangaroo Island Building Fire Safety Committee. This committee carries out audit inspections, typically on commercial buildings such as hotels, motels and halls as well as other buildings for public assembly and accommodation.



Frenchmans Rock—Penneshaw



Development Services

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Planning

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

Supplementary roles of the planning function of Council includes the provision of property searches required for the sale and conveyance of real estate, assistance with a range of strategic projects, such as those for infrastructure, renewable energy, wastewater reuse, tourism, economic development, maintaining development compliance including occupancy and fire safety provision documentation.

Development Statistics

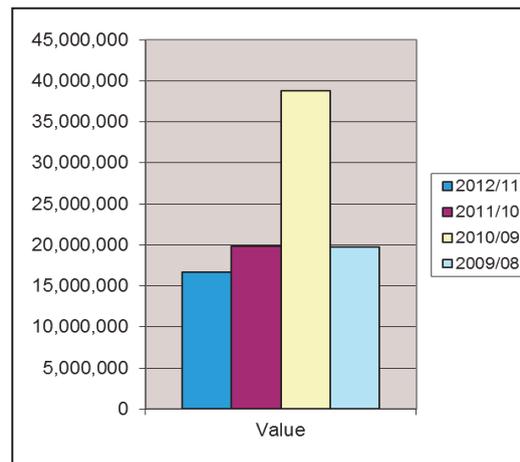
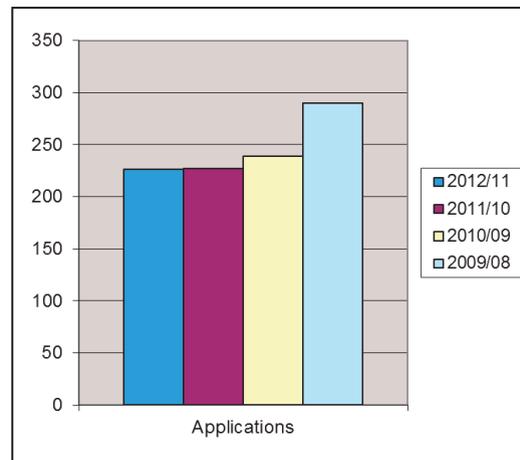
During the 2011/2012 year 226 applications were lodged, with a value of \$16,727,675.

This compared to:-

- 2010/11 - 227 applications, inclusive of 27 land division proposals – value of \$19,860,691

- 2009/10 - 239 applications, inclusive of 22 land division proposals – value of \$38,779,324
- 2008/09 - 290 applications, inclusive of 28 land division proposals - value of \$19,710,927

This is represented in the following graphs:-



Development Services

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The down turn in applications over a four (4) year period is attributed to the flat property market and the overall position of the national and state economy. Whilst it is anticipated that Kangaroo Island is well positioned for future economic growth, through a range of initiatives with Regional Development Australia, the Kangaroo Island Futures Authority and other stakeholders, the department has had the capacity to allocate resources on important planning policy, strategic and special projects.

There were a number of major development applications within the year including:-

- Remodelling and improvement for existing hotel accommodation units at the Ozone Hotel complex
- Retirement Village at Kingscote for 18 units and associated community building
- Sealink passenger terminal at Penneshaw
- Heli-Experiences joy flights, Hanson Bay
- Penneshaw Caravan Park land division – for integrated tourism accommodation development

During 2011/12 three (3) appeals were lodged in relation to compliance matters and a rural based land division. Council also commenced legal proceedings against a land owner in relation to breaches of the Development Act for a large farm dam.

The number of appeals is a major reduction when compared to approximately 13-15 appeals (at any one time) during the 2005-07 period – and is a significant achievement.

The reduction is attributed to a highly professional Development Assessment Panel, improved Development Plan policy, system improvements, recent case law of the courts (that restrict division of rural farm land), and staff committed to proactively assisting applicants in better shaping their projects, or identifying poor projects with upfront customer service advice.

This has led to reduced legal costs, better customer service and development outcomes, and efficiency gains.



Development Services

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Milestones

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

- Maintaining and refining the essential development services functions
- Meeting statutory timeframes prescribed under the Development Act
- Serving the community with sound planning advice and succinct planning assessment
- Ongoing monitoring of internal governance audit
- Strong progression of the Primary Production, Forestry and Bushfire Protection Development Plan Amendment and also the Rural Living Development Plan Amendment
- The reporting of the stand-alone Planning Policy Committee – reporting directly to Council on the performance of its Development Plan and other strategic planning matters.

Partnering

The Development Services Department works in synergy with other departments of Council, particularly Environmental Health and Technical Services Staff to achieve appropriate outcomes that are compliant with various legislation, codes and standards. Through this work the department liaises with a range of stakeholders including

Council, State Government Agencies (e.g. SA Country Fire Service, Department of Transport, Coast Protection Board and the Environment Protection Agency), allied professionals, tradespeople and the community to meet public expectations of well configured, safe and healthy development.

Public Information

Council's website continues to evolve as a greater resource of information that is available for public use. There is a growing suite of nearly thirty (30) information guides tailored to Kangaroo Island's planning policy. This includes a range of forms for various applications and submissions, Council's Development Plan, frequently asked questions and links to other State Planning guides from Planning SA to better inform and guide prospective developers prior to compiling plans and lodging an application.

Most of these Development Services resources are also available in hard copy from Council's main customer service area in the Kingscote Office. Alternately some documents, for example, the Development Register can be accessed at the electronic kiosk in the Dauncey Street foyer. You can use the computer to view lists of all development applications submitted to Council since 2003. In time, the Kiosk will be expanded to include access to a greater range of documents.



Development Services

Kangaroo Island - a pristine island full of natural beauty

In addition to these resources, the Senior Planning Officer and Building Officer are available by appointment, on most Mondays, to assist applicants regarding the development & planning process and technical building detail. It is advisable that people bring their preliminary plans, photos or concept drawings to assist the Officers to provide relevant information and planning advice.

Human Resources

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

During this period staff have united to work effectively and productively to improve customer service. Aaron Wilksch, Senior Planning Officer and Melissa Grimes, Development Services Coordinator provide a day to day professional service, supported by the services of David Altmann, Development Services Advisor. Stewart Gowers assisted on a contract basis with building rules assessments and audit inspections.

During the 2011/12 year the department sought to restructure the role of Stewart Gowers and hire an internal staff resource to undertake Council's responsibilities relating to Building Rules assessments, compliance, septic tank approvals, and to perform duties

required under Council's Building Inspection Policy inclusive of the new Roof Truss legislation. The department welcomes Steve Ryles (Development Officer – Building & Compliance) and Madeline Dobbin (Contract Development Services Coordinator) into the team for 2012/13.

Development Assessment Panel

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

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



Development Services

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Strategic Planning

The Kangaroo Island Council Development Plan is the principal document used to control development across the Island. The Development Plan was last consolidated on 22 December 2011.

Council has progressed proposed amendments to the Development Plan, focusing upon elements of General Farming, Rural Living, Forestry and Bushfire Protection. This will identify greater development opportunities in certain areas and establish clearer guidelines for the kind and intensity of rural activities envisaged.

The Development Services staff continues to liaise with bodies such as the Kangaroo Island Natural Resources Management Board, Kangaroo Island Futures Authority, Coastal Protection Board and Department of Environment and Heritage in workshopping projects of environmental and cultural significance.

Special Projects

During 2010/12 the department has also taken an active role in assisting with a range of cross-departmental projects, including:-

- Western River tourism infrastructure project
- Penneshaw Cemetery Heritage project
- System Indicators reporting on development assessment timeframes

- Kingscote wharf project
- Kingscote Airport infrastructure
- Building and land asset projects
- Renewable energy and waste water projects
- Review of various strategic policy, such as the State Planning Strategy and draft Australian Government policy relating to airport land use guidelines

David Altmann

Development Services Advisor



Seal Bay



Finance and Systems

Kangaroo Island - a pristine island full of natural beauty



Council's Finance & Systems Department has been actively involved in the general financial reporting and management of Council during the year, as well having oversight of Council's information and communications technology (ICT) environment.

The Finance & Systems Team has continued the work undertaken in the 2010/11 year, in further developing upgraded budgeting and reporting systems and processes into the 2011/12 financial year. The 2012/13 Annual Budget, for example, was built using these new IT systems and processes, a process that is much more effective now than in previous years.

The 2011/12 financial year has also seen the relationship with Council's external auditors develop into a well maintained relationship, having now undergone our second interim audit in May 2012, and the final external financial audit being completed during September 2012.

Council's Annual Financial Statements were formally adopted on the 10th of October 2012, approximately one month earlier than last year. Deloitte has again issued an unqualified audit opinion that Council's financial accounts for the 2011/12 financial year are represented fairly, in all material respects, and that Council's financial performance for the year ended in accordance with accounting standards and legislative requirements.

This represents the **fourth unqualified audit opinion in a row** obtained by Council, and reflects well on the efforts of Council staff to provide a foundation of confidence in the ability to provide accurate and timely financial management and reporting.

One of the significant inclusions in the 2011/12 financial statements is the ongoing results of the Asset Register Review project being performed by the Finance Team, with prudential assessment and review by Deloitte. The main outcome of the work during 2011/12 was the de-recognition of a range of assets recorded on Council's Asset Register that were not originally constructed by Council but has, over time, found their way onto Council's Register, as well as certain assets that Council considers that, at this time, it would not choose to actively renew when these assets reach the end of their economic useful lives in the future.

For the 2011/12 financial year, Council recorded a total net deficit of \$2.8m. This deficit was approximately \$1.2m lower than the revised third quarter 2011/12 budget deficit target. While this result presents an under-budget result for the year, the financial challenges ahead are still significant and are not taken for granted by the Finance Team.



Finance and Systems

Kangaroo Island - a pristine island full of natural beauty

This result, on the operating revenue-side, was primarily due to slightly higher revenue received for the year of \$860,653, being a composite of additional grant income received (including advance recurrent operating grant payments), higher Reimbursement inflows due to additional Private Works undertaken during the year, as well as recognizing lower than expected income flowing from Council's Airport operations.

This result, on the expense-side, was a product of lower than planned operational costs due to less 'materials, contracts & other expenses' incurred (lower by \$574,452), as well as revised provision amounts for depreciation that have been recognized as part of Council's Asset Register Review project (lower by \$804,533), plus additional 'asset disposal & fair value adjustments' of approximately \$681,011 also due to the Asset Register Review Project.

Council recorded an operating deficit of \$3.9m for the year, a figure 61% lower than budgeted in the 3rd Quarter 2011/12 budget target. The operating deficit highlights the impacts identified above and recognizes the reducing operating result is trending in the right direction. While this operating result achieves an under-budget result for the 2011/12 financial year, it highlights the continuing long-term financial sustainability challenge recognized by Council.

Funding sources

Overall, Council continued to rely heavily on rates (57%, up from 47% last year) and total grants (30%, down from 41%) as its prime revenue sources in 2011/12. The proportions of these revenue streams reflect the lower capital grants received by Council during the financial year. This figure, though, should be read in context of the State Government's regional road infrastructure program of \$2m per year, whose accounting impact of the road upgrades will not be recognized until at least the 2013/14 financial year onwards.

Wherever possible, Council actively seeks to obtain grant funding for the delivery of new services or the upgrading of infrastructure assets. Grant funding for one-off or capital projects, together with the revenue impact of assets received free of charge, is responsible for large variations in revenues experienced by the Kangaroo Island Council over the last 5 years, as shown in the graphs on the next page.

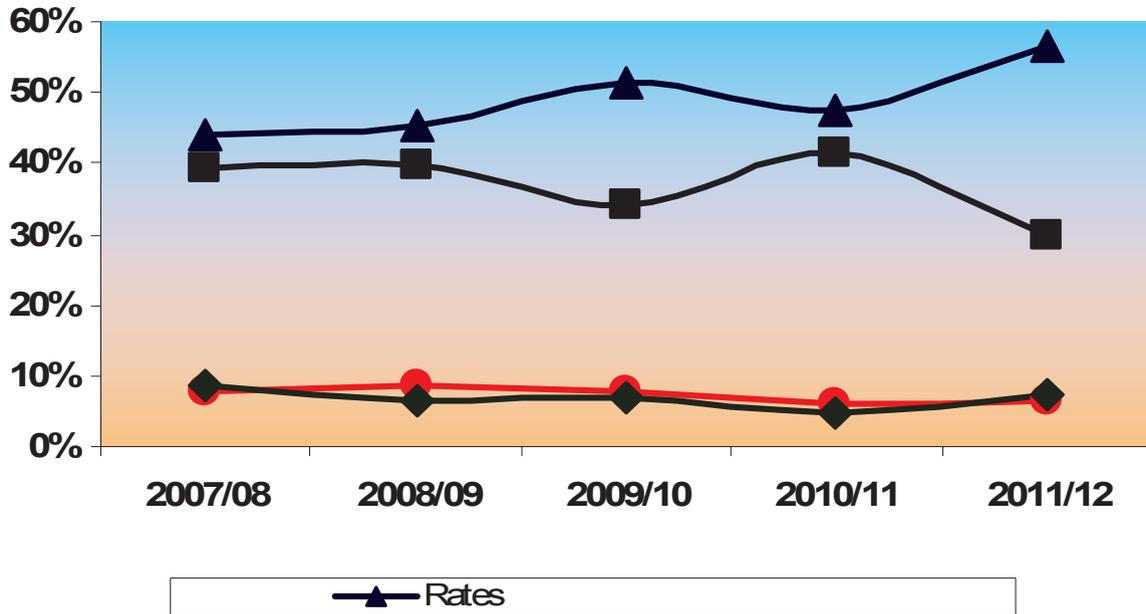


Finance and Systems

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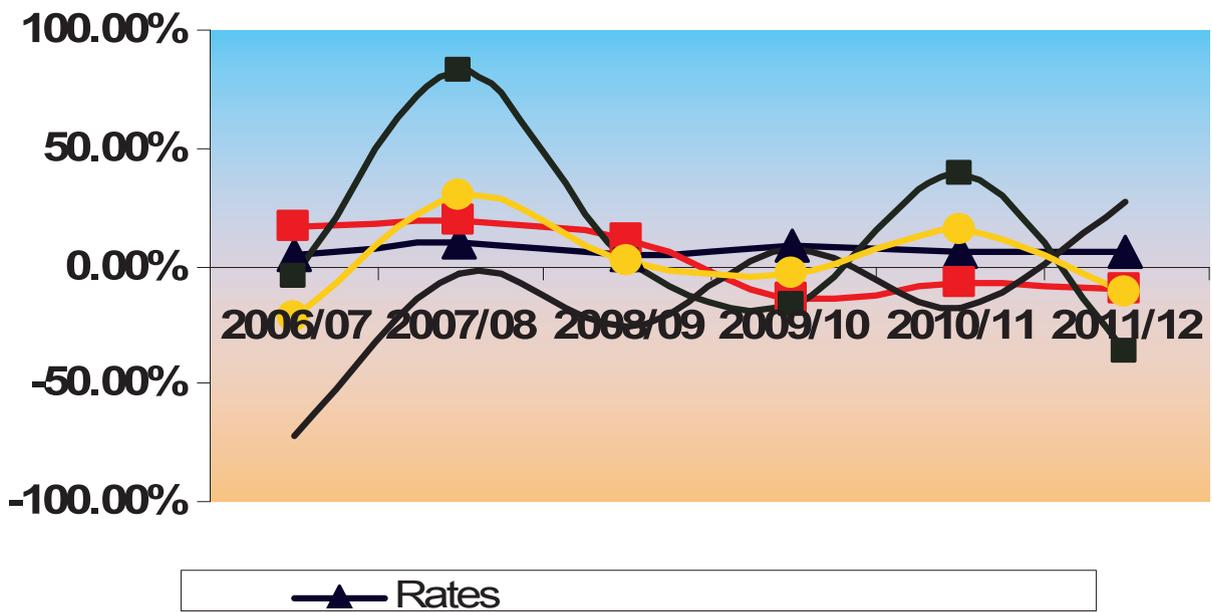
GRAPH 1

Revenue sources



GRAPH 2

Variation in revenue sources



Finance and Systems

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

Financial indicators

Council has adopted the 7 key financial indicators that have been generally adopted by Councils across South Australia as a guide to their financial performance.

Council has achieved favorable results for 4 of the 7 indicators in 2011/12. However, Council still faces challenges in relation to delivering an operating surplus and the management of its asset-driven indicators. The Asset Sustainability Ratio figure for 2011/12 should also be read in context of the State Government's regional road infrastructure program of \$2m per year, whose accounting impact for Kangaroo Island Council of the road upgrades will not be recognized until at least the 2013/14 financial year onwards.

Borrowings/debt management

In 2011/12, Council continued its policy of borrowing funds for the development of key infrastructure assets for its Community, using borrowings as a means of allocating costs to consumers of those assets over their useful lives. Council also uses borrowings

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

Council borrowed a total of \$6.63m during the year and repaid debt of \$5.80m. The high level of borrowings and repayments during the year reflects Council's use of short-term borrowings with the Local Government Financing Authority to cover operational cash shortfalls during the year.

Outstanding debt as at 30 June 2012 was \$7.99m, an increase in Council's level of debt from \$7.16m for the previous year, due to operational timing in short term cash management. Council's fixed-term debt, for the 2011/12 financial year, has changed from \$5.867m to \$5.357m. On current trends, Council's current fixed-term loans will be paid off within 9 years.

Council's current level of debt, being a Net Financial Liability Ratio of 81%, to put into more common language would be similar to a household on an annual income of \$70,000 per year, with a home mortgage of only \$56,700.

	Financial Indicators				
	2007/08	2008/09	2009/10	2010/11	2011/12
1. Operating Surplus	-3,362,474	-2,730,297	-2,070,764	-3,091,720	-3,390,953
2. Operating Surplus Ratio	-59%	-46%	-32%	-44%	-46%
3. Net Financial Liabilities	3,379,110	5,869,886	7,442,308	8,847,582	9,536,740
4. Net Financial Liabilities Ratio	32%	54%	69%	81%	81%
5. Interest Coverage Ratio	-0.5%	1.7%	2.7%	3.9%	4.2%
6. Asset Sustainability Ratio	31%	24%	26%	50%	6%
7. Asset Consumption Ratio	64%	64%	65%	69%	67%
	Within target range	Outside target range			

Finance and Systems

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Financial Sustainability/Long Term Financial Planning

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

During the 2011/12 financial year, Council welcomed Mr Bill Cossey as the Chairperson of Council's Audit Committee, taking over this role from Mr John Comrie. Bill brings to Council a deep understanding of the long term financial sustainability issues facing Councils, as he chaired the 2005 LGA Inquiry into the sustainability of the long-term financial performance and position of councils in South Australia.

Council has now adopted its revised LTFP (September 2012) will continue to review the plan looking ahead. Due to the asset-intensive nature of Council's activities, further work will continue to be undertaken to ensure that the LTFP reflects the current expenditure and renewal profiles of contained within Council's various asset management plans.

Rates and Valuations

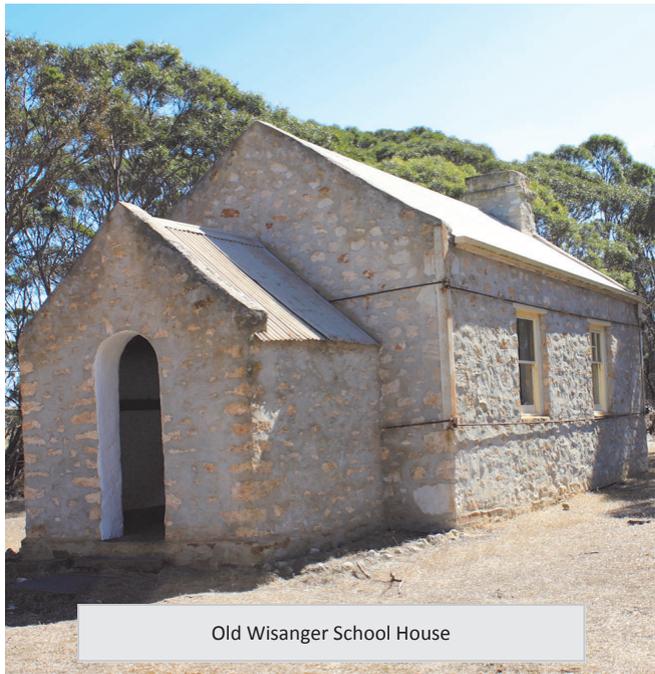
The capital value of rateable properties on Kangaroo Island decreased by approximately 9.78% during 2011/12 year, to a total of \$1.458bn, whilst the number of rateable properties has increased slightly up to a total of 5414 properties (in 2011, the

number was 5,410).

Average general rates for a residential property on Kangaroo Island were \$959 in the 2011/12 year, an increase of 7.27% over 2010/11. Average rates for primary production properties were \$1,224, an increase of 4.71% from 2010/11.

Andrew Cole

Finance and Systems General Manager



Old Wisanger School House



Human Resources and OHS

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Staff and Community

This area of our business underwent a significant restructure in the second half of 2011-12 with the redundancy of the Deputy Chief Executive Officer position (and the substantive role of People, Learning and Communications General Manager). This role was replaced with two lower level roles with specific and distinct areas of responsibility – the roles are HR & Risk Manager and OHS&W Coordinator. Both of these roles were in the process of recruitment at the close of the year.

Ms Stephanie Wurst (HR Officer) left for 12 months maternity leave in November 2011 and will be returning to work in November 2012.

It is hoped that the new structure will enable this part of the organisation to focus on the key foundation blocks of HR, Risk and OHS&W together with a clear emphasis on staff development, allowing the business to deliver a safe, compliant and participatory working environment for all.

Continuous Improvement

The ongoing continuous improvement program has not only been applied when reviewing vacant positions and the structure of departments when vacancies occurred, but also has looked at the relationship the position has within the Council and the

impact of any proposed changes that may occur to other departments and the organisation as a whole.

This follows on from work commenced in 2009 and this approach has consistently demonstrated efficiency gains and improvements by way of successful audit outcomes.

The training and development of employees has been a major factor and outcome of the continuous improvement process and this process will continue with greater emphasis in 2012-13 and beyond with the development and integration of competency-based training and development programs for every role in the business. Owing to the need to review the costs and effectiveness of training delivery in this Island environment we will be focusing on different methods of training delivery with online learning management a keystone of this.

Ethics

The Kangaroo Island Council operates by an Elected Members' Code of Conduct and an Employees' Code of Conduct that outline a system of moral principles governing an appropriate level of conduct of Council.



Human Resources and OH&S

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We have seen a proliferation in the use of the Elected Members' Code of Conduct by some Elected Members for little or no outcome in terms of either confirming misdeed or assisting in modifying behaviours that are not aligned to the principles highlighted above and this should be an area of extreme concern for this Council and its Community.

The cost and disruption that these Code of Conduct processes consume for the Council and CEO is considerable and have a deleterious effect on the ability of the Administration to deliver the services they should with the efficiency that is required.

It is difficult to see where any Community benefit is to be found in the process and it is hoped that those Elected Members concerned will consider the effect that these divisive and disruptive behaviours have on the organisation and on the Community and reconsider their reasoning for the employment of the provisions of the Code.

Good Governance

The Kangaroo Island Council has ensured good governance via audits that have been conducted throughout 2011/12 in various areas across the business coupled with the use of the Council's internal control system which is really assisting in improvements in meeting legislative compliance as well as ensuring appropriate

systems and processes are implemented. It is recognised that there are some significant improvements required – particularly in the area of Policy / Procedure and a project will commence early in 2012-13 to address this.

Equal Opportunity

The Kangaroo Island Council's commitment to equal opportunity is implemented through our human resource principles and is demonstrated throughout the various management systems we employ.

The *Next Steps* culture change initiative and work carried out around this in 2011-12 has encouraged employees to participate and influence the decision making processes in the business and we have seen efficiencies delivered through this process.



Human Resources and OH&S

Kangaroo Island - a pristine island full of natural beauty

Industrial Relations

The Kangaroo Island Council Enterprise Bargaining Agreement 2012 was ratified in February 2012 following an extensive and collaborative negotiating period between Council management, Employees, the Australian Workers' Union and the Australian Services Union.

There has been no industrial action taken during 2011-12.

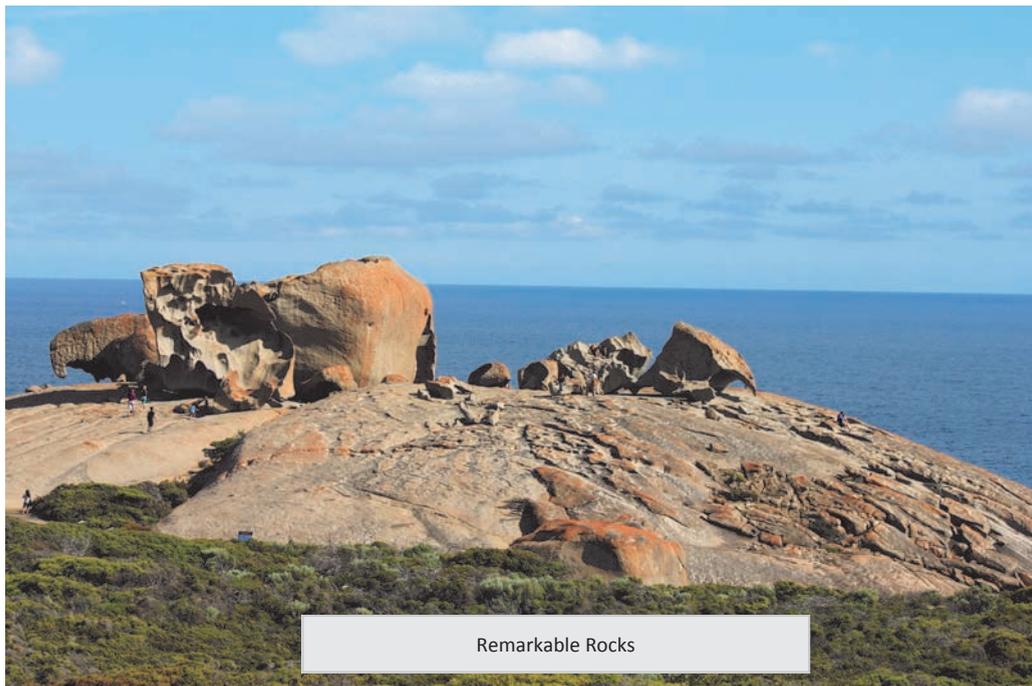
Progress in HR, Risk and OHSW has been limited in 2011-12 due to restructuring, staff resource limitations and recruitment processes – it is hoped that 2012-13 will see some stability return to this area and a consultative, participatory and cooperative approach developed with all employees to advance the business.

Allowances, bonuses and benefits of Senior Executives

The Senior Management Team comprises of the Chief Executive Officer, two permanent General Managers and an Advisor (ongoing contracted position).

Senior Management Team remuneration packages include provision of motor vehicle for business and private use, laptop and data service for Council business, mobile telephone and travel allowance.

All staff salaries and allowances are recorded in the Register of Salaries and Allowances and is available for inspection at the Council Administration Offices, 43 Dauncey Street, Kingscote.



Remarkable Rocks



Community Cabinet 2011

23-25 July 2011 - South Australian Government Cabinet Meeting

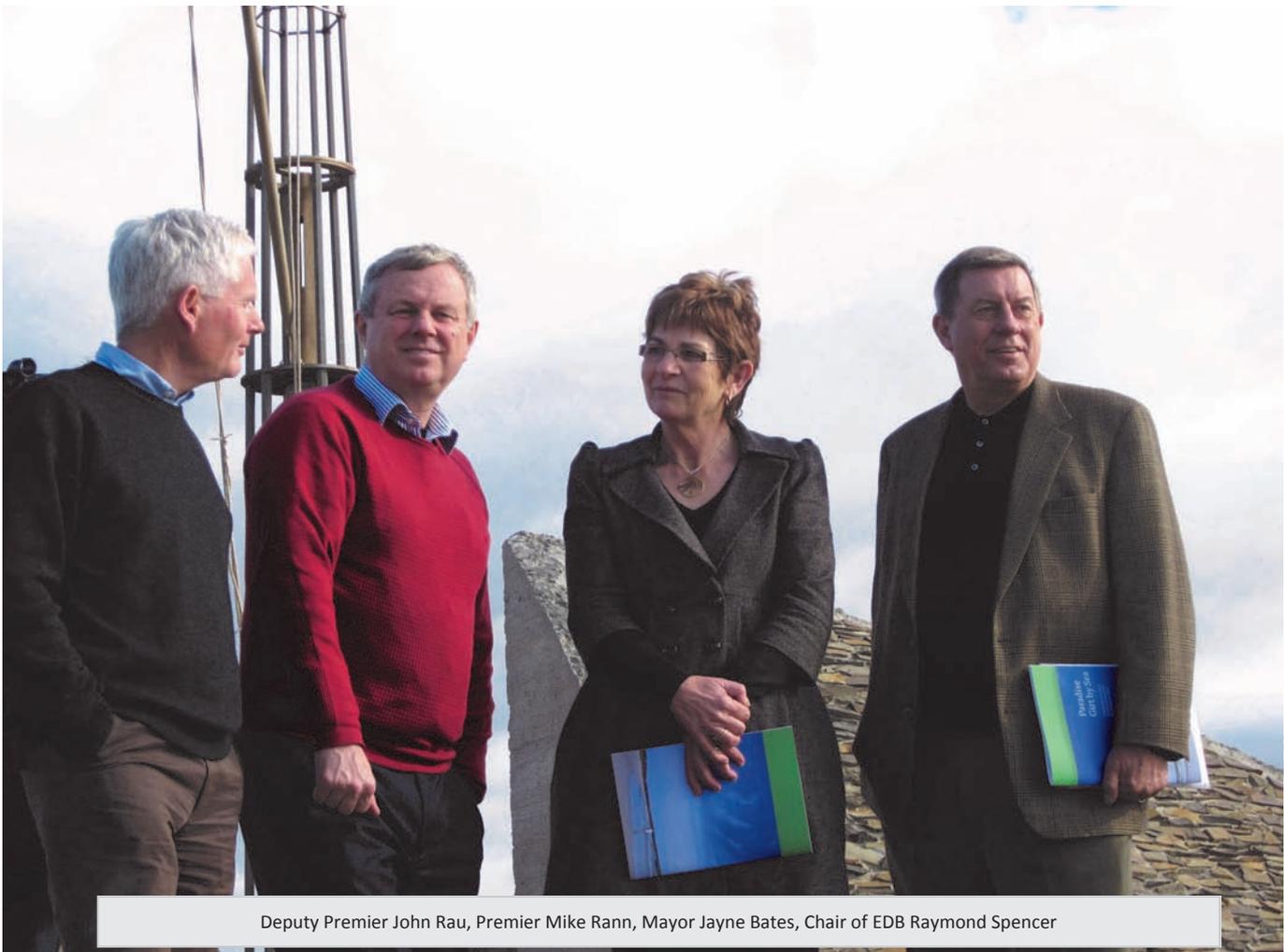
Kangaroo Island Council hosted the South Australian Government Community Cabinet meeting, July 2011.

The members of the cabinet held many meetings with local organisations across the island, including the holding of several formal public engagement events.

During this time Premier Mike Rann released the report "*Paradise Girt By Sea*", developed by the State Economic Development Board.

One of the recommendations in this report was the formation of the Kangaroo Island Futures Authority (KIFA).

Activities from this announcement continue today.



Deputy Premier John Rau, Premier Mike Rann, Mayor Jayne Bates, Chair of EDB Raymond Spencer



Settlement Day 2011

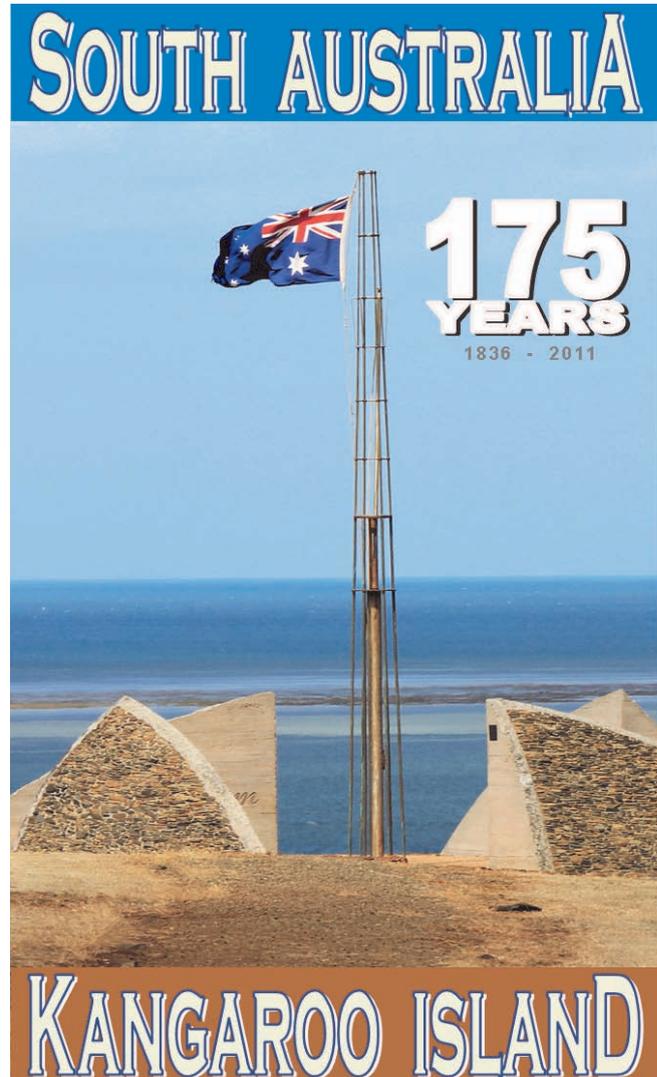
27 July 2011—175th Celebration of South Australia's first settlement

Settlement Day 2011 was the celebration of 175 years of South Australian and Kangaroo Island settlement.

The day was perhaps the biggest Settlement Day event ever, with an attendance estimated at over 2000. The day included the keynote speaker, Premier Mike Rann, the return of the Mail-run re-enactment horse riders and the announcement of the Kangaroo Island Young Achievers of the Year.



Premier Mike Rann



Stephanie Richter and Sophie Lewis were the recipients of the Kangaroo Island Young Achievers of the Year award for 2012.



Minister Albanese Visit

August 2011

During August 2011 Federal Minister Albanese visited Kangaroo Island along with State Minister Conlon.

The purpose of the visit was to inspect the results of the \$2.6M Campground and Day Visitor Project recently completed by Kangaroo Island Council.



Minister Albanese, Minister Conlon and members of Emu Bay Progress Association at Emu Bay

Minister Albanese visited and opened several sites including Western River and Emu Bay.



Minister Albanese, Minister Conlon, Staff and Contractors at Western River



Vivonne Bay Surf Pro

November 2011

Vivonne Bay was the location of a professional surfing competition and music festival during November 2011.

The event was attended by approximately 3000 surf, music and holiday makers.



Vivonne Bay



Australia Day

26 January 2012



Graeme Connell, Bryan Kelly and Heather Fisher

During the ceremony the Kangaroo Island **Citizen of the Year** awards were presented to Heather Fisher, Bryan Kelly and Graeme Connell.

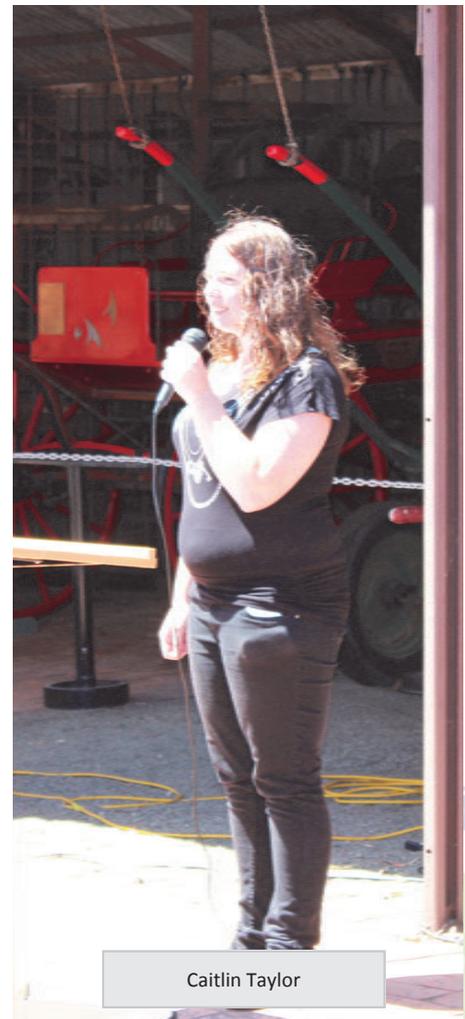
Settlement Day 2012 was awarded the **Community Event of the Year**. This award was received by members of Advance Kingscote on-behalf of the Kangaroo Island Community.

The official Australia Day celebration was celebrated at Hope Cottage Museum, Kingscote.

In attendance was Mayor Jayne Bates, Citizens of the Year, past and present, and a gallery of approximately 200 members of the public.

Caitlin Taylor had the distinguished task of singing the National Anthem.

Recipients of the **Community Partnerships Grant Scheme** were presented their grant cheques.



Caitlin Taylor



ANZAC Day 2012

25 April 2012

Lest we forget



Legislative Information

Transparency and Accountability in Local Government

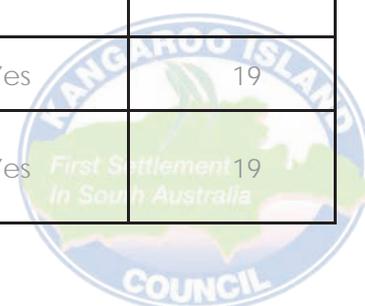
Performance Monitoring and Management

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

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

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

REQUIREMENT	COMPLIANCE	REPORT PAGE
A copy of the audited financial statements of the council for the relevant financial year.	Yes	Rear Section
A list of the registers that are required to be kept under this Act or the <i>Local Government (Elections) Act 1999</i> .	Yes	56—58
A list of the codes of conduct or practice required under this Act or the <i>Local Government (Elections) Act 1999</i> .	Yes	57
A copy of its most recent information statement under the <i>Freedom of Information Act 1991</i> .	Yes	58
Information on allowances paid to members of the Council or a Council committee.	Yes	18
Information on the number of senior executive officers and information on the kinds of allowances, bonuses and benefits that are made available to those officers as part of a salary package.	Yes	47
A report on the use of sections 90(2) and 91(7) by the Council and its Council committees containing the information required by the regulations.	Yes	59
A report on the applications made to the Council under the <i>Freedom of Information Act 1991</i> during the relevant financial year containing the information required by the regulations	Yes	58
A statement of—	Yes	19
the Council's representation quota; and		
the average representation quota for Councils of a similar size and type (taking into account various factors prescribed by the regulations); and	Yes	19
when the Council next intends to conduct a review under Chapter 3; and	Yes	19
The procedures that are available under Chapter 3 for electors to make submissions on representation under this Act.	Yes	19



Legislative Information

Transparency and Accountability in Local Government

Performance Monitoring and Management cont..

The annual report of any subsidiary received by the Council under Schedule 2 for the relevant financial year.	Yes	FRWA
Other information to be included in the annual report under this or another Act.	Yes	N/A
The Council's performance in implementing its strategic management plans during the relevant financial year, and the Council's projections and targets under its plans for the next financial year; and the Council's performance against its annual business plan for the relevant financial year.	Yes	23-47
The extent to which activities of the Council have been subjected to competitive tender or other measures to ensure services are delivered cost effectively, and the extent (if any) to which the council has pursued policies for purchasing local goods and services.	Yes	59
The decision-making structure of the Council.	Yes	20
The training and development activities for members of the Council during the relevant financial year.	No	None Completed
The implementation of equal employment opportunity programs, and other human resource management or development programs, during the relevant financial year.	Yes	45-47
The progress of the Council in preparing or finalising any management plans for community land required under the Chapter 11.	Yes	60



Legislative Information

Transparency and Accountability in Local Government

List of Registers

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

Policy Documents

- [Accounting Policy](#)
- [Asset Accounting Policy](#)
- [Boat Ramp Policy](#)
- [Building Inspection Policy](#)
- [Concessions and Waivers non-rates Policy](#)
- [Council Members Allowances and Benefits](#)
- [CWMS Policy](#)
- [Development Assessment Panel and Staff Delegations Policy](#)
- [Disposal of Asset Policy](#)
- [Donations Policy](#)
- [Elected Members Training Development Policy](#)
- [Election Signage Policy](#)
- [Fees and Charges Policy 2012-2013](#)
- [Food Vending Vehicles Policy](#)
- [Fraud and Corruption Policy](#)
- [Internal Control Policy](#)

- [Kangaroo Island Council Caretaker](#)
- [Media Policy](#)
- [Order Making Policy](#)
- [Outdoor Dining Policy](#)
- [Privacy Policy](#)
- [Procurement Policy](#)
- [Public Consultation Policy](#)
- [Rating and Rebate Policy](#)
- [Records Management Policy](#)
- [Road Naming Policy](#)
- [Safe Environment Policy](#)
- [Supplementary Elections Policy](#)
- [Treasury Management Policy](#)
- [Waste Management Policy](#)
- [Whistleblowers Protection Policy](#)

By-Laws

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



Legislative Information

Transparency and Accountability in Local Government

Codes

- Code of Conduct - DAP Panel
- Code of Conduct - Elected Members
- Code of Conduct - Employees

Code of Practice

- Code of Practice - Access to Council Meetings and Documents

Procedures

- [Code of Conduct for Elected Members](#)
- [Council Members Allowances and Benefits](#)
- [Internal Review of Council Decisions](#)
- [Kangaroo Island Council Caretaker](#)
- [Meeting Procedures](#)
- [Road Naming Procedure](#)

Delegations

- Community Titles Act 1996
- Development Act 1993, Development (Development Plans) Amendment Act 2006 and Development Regulations 2008 for the CEO
- Dog and Cat Management Act 1995
- Environment Protections Act 1993 and Environment (Waste Management) Policy 1994
- Expiation of Offences Act 1996
- Fences Act 1975
- Fire and Emergency Services Act/ Emergency Services Regulations 2005
- Fire Prevention Officers Under Fire and

- Emergency Services Regulations 2005
- Food Act 2001
- Freedom of Information Act 1991 and Freedom of Information (Fees & Charges) Regulations 2003
- Housing Improvement Act 1940
- Land & Business (Sale and Conveyancing) Act 1994
- Liquor Licensing Act 1997
- Local Government Act 1934
- Local Government Act 1999
- Natural Resources Management Act 2004, (Transitional Provisional Levies) Regulations 2004 and NRM (General) Regulations 2005
- Occupational Health, Safety and Welfare Act 1986
- Public and Environmental Health Act 1997, Public & Environmental Health (Waste Control) Regs 1995 and Public & Environmental Health (Legionella) Regs 2008
- Road Traffic Act 1961, Road Traffic (Miscellaneous) Regs 1999 and Road Traffic (Road Rules – Ancillary Miscellaneous Provisions) Regulations 1999
- Roads (Opening and Closing) Act 1991
- Unclaimed Goods Act 1987



Legislative Information

Transparency and Accountability in Local Government

Documents *(not limited to)*

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

Registers

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

Other information requests

Requests for other information not included above will be considered in accordance with the Freedom of Information (FOI)

provisions of the Local Government Act, 1999.

There were two (2) requests for information under the provisions of the Freedom of Information Act, 1991, for the 12 months ending 30 June 2012. Council received several requests for information which did not need to be determined under the Act and the majority of these requests were granted.

Freedom of Information enquiries or requests can be submitted in writing to:

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

Amendment to Council Records

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



Legislative Information

Transparency and Accountability in Local Government

CONFIDENTIAL ITEMS

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

During 2011/12 provisions of the Act Section 90 (3) and Section 91 (7) were utilised 68 times, or for 9% of the total agenda items considered.

29 of the 68 occasions, as listed above, originally declared confidential have subsequently been made publicly available. Therefore 5% of total agenda items remain confidential.

(a)	Matters relating to the personal affairs of a person	49
(b)	Matters relating to commercially sensitive information	5
(d)	Matters relating to commercial information	7
(h)	Matters relating to legal advice or possible litigation	2
(j)	Matters relating to information to/from another authority	1
(k)	Matters relating to tenders for supply	4
	Total	68

Extent to which Council has ensure competitive tender

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

The following works were placed out for competitive tender during the period of July 2011—June 2012:

- DPTI Renewal of Unsealed Roads— Stage 1—North Coast Road
- Stokes Bay Road—Stage 4
- North Coast Road—sealed extension to Stokes Bay
- River Park Subdivision Footpaths
- Old Police Station Exterior Repairs and Painting
- North Coast Road Bridge Upgrade
- Springs Road Culvert Reinstatement
- Storm Damage Funding Unsealed Roads Renewal
- Kingscote Oval Pavilion Floor Renewal



Legislative Information

Transparency and Accountability in Local Government

Community Land

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

Subsidiaries

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

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

Adoption and Distribution

Pursuant to the requirements of the Local Government Act, 1999, the reports within this Annual Report, including the Audited Financial Statements were adopted by the Kangaroo Island Council at a Council Meeting held 30th November 2012.

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

Copies are made available for public perusal at the Kingscote Administration Office and via Council's website,

www.kangarooisland.sa.gov.au, and Penneshaw Community Business Centre.

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

Appendices

- Information and Credits
- Audited Financial Statements
- Audited Financial Statements—Notes



Legislative Information

Transparency and Accountability in Local Government

Information and credits

Settlement – Kangaroo Island; Jean Nunn, Investigator Press, 1981

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

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



KANGAROO ISLAND COUNCIL

General Purpose Financial Reports for the year ended 30 June 2012

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KANGAROO ISLAND COUNCIL

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
INCOME			
Rates	2	7,441,379	7,066,153
Statutory charges	2	162,561	158,604
User charges	2	838,670	929,403
Grants, subsidies and contributions	2	2,685,948	2,354,163
Investment income	2	24,043	29,093
Reimbursements	2	626,377	415,889
Other income	2	111,782	97,532
Net gain - joint ventures & associates	19	15,351	35,850
Total Income		11,906,111	11,086,687
EXPENSES			
Employee costs	3	3,700,897	3,518,630
Materials, contracts & other expenses	3	6,507,751	5,914,966
Depreciation, amortisation & impairment	3	4,570,143	4,256,011
Finance costs	3	518,272	488,800
Total Expenses		15,297,063	14,178,407
OPERATING SURPLUS / (DEFICIT)		(3,390,953)	(3,091,720)
Asset disposal & fair value adjustments	4	(681,011)	(502,795)
Amounts received specifically for new or upgraded assets	2	1,259,446	3,817,196
Physical resources received free of charge	2	32,500	4,875
NET SURPLUS / (DEFICIT)		(2,780,018)	227,556
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	1,299,782	-
Total Other Comprehensive Income		1,299,782	-
TOTAL COMPREHENSIVE INCOME		(1,480,236)	227,556

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

KANGAROO ISLAND COUNCIL

BALANCE SHEET for the year ended 30 June 2012

ASSETS	Notes	2012 \$	2011 \$
Current Assets			
Cash and cash equivalents	5	352,947	230,107
Trade & other receivables	5	934,866	1,084,465
Inventories	5	104,941	112,131
		<u>1,392,754</u>	<u>1,426,703</u>
Total Current Assets		<u>1,392,754</u>	<u>1,426,703</u>
Non-current Assets			
Equity accounted investments in Council businesses	6	51,201	35,850
Infrastructure, Property, Plant & Equipment	7	156,917,326	156,799,525
Other Non-current Assets	6	430,691	1,347,731
		<u>157,399,218</u>	<u>158,183,106</u>
Total Non-current Assets		<u>157,399,218</u>	<u>158,183,106</u>
Total Assets		<u>158,791,972</u>	<u>159,609,809</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	1,140,081	1,440,894
Borrowings	8	542,808	509,266
Provisions	8	724,952	725,672
		<u>2,407,841</u>	<u>2,675,832</u>
Total Current Liabilities		<u>2,407,841</u>	<u>2,675,832</u>
Non-current Liabilities			
Borrowings	8	7,455,767	6,659,575
Provisions	8	960,945	826,747
		<u>8,416,712</u>	<u>7,486,322</u>
Total Non-current Liabilities		<u>8,416,712</u>	<u>7,486,322</u>
Total Liabilities		<u>10,824,553</u>	<u>10,162,153</u>
NET ASSETS		<u>147,967,421</u>	<u>149,447,655</u>
EQUITY			
Accumulated Surplus		6,904,406	9,885,689
Asset Revaluation Reserves	9	138,875,145	137,575,363
Other Reserves	9	2,187,870	1,986,605
		<u>147,967,421</u>	<u>149,447,655</u>
TOTAL EQUITY		<u>147,967,421</u>	<u>149,447,655</u>

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

KANGAROO ISLAND COUNCIL

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2012

		Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
	Notes	\$	\$	\$	\$
2012					
Balance at end of previous reporting period		<u>9,885,689</u>	<u>137,575,363</u>	<u>1,986,605</u>	<u>149,447,657</u>
Restated opening balance		9,885,689	137,575,363	1,986,605	149,447,657
Net Surplus / (Deficit) for Year		(2,780,018)	-	-	(2,780,018)
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		-	1,299,782	-	1,299,782
Transfers between reserves		<u>(201,265)</u>	-	<u>201,265</u>	-
Balance at end of period		<u>6,904,406</u>	<u>138,875,145</u>	<u>2,187,870</u>	<u>147,967,421</u>
2011					
Balance at end of previous reporting period		8,986,966	160,187,973	2,657,772	171,832,711
Prior period restatement	21	-	(22,612,610)	-	(22,612,610)
Net Surplus / (Deficit) for Year		227,556	-	-	227,556
Transfers between reserves		<u>671,167</u>	-	<u>(671,167)</u>	-
Balance at end of period		<u>9,885,689</u>	<u>137,575,363</u>	<u>1,986,605</u>	<u>149,447,657</u>

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

KANGAROO ISLAND COUNCIL

CASH FLOW STATEMENT

for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other		7,709,737	7,119,740
Fees & other charges		175,476	158,603
User charges		1,135,824	1,208,943
Investment receipts		41,140	30,578
Grants utilised for operating purposes		2,887,394	2,354,163
Reimbursements		689,015	127,100
Other revenues		966,241	526,062
<u>Payments</u>			
Employee Costs		(3,704,746)	(3,619,826)
Materials, contracts & other expenses		(8,529,229)	(5,340,131)
Finance payments		(379,646)	(519,702)
Net Cash provided by (or used in) Operating Activities		991,206	2,045,530
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		1,259,446	3,817,196
Sale of replaced assets		88,183	98,526
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(344,826)	(2,232,793)
Expenditure on new/upgraded assets		(2,700,901)	(4,197,444)
Net Cash provided by (or used in) Investing Activities		(1,698,099)	(2,514,515)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		6,630,000	9,380,000
<u>Payments</u>			
Repayments of Borrowings		(5,800,267)	(9,478,526)
Net Cash provided by (or used in) Financing Activities		829,733	(98,526)
Net Increase (Decrease) in cash held		122,840	(567,511)
Cash & cash equivalents at beginning of period	11	230,107	797,618
Cash & cash equivalents at end of period	11	352,947	230,107

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

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011 dated 10 October 2012.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

2 The Local Government Reporting Entity

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

As at 30 June 2012, Kangaroo Island Council has a net current liability of \$1,015,086 [2011: \$1,249,128].

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

3 Income recognition

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

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

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

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

5 Inventories

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

5.1 Real Estate Assets Developments

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

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

5.2 Other Real Estate held for resale

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

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

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised at cost.

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

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

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

6.2 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. On 13/06/2012, the capitalisation thresholds for each major asset class were estimated and effective in the financial year 2011/12 and are as follows. No capitalisation threshold is applied to the acquisition of land or interests in land.

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

6.3 Subsequent Recognition

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

Major depreciation periods for each class of asset are shown below as per adopted Asset Accounting Policy in 2011/12. Depreciation periods for infrastructure assets have been estimated based on the best

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

information available to Council, but appropriate records covering the entire life cycle of these assets are not available.

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

6.5 Impairment

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

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

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

6.6 Prior Period Restatement

The Council have identified a number of assets (land improvements and buildings) which have been erected/ constructed by lessees on land owned by the Council but leased to the lessee under long term nominal leases. These assets have historically been included on their asset register measured at their depreciated replacement cost. However Council has no obligation or intention to replace these assets at their own cost in the future. Therefore Council has implemented a change in the method used to value Property Plant & Equipment by creating a class of asset for "Land Improvements – Non-replaced", and "Buildings & Structures– Non-replaced" for these assets where they are considered that they will not be replaced at the end of the useful life of the asset.

As Council has no obligation or intention to replace the assets, it should measure the assets at a nil disposal value. The decision by Council to not replace the assets is confirmed by a positive decision of Council approving the list of assets which it considers not required and therefore will not be replacing.

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

Therefore Council has measured these assets at a disposal value of zero.

As Council has determined that there is no future economic benefits flowing to Council for these relevant assets, it has determined that disposal value is nil, and reversed the carrying amount of the asset against the revaluation reserve.

In accordance with AASB 108 "Accounting Policies, Changes in Accounting Estimates and Errors" paragraph 28, the following tables represent the changes in the relevant line items for the comparative year 2010/2011.

Table 1: Statement of Financial Position (extract)

Non Current Assets	2011 (Revised)	Restatement	2011
Infrastructure, Property, Plant and Equipment	156,799,525	21,591,414	178,390,939
Equity	2011 (Revised)	Restatement	2011
Asset Revaluation Reserve	137,575,363	22,612,610	160,187,973

Table 2: Statement of Changes in Equity (extract)

2011	Asset Revaluation Reserve (Revised)	Asset Revaluation Reserve
Balance At Beginning of Period	160,187,973	160,187,973
Prior Period Restatement	(22,612,610)	-
Balance At End of Period	137,575,363	160,187,973

Table 3 Statement of Comprehensive Income (extract)

	2011 (Revised)	Restatement	2011
Depreciation, amortisation & impairment	(4,256,011)	(1,021,197)	(5,277,208)
NET SURPLUS / (DEFICIT) transferred to Equity Statement	227,556	1,021,197	(793,641)
TOTAL COMPREHENSIVE INCOME	227,556	-	(793,641)

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

Table 4 Non-current Assets – Infrastructure, Property Plant & Equipment (extract)

Movement schedule

Land Improvements	2011 (Revised) \$	2011 \$
At fair value	14,321,916	38,645,031
At cost	1,176,870	1,176,870
Accumulated depreciation	(5,578,572)	(19,870,527)
Carrying value at 30 June	9,920,259	19,951,374

Buildings & other structures	2011 (Revised) \$	2011 \$
At fair value	20,660,346	46,531,184
At cost	1,839,030	1,839,030
Accumulated depreciation	(7,202,434)	(21,512,973)
Carrying value at 30 June	15,296,942	26,857,241

Total Infrastructure, Property, Plant & Equipment.

TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	2011 (Revised) \$	2011 \$
At fair value	198,724,111	248,918,064
At cost	16,992,173	16,992,173
Accumulated depreciation	(58,916,759)	(87,519,298)
Carrying value at 30 June	156,799,525	178,390,939

6.7 Borrowing Costs

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

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

Weighted average discount rate	3.5% (2011, 4.75%)
Weighted average settlement period	7 years (2011, 7 years)

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

9.2 Superannuation

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

10 Construction Contracts

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

11 Joint Ventures and Associated Entities

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

12 Leases

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

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

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

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 Cash Flow Statement are disclosed on a gross basis.

14 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2012 reporting period and have not been used in preparing these reports.

Council is of the view that the introduction of any new standards or interpretations will affect any of the amounts recognised in the financial statements.

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

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 2 - INCOME

	Notes	2012 \$	2011 \$
RATES REVENUES			
<u>General Rates</u>		4,814,900	4,487,912
Less: Mandatory rebates		<u>(47,557)</u>	<u>(44,336)</u>
		4,767,343	4,443,577
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		124,404	116,743
Waste collection		1,419,129	1,382,887
Community wastewater management systems		<u>1,107,702</u>	<u>1,011,008</u>
		2,651,234	2,510,638
<u>Other Charges</u>			
Penalties for late payment		91,730	83,211
Legal & other costs recovered		<u>16,326</u>	<u>28,728</u>
		108,056	111,939
Less: Discretionary rebates, remissions & write offs		<u>(85,255)</u>	-
		<u>7,441,379</u>	<u>7,066,153</u>
 STATUTORY CHARGES			
Development Act fees		85,133	81,980
Town planning fees		6,565	8,787
Health & Septic Tank Inspection fees		7,601	16,315
Animal registration fees & fines		33,576	31,406
Parking fines / expiation fees		6,430	9,981
Other licences, fees, & fines		<u>23,255</u>	<u>10,135</u>
		<u>162,561</u>	<u>158,604</u>
 USER CHARGES			
Cemetery/crematoria fees		30,696	38,111
Aerodrome Fees		384,049	414,209
Garbage/Effluent Collection		-	6,506
Hall & equipment hire		71,646	74,474
Lease Fees		246,079	276,737
Parking fees (Camping Fees)		26,855	15,883
Sales - general (Rate Searches)		7,487	9,250
Sundry		<u>71,857</u>	<u>94,233</u>
		<u>838,670</u>	<u>929,403</u>
 INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		<u>24,043</u>	<u>29,093</u>
		<u>24,043</u>	<u>29,093</u>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

NOTE 2 - INCOME (continued)

	Notes	2012 \$	2011 \$
REIMBURSEMENTS			
- for private works		519,077	288,789
- other		<u>107,301</u>	<u>127,100</u>
		<u>626,377</u>	<u>415,889</u>
 OTHER INCOME			
Sundry		<u>111,782</u>	<u>97,532</u>
		<u>111,782</u>	<u>97,532</u>
 GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		1,259,446	3,817,196
Other grants, subsidies and contributions		1,753,330	1,891,310
Individually significant item - additional Grants Commission payment	see below	932,618	462,853
		<u>3,945,394</u>	<u>6,171,359</u>
 The functions to which these grants relate are shown in Note 2.			
 Sources of grants			
Commonwealth government		3,314,665	3,000,705
State government		445,215	3,060,654
Other		<u>185,514</u>	<u>110,000</u>
		<u>3,945,394</u>	<u>6,171,359</u>

Individually Significant Item

On 28 June 2011, Council received payment of the first instalment of the 2011/12 Grant Commission (FAG) grant. Similarly, on 14 June 2012 Council received payment of the first *two* instalments of the 2012/13 grant.

	932,618	462,853
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This has materially increased Council's operating results in the current year, as these amounts are recognised as income upon receipt.

Similarly material adverse effects will be experienced when the timing of these grant payments is restored to normal schedule. It is not known when this will occur.

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

NOTE 2 - INCOME (continued)

	Notes	2012 \$	2011 \$
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		98,768	76,734
Less: expended during the current period from revenues recognised in previous reporting periods			
Community Services		(28,768)	(20,000)
Regulatory Services			(56,734)
Environment Services		(70,000)	
Subtotal		(98,768)	(76,734)
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
Community Services		95,450	28,768
Environment Services			70,000
Subtotal		95,450	98,768
Unexpended at the close of this reporting period		95,450	98,768
Net increase (decrease) in assets subject to conditions in the current reporting period		(3,318)	22,034
PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Land & Improvements			4,875
Roads, Bridges & Footpaths		32,500	
TOTAL PHYSICAL RESOURCES RECEIVED		32,500	4,875

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 3 - EXPENSES

	Notes	2012 \$	2011 \$
EMPLOYEE COSTS			
Salaries and Wages		2,864,983	2,842,194
Employee leave expense		619,008	615,539
Superannuation - defined contribution plan contributions	18	208,406	196,555
Superannuation - defined benefit plan contributions	18	111,000	123,766
Workers' Compensation Insurance		174,165	181,186
Other		132,748	125,175
Less: Capitalised and distributed costs		(409,414)	(565,785)
Total Operating Employee Costs		3,700,897	3,518,630
Total Number of Employees		59	56
<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		30,923	30,100
Bad and Doubtful Debts		(1,449)	363,104
Elected members' expenses		219,679	213,482
Election expenses		-	23,233
Subtotal - Prescribed Expenses		249,153	629,919
<u>Other Materials, Contracts & Expenses</u>			
Contractors		1,503,056	1,538,425
Contractors - Fleurieu Regional Waste Authority (FRWA)		882,486	251,260
Energy		260,664	252,695
Community Grants Provided		100,528	94,576
Legal Expenses		125,425	178,463
Levies paid to government - NRM levy		125,125	120,440
Insurance		304,707	249,004
Parts, accessories & consumables		1,380,606	923,309
Professional services		756,571	740,737
Sundry		819,430	936,139
Subtotal - Other Materials, Contracts & Expenses		6,258,598	5,285,047
		6,507,751	5,914,966

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 3 - EXPENSES (cont)

	Notes	2012 \$	2011 \$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Land		-	-
Land Improvements		356,596	338,257
Buildings & Other Structures		351,367	318,393
Infrastructure		3,327,643	2,982,983
Plant & Equipment		477,625	469,365
Furniture & Fittings		43,413	130,818
Library		13,498	16,195
		4,570,142	4,256,011
FINANCE COSTS			
Interest on overdraft and short-term drawdown		-	-
Interest on Loans		495,705	450,966
Premiums & discounts recognised		22,567	37,834
		518,272	488,800

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2012	2011
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	88,183	98,526
Less: Carrying amount of assets sold	<u>(77,935)</u>	<u>(529,900)</u>
Gain (Loss) on disposal	<u>10,248</u>	<u>(431,374)</u>
 <i>Assets surplus to requirements</i>		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	<u>(691,259)</u>	<u>(71,421)</u>
Gain (Loss) on disposal	<u>(691,259)</u>	<u>(71,421)</u>
 NET LOSS ON DISPOSAL OR REVALUATION OF ASSETS		
	<u>(681,011)</u>	<u>(502,795)</u>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 5 - CURRENT ASSETS

	2012		2011
CASH & EQUIVALENT ASSETS	\$	Notes	\$
Cash on Hand and at Bank	133,182		87,276
Deposits at Call	219,765		142,831
	<u>352,947</u>		<u>230,107</u>
 TRADE & OTHER RECEIVABLES			
Rates - General & Other	488,345		756,703
Accrued Revenues	5,444		22,541
Debtors - general	277,212		470,702
GST Recoupment	107,733		147,774
Prepayments	56,132		49,849
Total	<u>934,866</u>		<u>1,447,569</u>
 Less: Allowance for Doubtful Debts	 -		 (363,104)
	<u>934,866</u>		<u>1,084,465</u>
 INVENTORIES			
Stores & Materials	104,941		112,131
	<u>104,941</u>		<u>112,131</u>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 6 - NON-CURRENT ASSETS

	Notes	2012 \$	2011 \$
EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES			
Fleurieu Regional Waste Authority	19	<u>51,201</u>	<u>35,850</u>
		<u>51,201</u>	<u>35,850</u>
OTHER NON-CURRENT ASSETS			
Capital Works-in-Progress		<u>430,691</u>	<u>1,347,731</u>
		<u>430,691</u>	<u>1,347,731</u>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2011 \$				2012 \$			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	25,242,960	-	-	25,242,960	25,242,960	-	-	25,242,960
Land Improvements	14,321,916	1,176,870	(5,578,527)	9,920,259	14,321,916	1,034,788	(5,935,123)	9,421,581
Buildings & Other Structures	20,660,346	1,839,030	(7,202,434)	15,296,942	20,501,534	1,834,214	(7,489,624)	14,846,124
Infrastructure	133,876,490	13,239,066	(44,447,283)	102,668,273	139,092,305	12,121,850	(47,154,711)	104,059,444
Plant & Equipment	2,994,746	658,301	(450,294)	3,202,753	2,741,613	1,165,862	(866,720)	3,040,755
Furniture & Fittings	1,027,623	68,192	(665,493)	430,322	672,654	95,841	(490,264)	278,231
Library books	600,030	10,714	(572,728)	38,016	600,030	14,427	(586,226)	28,231
TOTAL PROPERTY, PLANT & EQUIPMENT	198,724,111	16,992,173	(58,916,759)	156,799,525	203,173,012	16,266,982	(62,522,668)	156,917,326

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2011	CARRYING AMOUNT MOVEMENTS DURING YEAR							2012
	\$	\$							\$
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT
	New/Upgrade	Renewals							
Land	25,242,960	-	-	-	-	-	-	-	25,242,960
Land Improvements	9,920,259	190,140	-	(332,222)	(356,596)	-	-	-	9,421,581
Buildings & Other Structures	15,296,942	83,235	-	(88,051)	(351,367)	-	-	(94,635)	14,846,124
Infrastructure	102,668,273	2,747,558	539,413	(217,777)	(3,327,643)	-	-	1,649,620	104,059,444
Plant & Equipment	3,202,753	523,334	-	(92,019)	(477,625)	-	-	(115,688)	3,040,755
Furniture & Fittings	430,322	69,961	-	(39,125)	(43,413)	-	-	(139,514)	278,231
Library	38,016	3,713	-	-	(13,498)	-	-	-	28,231
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	156,799,525	3,617,941	539,413	(769,194)	(4,570,142)	-	-	1,299,783	156,917,326

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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

Valuation of Assets

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

Land & Land Improvements

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

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

Land improvements are recognised at fair value, originally deriving from a valuation conducted by Maloney Field Service, Property Consultant and Valuers at 30 June 2010 at current replacement cost. Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset. The weighted average depreciation period is 40 years (2011 – 35 years).

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

Buildings & Other Structures

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

For Buildings & Structure assets which Council considers will not rationally be replaced, the same accounting treatment applies as stated in the Land & Land Improvement section above based on the new adopted Asset Accounting Policy in 2011/12.

Infrastructure

Transportation assets were valued by Tonkin’s Engineering at depreciated current replacement cost during the reporting period ended 30 June 2012.

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

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

Coalface SA Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 7 – Property, Plant & Equipment (cont)

Furniture & Fittings

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

Plant & Equipment

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

Library Books

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

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 8 - LIABILITIES

	Notes	2012		2011	
		\$		\$	
TRADE & OTHER PAYABLES		Current	Non-current	Current	Non-current
Goods & Services		509,538	-	948,015	-
Payments received in advance		176,017	-	145,736	-
Accrued expenses - employee entitlements		48,377	-	27,883	-
Accrued expenses - other		339,899	-	276,942	-
Deposits, Retentions & Bonds		49,573	-	3,255	-
Other, GST Payable		16,677	-	39,063	-
		<u>1,140,081</u>	-	<u>1,440,894</u>	-
BORROWINGS					
Loans		<u>542,808</u>	<u>7,455,767</u>	<u>509,266</u>	<u>6,659,575</u>
		<u>542,808</u>	<u>7,455,767</u>	<u>509,266</u>	<u>6,659,575</u>
PROVISIONS					
Employee entitlements (including oncosts)		704,392	87,985	706,122	95,330
Future reinstatement / restoration, etc		20,560	872,960	19,550	731,417
		<u>724,952</u>	<u>960,945</u>	<u>725,672</u>	<u>826,747</u>
Movements in Provisions					
(current & non-current)					
Opening Balance				750,966	794,287
Add	Unwinding of present value discounts			22,567	37,834
	Additional amounts recognised			138,730	(3,328)
(Less)	Payments			(42,100)	(37,905)
	Unused amounts reversed				
Add (Less)	Remeasurement Adjustments			23,358	(39,922)
Closing Balance				<u>893,521</u>	<u>750,966</u>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2011	Net Increments (Decrements)	Transfers, Impairments	30/6/2012
Notes	\$	\$	\$	\$
Land	20,320,085	-	-	20,320,085
Land Improvements	6,997,918	-	-	6,997,918
Buildings & Other Structures	6,850,701	(94,635)	-	6,756,067
Infrastructure	-	-	-	-
- CWMS	2,521,717	-	-	2,521,717
- Roads, bridges, footpaths	96,816,541	1,649,620	-	98,466,161
- Stormwater drainage	1,911,270	-	-	1,911,270
Plant & Equipment	1,451,821	(115,688)	-	1,336,133
Furniture & Fittings	501,566	(139,514)	-	362,052
Library books	203,743	-	-	203,743
Joint Ventures - Other	-	-	-	-
Comprehensive Income	-	-	-	-
TOTAL	137,575,363	1,299,782	-	138,875,145

OTHER RESERVES	1/7/2011	Transfers to Reserve	Transfers from Reserve	30/6/2012
Marina Berths Reserve	163,375	58,039	-	221,414
Airport Reserve	1,152,016	108,898	-	1,260,914
CWMS Reserve	237,536	28,174	-	265,710
Asset Reinvestment Reserve	288,838	-	-	288,838
Kingscote CBD Car Park Reserve	24,246	1,130	-	25,376
Open Space Reserve	69,740	2,655	-	72,395
Ronald Maxwell Bell Property Reserve	50,854	2,370	-	53,224
TOTAL OTHER RESERVES	1,986,605	201,265	-	2,187,870

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 9 - RESERVES (continued)

PURPOSES OF RESERVES

Asset Revaluation Reserve

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

Marina Berths Reserve

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

Airport Reserve

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

CWMS Reserve

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

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

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

	Notes	2012 \$	2011 \$
CASH & FINANCIAL ASSETS			
Developers Contributions		97,770	93,716
Sale of Ratepayer's Property		53,225	50,854
		<u>150,995</u>	<u>144,570</u>
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
Land assets utilised for recreation or other community purposes are subject to the provisions of Chapter 11, Part 1 of the Local Government Act, 1999 relating to 'Local Government Land'. Such assets are identified on Council's Community Land Register in accordance with the provisions in the Act.		25,242,960	25,242,960
		<u>25,242,960</u>	<u>25,242,960</u>
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		<u>25,393,955</u>	<u>25,387,530</u>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

		2012		2011
	Notes	\$		\$
Total cash & equivalent assets	5	<u>352,947</u>		<u>230,107</u>
Balances per Cash Flow Statement		<u>352,947</u>		<u>230,107</u>

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

Net Surplus (Deficit)		(2,780,018)		227,556
Non-cash items in Income Statement				
Depreciation, amortisation & impairment		4,570,142		4,256,011
Equity movements in equity accounted investments (increase) decrease		(15,351)		(35,850)
Net increase (decrease) in unpaid employee benefits		(3,849)		30,368
Premiums & discounts recognised & unwound		75,669		37,833
Change in allowances for under-recovery		(363,104)		363,104
Non-cash asset acquisitions		(32,500)		(4,875)
Grants for capital acquisitions treated as Investing Activity		(1,259,446)		(3,817,196)
Net (Gain) Loss on Disposals		<u>681,011</u>		<u>502,795</u>
		<u>872,554</u>		<u>1,559,746</u>
Add (Less): Changes in Net Current Assets				
Net (increase) decrease in receivables		512,703		(124,016)
Net (increase) decrease in inventories		7,190		(19,198)
Net increase (decrease) in trade & other payables		(321,307)		710,153
Net increase (decrease) in other provisions		<u>(79,934)</u>		<u>(81,155)</u>
Net Cash provided by (or used in) operations		<u>991,206</u>		<u>2,045,530</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge	3	<u>32,500</u>		<u>4,875</u>
Amounts recognised in Statement of Comprehensive Income		<u>32,500</u>		<u>4,875</u>
- Estimated future reinstatement etc. costs		<u>119,988</u>		<u>-</u>
		<u>152,488</u>		<u>4,875</u>

(d) Financing Arrangements

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

Bank Overdrafts	100,000	100,000
Corporate Credit Cards	15,000	15,000
LGFA Cash Advance Debenture facility	2,859,178	4,198,178

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

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 12 - FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES										
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2012	2011	2012	2011
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Business Undertakings	1,260,465	1,047,532	1,167,275	645,916	93,190	401,616	-	-	9,398,380	10,446,505
Community Services	125,974	190,896	758,036	935,146	(632,062)	(744,250)	81,384	132,655	2,705,128	2,705,128
Culture	59,312	47,840	318,337	347,859	(259,025)	(300,019)	32,886	31,957	1,661,243	1,671,028
Economic Development	5,522	16,567	22,258	136,059	(16,736)	(119,492)	-	-	-	-
Environment	2,661,091	2,601,149	3,264,238	3,044,678	(603,147)	(443,529)	3,250	-	22,695,509	23,042,997
Recreation	5,789	14,557	583,842	529,969	(578,053)	(515,412)	-	-	20,085,131	20,085,131
Regulatory Services	148,562	152,603	802,095	896,663	(653,533)	(744,060)	-	-	-	-
Transport & Communication	247,025	327,682	4,777,858	4,198,316	(4,530,833)	(3,870,634)	187,900	287,139	90,066,796	89,047,098
Plant Hire & Depot/Indirect	15,352	1,928	1,507,674	740,969	(1,492,322)	(739,041)	-	-	4,944,854	4,995,980
Governance	2,447,010	2,017,695	1,765,453	2,016,650	681,557	1,045	2,380,528	1,902,412	6,118,590	6,118,590
Support Services	1,993	1,900	329,997	323,078	(328,004)	(321,178)	-	-	22,307	34,884
Other Revenue/Expenditure	4,928,016	4,666,338	-	363,104	4,928,015	4,303,234	-	-	1,094,034	1,462,468
TOTALS	11,906,111	11,086,687	15,297,063	14,178,407	(3,390,953)	(3,091,720)	2,685,948	2,354,163	158,791,972	159,609,809

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

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 12 (cont) - COMPONENTS OF FUNCTIONS (continued)

The activities relating to Council functions are as follows:

Business Undertakings

Camping Grounds, Airport, Private Works, Property Portfolio.

Community Services

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

Culture

Library Services, Cultural Venues, Cultural Events.

Economic Development

Tourism and Other Economic Development.

Environment

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

Recreation

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

Regulatory Services

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

Transport

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

Plant Hire & Depot

Plant & Equipment Hire, Works Depot Operations.

Unclassified Activities

Non Specific Activities.

Governance

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

Support Services

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

Other Revenue and Expenditure

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

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 13 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 3.5% and 4.75% (2011: 4.5% and 4.75%). Short term deposits have an average maturity of 90 days and an average interest rates of 4.33% (2011: 90 days, 4.63%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legals & penalties for late payment) Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 2% (2011: 2%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Governments of the Commonwealth & State.</p> <p>Carrying amount: approximates fair value.</p>
Receivables - Retirement Home Contributions	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective legislation.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, fixed borrowings are repayable on the 6 monthly instalments of principal and interest; interest is charged at fixed rates between 5.67% and 6.8% (2011: 5.67% and 6.8%). The interest for the variable borrowing is charged at the rates between 5.5% and 6.25%.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2012	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	352,947	-	-	352,947	352,947
Receivables	282,656	-	-	282,656	446,521
Total	635,603	-	-	635,603	799,468
Financial Liabilities					
Payables	915,687	-	-	915,687	751,805
Current Borrowings	1,037,512	-	-	1,037,512	542,808
Non-Current Borrowings		4,039,039	5,173,450	9,212,489	7,455,767
Total	1,953,199	4,039,039	5,173,450	11,165,688	8,750,379
2011					
	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	230,107	-	-	230,107	230,107
Receivables	493,242	-	-	493,242	(35,342)
Total	723,349	-	-	723,349	194,765
Financial Liabilities					
Payables	1,136,069	-	-	1,136,069	1,136,069
Current Borrowings	967,029	-	-	967,029	509,266
Non-Current Borrowings		3,776,521	5,618,995	9,395,516	6,659,575
Total	2,103,098	3,776,521	5,618,995	11,498,614	8,304,910

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

	30 June 2012		30 June 2011	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Overdraft	10.80	-	10.80	-
Other Variable Rates	6.03	2,640,822	6.25	1,301,822
Fixed Interest Rates	6.57	5,357,753	6.42	5,867,019
		<u>7,998,575</u>		<u>7,168,841</u>

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.

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 13 (cont) - FINANCIAL INSTRUMENTS

Risk Exposures

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

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

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

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

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 14 - COMMITMENTS FOR EXPENDITURE

	2012	2011
<u>Notes</u>	\$	\$
Other Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	56,372	73,872
Waste Management Services	6,849,577	597,688
Other	1,155,440	1,242,622
	8,061,389	1,914,182
These expenditures are payable:		
Not later than one year	1,818,426	379,892
Later than one year and not later than 5 years	6,242,963	1,534,290
Later than 5 years	-	-
	8,061,389	1,914,182

During 2011/12 a new agreement was formed with the Fleurieu Regional Waste Authority to add kerbside collection, therefore the commitments for waste management services have been reviewed in light of this agreement.

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 15 - FINANCIAL INDICATORS

	2012	2011	2010
--	------	------	------

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

Operating Surplus Ratio

<u>Operating Surplus</u>	(46%)	(44%)	(32%)
Rates - general & other less NRM levy			

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

Adjusted Operating Surplus Ratio

	(53%)	(45%)	(32%)
--	-------	-------	-------

In each of June 2009, 2010 and 2011 the Commonwealth Government made an advance of one quarterly payment of the Financial Assistance Grant. In June 2012 an advance of two quarterly payments was made (see Note 2). Accordingly there were four "quarterly" payments in 2010 and 2011, and five payments in 2012. The **Adjusted Operating Surplus Ratio** adjusts for this distortion.

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	81%	81%	69%
Total Operating Revenue less NRM levy			

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

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	6%	50%	26%
Infrastructure & Asset Management Plan required expenditure	*	*	*

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

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

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 16 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2012 \$	2011 \$
Income	11,906,111	11,086,687
<i>/less Expenses</i>	<u>(15,297,063)</u>	<u>(14,178,407)</u>
Operating Surplus / (Deficit)	(3,390,953)	(3,091,720)
 <i>/less Net Outlays on Existing Assets</i>		
Capital Expenditure on renewal and replacement of Existing Assets	344,826	2,232,793
<i>/less Depreciation, Amortisation and Impairment</i>	(4,570,143)	(4,256,011)
<i>/less Proceeds from Sale of Replaced Assets</i>	<u>(88,183)</u>	<u>(98,526)</u>
	(4,313,500)	(2,121,744)
 <i>/less Net Outlays on New and Upgraded Assets</i>		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	2,700,901	4,197,444
<i>/less Amounts received specifically for New and Upgraded Assets</i>	(1,259,446)	(3,817,196)
	<u>1,441,455</u>	<u>380,248</u>
 Net Lending / (Borrowing) for Financial Year	 <u>(518,909)</u>	 <u>(1,350,224)</u>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 17 - OPERATING LEASES

Leases providing revenue to the Council

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

Investment Property

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

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

	2012	2011
	\$	\$
Not later than one year	62,493	44,544
Later than one year and not later than 5 years	215,352	160,723
Later than 5 years	588,182	601,959
	<u>866,027</u>	<u>807,226</u>

Lease payment commitments of Council

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

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

	2012	2011
	\$	\$
Not later than one year	56,063	501
Later than one year and not later than 5 years	107,305	2,505
Later than 5 years	16,509	16,508
	<u>179,877</u>	<u>19,514</u>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 18 – SUPERANNUATION

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

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2011/12; 9% in 2010/11). 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 Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6.3% (6.3% in 2010/11) of "superannuation" salary.

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

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

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

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 19 - JOINT VENTURES & ASSOCIATED ENTITIES

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

Fleurieu Regional Waste Authority

The Fleurieu Regional Waste Authority (FRWA) is a authority under Section 43 Regional Subsidiary formed by the member councils of the 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.

	2012	2011
Fleurieu Regional Waste Authority	\$	\$
Council's respective interests are:		
- ownership interest in the joint operation	15%	15%
- the proportion of voting power in the joint operation	22%	22%
<u>Movements in Investment in Joint Operation</u>	\$	\$
Opening Balance	35,850	-
Share in Operating Result	15,351	35,850
Share in Equity of Joint Operation	<u>51,201</u>	<u>35,850</u>

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

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

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

1. LAND UNDER ROADS

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

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

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. BANK GUARANTEES

Council has not guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies at reporting date.

Council does not expect to incur any loss.

4. LEGAL EXPENSES

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

5. "CARBON" TAX

From 1 July 2012 a new tax on emissions of certain "greenhouse" gases commences operation. Council has a number of garbage landfill facilities which emit, and will continue for many years to emit, gases of this type. Information currently available provides assurances that "legacy emissions" from garbage placed in landfills prior to commencement of the tax will not subsequently become liable to the tax. However, details of the mechanisms for measuring such emissions, or of providing the exemption are not currently available.

KANGAROO ISLAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 21 EVENTS OCCURRING AFTER BALANCE DATE

No significant events occurred after the balance date of 30 June 2012.

KANGAROO ISLAND COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

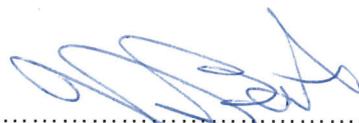
CERTIFICATION OF FINANCIAL STATEMENTS

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 2012 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council's accounting and other records.



.....
Andrew Boardman
CHIEF EXECUTIVE OFFICER



.....
Jayne Bates
MAYOR

Date: 23-10-12

KANGAROO ISLAND COUNCIL
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012

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 2012, the Council's Auditor, Deloitte Touche Tomatsu, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



.....
Andrew Boardman
CHIEF EXECUTIVE OFFICER



.....
Bill Cossey
PRESIDING MEMBER
AUDIT COMMITTEE

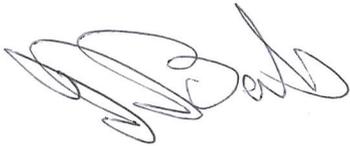
Dated this 23rd day of October 2012

KANGAROO ISLAND COUNCIL

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012**

ADOPTION STATEMENT

I hereby state that the Financial Statements of the Council for the year ended 30 June 2012 were laid before the Kangaroo Island Council and adopted on the 10th day of October 2012.



Jayne Bates

MAYOR

Dated: 23-10-12.

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

23 October 2012

Dear Members

Kangaroo Island Council

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

I confirm that, for the audit of the financial statements of Kangaroo Island Council for the 30 June 2012 financial year, I have maintained my independence in accordance with the requirements of APES 110—Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, and in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Philip Teale
Partner
Chartered Accountants

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

We have audited the accompanying financial report of Kangaroo Island Council ("the Council"), which comprises the balance sheet as at 30 June 2012, the statement of comprehensive income, the cash flow statement and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of financial statements as set out on pages 2 to 44.

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial report of Kangaroo Island Council presents fairly, in all material respects, the Council's financial position as at 30 June 2012 and its financial performance for the year then ended in accordance with Australian Accounting Standards, the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.



DELOITTE TOUCHE TOHMATSU



Philip Teale
Partner
Chartered Accountants
Adelaide, 23 October 2012



Annual Report

2011 – 2012

Fleurieu Regional Waste Authority



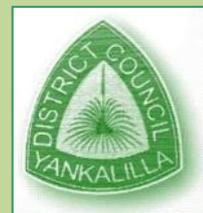
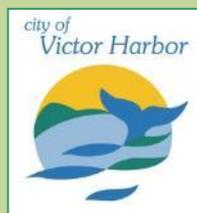
Constituent Councils:

Alexandrina Council

City of Victor Harbor

Kangaroo Island Council

Yankalilla District Council



Chairpersons Message

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Fleurieu Regional Waste Authority Annual Report

About the Authority

WHO WE REPRESENT

The Fleurieu Regional Waste Authority (FRWA) was formed by the member councils of the Fleurieu Peninsula in South Australia in order to manage their waste and recycling. The member councils are:

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

WHAT WE DO

FRWA provides and operates waste management services on behalf of the four councils. This includes the operation of five Waste and Recycling Depots (WRD's) and the provision of waste, recycling and green waste kerbside collection services, public litter and event bin collection for the Constituent Councils.

These services are covered by a Service Level Agreement with each Council setting out the Key Performance Indicators (KPI's) that must be achieved and the agreed budgets to deliver the services.

The services are benchmarked against comparable services provided by Local Government and the Private Sector.

OUR HISTORY

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

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

The FRWA Charter was approved in January 2010 and gazetted on 11 February 2010.

THE FUTURE

FRWA will continue implementing best practices brought over from its member councils by:

- reducing waste going to landfill,
- increasing recycling, and
- promoting a cleaner and healthier environment for today and tomorrow.

Wherever possible, the Authority will continue to utilise local and regional businesses and services as their preferred suppliers.

FRWA has made a firm commitment to further improve its customer service, communication and public education.

Chairperson's Message

On behalf of the Board of Fleurieu Regional Waste Authority, it is my pleasure to present the Annual Report for the 2011/12 financial year.



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

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

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

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

The Authority has increased its presence within the community by providing more information via its upgraded web page, local newspapers and council newsletters. In addition, a number of presentations on waste and recycling matters were given to different community groups which were well received.

On 1 July 2011 FRWA took over all kerbside collection services for the three mainland councils,

followed by the kerbside collection services on Kangaroo Island on 1 September 2011.

FRWA has further improved the services and efficiencies of its five waste and recycling depots, which is reflected in the good results achieved at all sites. The negotiations between Alexandrina Council, City of Victor Harbor and FRWA for the upgrade of the Goolwa Waste and Recycling Depot to a regional facility progressed well and an agreement has been reached for this project.

The Authority has been working closely with ZWSA and the EPA to complete a number of significant projects; such as the May EWaste campaign with a generous financial support by ZWSA and the completion of the upgrade of the green waste management process with the support of the EPA.

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

FRWA has made important improvements to its governance structures by establishing new systems for financial management and control and setting up an internal audit committee of the Board.

During 2011/12 there were a number of changes to the Board with the departure of Andrew Boardman and Rod Kleeman. Their input and knowledge have been greatly appreciated. Rod Kleeman's invaluable contribution over many years, from the very early stages of preparing the establishment of a regional waste authority and during its set up stage, have been paramount for the success of the project. Steven Watson and John Tillack have since been appointed to the Board and have continued the good work with the same enthusiasm and dedication.

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

CATHERINE COOPER
INDEPENDENT CHAIRPERSON

The Board

THE BOARD MEMBERS

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



Catherine Cooper
Independent Chairperson



Kym McHugh
Mayor
Alexandrina Council



Simon Grenfell
Manager Engineering
Services
Alexandrina Council



Cr Tim Telfer
Councillor
City of Victor Harbor



Glenn Sanford
Director Environment &
Infrastructure
City of Victor Harbor



John Tillack
Manager District Services
District Council of Yankalilla



Steven Watson
Asset Services General Manager
Kangaroo Island Council



Malcolm Schlein
Mayor
District Council of Yankalilla



Cr Malcolm Boxall
Councillor
Kangaroo Island Council

BOARD MEETINGS

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

Executive Officer's Message

FRWA is looking back to its first year of full operation and I would like to thank all staff for their hard work and dedication and the FRWA Board for its continued support.



Good communication and cooperation between FRWA and its Constituent Councils and a 'can-do' approach by all parties were the essential ingredients for the successful transition of all waste and recycling operations from Councils to FRWA.

FRWA'S PEOPLE AND OCCUPATIONAL HEALTH, SAFETY AND WELLBEING (OHSW)

The Fleurieu Regional Waste Authority Enterprise Bargaining Agreement 2011 came into force on 1 December 2011 and sets out FRWA's industrial relations until 30 November 2014.

FRWA is now employing 26 staff (to a 24.97 FTE equivalent) across Kerbside Collection Services, Waste and Recycling Depots and Corporate Services.

FRWA is proud of its good record in OHSW and continuously works with its people to maintain and further improve the awareness and the implementation of high OHSW standards.

GOVERNANCE/BUSINESS STRUCTURES

FRWA has continued to develop and update policies, procedures and safe work procedures and has established a solid governance framework.

Business structures are now fully established and are subject to regular reviews to ensure adequacy and relevance.

Service Level Agreements with Constituent Councils have been reviewed and updated, including performance reporting against Key Performance Indicators.

FRWA undertook the first review of its Charter which has been approved by all Constituent Councils.

FRWA, in consultation with its Constituent Council, reviewed its Business Plan and 10 Year Strategic Plan and reported good progress against the goals and target set out in both documents.

FINANCIAL MANAGEMENT SYSTEMS

I am pleased to report that the overall performance of the Authority during the 2011/12 financial year met the budget expectations and the Audited Financial Statements for the year have confirmed FRWA's expected results and performance.

A complete copy of the Audited Financial Statement 2012 forms part of this report.

The implementation of a more efficient finance system commenced in April 2012 with an envisaged completion date at the first quarter of the new financial year.

SERVICES FOR CONSTITUENT COUNCILS

On 1 July 2011 FRWA took over the kerbside collection services for residual waste (MSW) for the three mainland Councils and on 1 September 2011 the kerbside collection of residual waste and recyclables on Kangaroo Island. With that, FRWA is now providing all kerbside collection services, the operation of all five waste and recycling depots, customer service and education for its Constituent Councils.

A kerbside bin audit was undertaken in May/ June 2012 and findings of the audit will inform options for the improvement of kerbside collection services, information and education strategies.

FRWA and its Constituent Council continued their joint efforts to implement projects funded by Zero Waste SA (ZWSA) in 2010/11 and 2011/12. ZWSA funding since 2010 has totalled about \$363,000 and has greatly assisted the region to progress important projects such as the regional coordination of waste management activities, the establishment of a new salvage and storage shed at the Strathalbyn Waste and Recycling Depot and the installation of a new baler at the Kingscote site.

Improvements to the Goolwa composting area are to be completed in conjunction with a redevelopment and upgrade of the whole site to a regional waste and recycling centre. The Goolwa

Executive Officer's Message

site is already a hub for regional activities, such as the recent e.waste campaign and site upgrades will provide more opportunities for diversion of waste from landfill and recycling activities.

Significant improvements were made to the Waste and Recycling Depots at Kingscote and Yankalilla by upgrading drop-off areas, increasing salvage and recycling opportunities and improving OHSW conditions.

BUSINESS, GOVERNMENT AND COMMUNITY RELATIONS

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

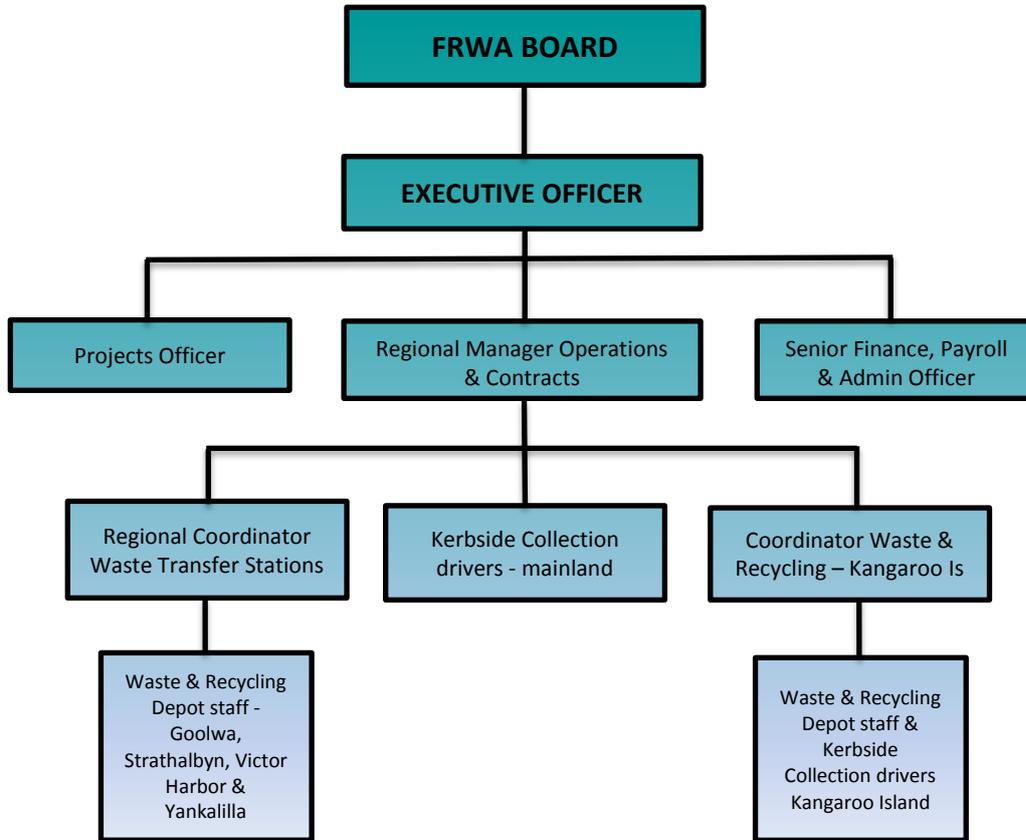
Wherever possible, FRWA utilises local and regional businesses and services and has excellent experience with the dedication and service orientation of a large number of local suppliers.

FRWA is also represented on relevant statewide and national industry stakeholder working groups and forums and is an active member of the Waste Management Association of Australia.

MARINA WAGNER
EXECUTIVE OFFICER

Our People

ORGANISATIONAL CHART



EMPLOYEES BY OCCUPATION

DESIGNATED GROUPS	2011/12 (FTE)
Executive Officer	1
Managers	1
Coordinators	1.8
Finance & Projects	1.4
Kerbside Drivers	9
Landfill Operators	10.77
Total	24.97 FTE

EXECUTIVE OFFICER

Marina Wagner

MANAGERS

Jason Kerr, Regional Manager Operations & Contracts

Our People

ENTERPRISE BARGAINING AGREEMENT

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

TRAINING AND DEVELOPMENT

The Authority strongly supports the ongoing training and development of staff through varying means including on-the-job training and formal education/training on and off-site.

A Policy for the performance and development review for staff has been developed and implemented. A training needs analysis has been completed for all staff and a training and development plan completed.

Regular tool box meetings are conducted providing the opportunity for the flow of information between management and employees.

Tool box meetings are also used to train on OHSW matters on a regular basis; at each meeting different Safe Work Procedures are selected and discussed.

OCCUPATIONAL HEALTH AND SAFETY

FRWA is fully committed to the highest standards in OHSW and in working with its employees to implement those standards.

Report, Regional Operations Manager

The year has been very productive resulting in improved services to clients across all Constituent Councils through Waste Transfer Stations and Kerbside Collection. The achievements and highlights contained in this Annual Report are testament to this.

Staff have been working cooperatively and very well together and all resource needs have been met during the year.

OCCUPATIONAL HEALTH & SAFETY

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

2011 – 2012 STATISTICS		
Rating Type	Rating Description	Number
High	Investigated by Worksafe	0
Medium	Lodged with Workcover and/or requires medical attention or LTI	5
Low	No injury and/or minor plant damage or NLT, near miss	31

A number of new Safe Work Procedures have been developed throughout the year to cover newly identified risks and new tasks.

Safety Inspections were conducted at all sites, with positive outcomes and all identified risks being addressed immediately.

Testing and tagging of all electrical items was also conducted across all sites and the FRWA office.

Driver safety on Kangaroo Island has been identified as a risk, due to radio and phone contact being compromised in some areas of the island. The installation of an 'open air radio' has taken place to ensure contact between driver, FRWA and emergency services.

PLANT AND EQUIPMENT

FRWA purchased selected plant and equipment from its member councils as well as other sources and has now sufficient plant for its WRD operations.

KERBSIDE COLLECTIONS

The RACV fleet continues to work at a good level of reliability and the kerbside team completed approximately 2,373,079 lifts during the year, an increase of 69,155 lifts compared to the previous year.

A Regional Kerbside Collection Policy is currently being drafted. FRWA and the Constituent Councils are currently assessing the viability and options to change kerbside collection frequencies for all waste streams.

WASTE AND RECYCLING DEPOTS

All Waste Transfer Stations have been operating smoothly and with good efficiencies. All sites have undergone a general clean up and both Kangaroo Island and Yankalilla have had site improvements completed.

Bulky Waste Stations remain an integral part of waste management on Kangaroo Island and adjustments to opening times have improved resource efficiencies while continuing to provide a good service to the community.

Contracts for the transport of Municipal Solid Waste (MSW) and recyclables from the sites to disposal or processing facilities have been reviewed.

Corporate Governance

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

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

AUDITOR APPOINTED

In accordance with the FRWA Charter tenders were called for the Financial Auditor and Edward Marshalls were appointed.

AUDITED FINANCIAL STATEMENTS 2011-2012

Edward Marshall audited the 2011-2012 books and issued the Financial Statements which were provided to all Constituent Councils.

ESTABLISHMENT OF INTERNAL AUDIT COMMITTEE

An Internal Audit Committee has been established to provide an extra level of control ensuring that financial and operating procedures and systems are adequate.

The Committee is to meet three times per year, and will report directly back to the FRWA Board.

MINISTERIAL EXEMPTION RE INDEPENDENT AUDIT COMMITTEE

The Authority applied for and was granted ministerial exemption from having to establish an Independent Audit Committee.

FRWA WEBPAGE

The FRWA webpage has been further improved with the addition of the Public Notice Board and Bulky Waste pages.

POLICY DEVELOPMENT AND REVIEW

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

Newly Developed:

- Travel Policy
- Communication & Education Strategy
- Employee Performance & Development Review Policy
- Treasury Management Policy

Reviewed:

- Procurement Policy
- Debt Collection Policy
- Cash Handling Policy & Procedure
- Employee Stakeholder Engagement Policy
- FRWA Constituent Council's approved the 1st revision of the FRWA Charter which will be gazetted early in the new financial year.

UPGRADE OF FRWA'S FINANCE SYSTEM

Starting with the payroll modules on 1 April 2012, FRWA is progressively transitioning to a new finance system that will allow the Authority to improve management and reporting of financials at the appropriate levels required by its constituent Councils.

SERVICE AGREEMENT TRUCK MAINTENANCE

A local business, Ellers Diesel and 4WD have won the Service Contract for the FRWA truck fleet.

Major Achievements

KERBSIDE COLLECTION SERVICE

The Authority took over the kerbside collection services from Alexandrina Council, City of Victor Harbor and District Council of Yankalilla on 1 July 2012 and for Kangaroo Island on 1 September 2012.

KANGAROO ISLAND UPGRADE

The Kangaroo Island Waste and Recycling Depot has had a much needed site upgrade with the installation of a hand washing facility, an extension to the work area and improvements made to the office.

A workshop has been built to accommodate minor repairs and maintenance, the storing of small plant and fuels. The public drop off area has been improved with further upgrades to be completed over the next months.

YANKALILLA SITE

The Yankalilla Site has improved in appearance with a general cleanup being completed. The establishment of a salvage shop has reduced the amount of rubbish going to landfill.

RELOCATED TO NEW PREMISES

The Authority office relocated to 25b Hutchinson Street on 16 March. The relocation was long overdue as FRWA has been working out of offices provided by Yankalilla and more recently Alexandrina Council since its commencement.

EXTRA RECYCLING COLLECTIONS FOR XMAS NEW YEAR PERIOD

Extra recycling collections were provided to all of the three mainland Council areas to accommodate the increased holiday volume.

WASTE TRANSFER STATION COMPLIANCE AUDITS

Compliance audits were conducted for all Waste Transfer Stations against their respective EPA licences.

E.WASTE CAMPAIGN

A Regional E.Waste Campaign was conducted during the month of May at the Goolwa Waste and Recycling Depot. The site was selected as one of the 13 regional drop-off centres across the state to participate in the campaign.

The Campaign was funded by the Government of South Australia and managed through Zero Waste SA (ZWSA) as the lead agency. Funding included the provision of container transport systems, the transport of all e.waste to the recycling facility and the recycling process.

The Fleurieu Regional Waste Authority provided staff for the on-site management of incoming e.waste, the coordination of logistics for container exchanges and the regional call centre.

The campaign was extremely successful and resulted in 10 shipment containers (approx. 170 tonnes) of electronic waste being collected, diverted from landfill and recycled.



Major Achievements

KERBSIDE BIN WASTE AUDITS

Waste audits were conducted on kerbside bins across all four councils.

Geoff Johnston and Peter Schultz Consulting were awarded the tender and conducted the audits during the months of May and June.



4TH NATIONAL LANDFILL & TRANSFER STATION CONFERENCE 31/8/11 – 2/9/11

Executive Officer, Marina Wagner was the Conference Chairperson for the three events conducted during the conference – The Inaugural Field Day, Landfill Conference and Transfer Station Conference.

Simon Grenfell represented FRWA in the Transfer Station Part/ Stakeholder Relationship section which was a great opportunity to promote FRWA and the region.

FRWA provided a \$2,500.00 sponsorship package to sponsor the Stakeholder Relationship section.

JOINT AGREEMENT

The City of Victor Harbor, Alexandrina Council and Fleurieu Regional Waste Authority have been working together for the past 12 months to develop the existing Goolwa Site as a Regional Waste Transfer Facility. The plans are now in the final stages and The Victor Harbor site will be closed once details are finalised.

The development of a regional facility will provide savings for both councils by helping to offset the increase in costs and provide best practice waste recycling facilities and services that the community is seeking.

The regional facility will cater for the growth of both communities, be better placed to attract funding grants and have the capacity to run Zero Waste recycling initiatives such as the recent free e.waste drop off.

KI PAPER AND CARDBOARD OPTIMISATION

KI Council and FRWA are working together on a joint project to optimise paper and cardboard management. A new baler has been purchased to accommodate this. The project was co-funded through a grant by Zero Waste SA.

DRUMMUSTER CAMPAIGN

A DrumMuster Campaign was held at the Strathalbyn site during March. Over 2000 drums were deposited. During this period we took the opportunity to put five of our employees through the DrumMuster training program.



Financial Statements

2011 – 2012

Fleurieu Regional Waste Authority Annual Report

FLEURIEU REGIONAL WASTE AUTHORITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2012

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 2012 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.



Catherine Cooper
Chairperson FRWA Board

Date: 5/9/2012

FLEURIEU REGIONAL WASTE AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
INCOME			
User charges	2	5,843,477	3,150,179
Grants, subsidies and contributions	2	25,489	6,845
Investment income	2	70,862	23,729
Reimbursements	2	34,771	-
Other income	2	64,770	-
Total Income		<u>6,039,369</u>	<u>3,180,753</u>
EXPENSES			
Employee costs	3	1,845,184	927,868
Materials, contracts & other expenses	3	3,507,601	2,009,937
Depreciation, amortisation & impairment	3	414,342	3,074
Finance costs	3	169,905	873
Total Expenses		<u>5,937,032</u>	<u>2,941,752</u>
NET SURPLUS / (DEFICIT)		<u>102,337</u>	<u>239,001</u>
transferred to Equity Statement			239,001
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		<u>102,337</u>	<u>239,001</u>

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

FLEURIEU REGIONAL WASTE AUTHORITY

BALANCE SHEET as at 30 June 2012

ASSETS	Notes	2012	2011
		\$	\$
Current Assets			
Cash and cash equivalents	4	808,826	765,583
Trade & other receivables	4	123,378	120,134
		<u>932,204</u>	<u>885,717</u>
Total Current Assets		<u>932,204</u>	<u>885,717</u>
Non-current Assets			
Infrastructure, Property, Plant & Equipment	5	2,789,304	51,289
Total Non-current Assets		<u>2,789,304</u>	<u>51,289</u>
Total Assets		<u>3,721,508</u>	<u>937,006</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	6	734,284	528,856
Borrowings	6	474,174	50,000
Provisions	6	82,699	101,726
		<u>1,291,157</u>	<u>680,582</u>
Total Current Liabilities		<u>1,291,157</u>	<u>680,582</u>
Non-current Liabilities			
Borrowings	6	2,070,974	-
Provisions	6	18,039	17,423
Total Non-current Liabilities		<u>2,089,013</u>	<u>17,423</u>
Total Liabilities		<u>3,380,170</u>	<u>698,005</u>
NET ASSETS		<u>341,338</u>	<u>239,001</u>
EQUITY			
Accumulated Surplus		<u>341,338</u>	<u>239,001</u>
TOTAL EQUITY		<u>341,338</u>	<u>239,001</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 2012**

2012	Notes	Accumulated Surplus	TOTAL EQUITY
		\$	\$
Balance at end of previous reporting period		239,001	239,001
Net Surplus / (Deficit) for Year		102,337	102,337
Other Comprehensive Income		-	-
Balance at end of period		341,338	341,338
2011			
Balance at end of previous reporting period		-	-
Net Surplus / (Deficit) for Year		239,001	239,001
Other Comprehensive Income		-	-
Balance at end of period		239,001	239,001

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

FLEURIEU REGIONAL WASTE AUTHORITY

CASH FLOW STATEMENT for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
User charges		6,645,873	3,036,891
Investment receipts		70,862	23,729
Grants utilised for operating purposes		25,489	-
Reimbursements		34,771	-
Other revenues		64,770	-
<u>Payments</u>			
Materials, contracts & other expenses		(5,971,409)	(2,289,801)
Finance payments		(94,552)	(873)
Net Cash provided by (or used in) Operating Activities		775,804	769,946
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Payments</u>			
Expenditure on new/upgraded assets		(3,152,357)	(54,363)
Net Cash provided by (or used in) Investing Activities		(3,152,357)	(54,363)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		3,058,775	50,000
<u>Payments</u>			
Repayments of Borrowings		(638,979)	-
Net Cash provided by (or used in) Financing Activities		2,419,796	50,000
Net Increase (Decrease) in cash held		43,243	765,583
Cash & cash equivalents at beginning of period	7	765,583	-
Cash & cash equivalents at end of period	7	808,826	765,583

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 2012

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of the City of Victor Harbor, Alexandrina Council, The District Council of Yankalilla and The District Council of Kangaroo Island. The Authority commenced trading as from the 5th July 2010.

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011 dated 5th September 2012.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

2 The Local Government Reporting Entity

The Fleurieu Regional Waste Authority operates as a regional subsidiary pursuant to Section 43 of the SA Local Government Act 1999 and has its principal place of business at 25b Hutchinson Street, Goolwa SA 5214. These financial statements have been prepared for use by the constituent Councils of the Authority.

3 Income recognition

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

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

4 Cash, Cash Equivalents and other Financial Instruments

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

Receivables are generally unsecured and do not bear interest.

Fleurieu Regional Waste Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

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

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

5 Infrastructure, Property, Plant & Equipment

5.1 Initial Recognition

All assets are initially recognised at cost.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred.

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

5.2 Materiality

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

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

5.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 5.

5.4 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.

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

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

5.5 Impairment

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

Fleurieu Regional Waste Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

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

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

6 Payables

6.1 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.

6.2 Payments Received in Advance & Deposits

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

7 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".

8 Employee Benefits

8.1 Salaries, Wages & Compensated Absences

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

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

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

8.2 Superannuation

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

9 Leases

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

Fleurieu Regional Waste Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

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

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

10 GST Implications

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

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

11 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2012 reporting period and have not been used in preparing these reports.

- AASB 9 Financial Instruments
 - AASB 10 Consolidated Financial Statements
 - AASB 11 Joint Arrangements
 - AASB 12 Disclosure of Interests in Other Entities
 - AASB 13 Fair Value Measurement
 - AASB 119 Employee Benefits
 - AASB 127 Separate Financial Statements
 - AASB 128 Investments in Associates and Joint Ventures
 - AASB 2010-6 Amendments to Australian Accounting Standards [AASBs 1 & 7]
 - AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 [AASBs 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and Interpretations 2, 5, 10, 12, 19, & 127]
 - AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]
 - AASB 2011-5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, AASB 128 & AASB 131]
 - AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]
 - AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]
 - AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]
 - AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]
 - AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]
- (Standards not affecting local government have been excluded from the above list.)

Fleurieu Regional Waste Authority**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012****Note 1 - Significant Accounting Policies (cont)**

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

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

11.1 Rounding

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

FLEURIEU REGIONAL WASTE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012**

Note 2 - INCOME

	Notes	2012 \$	2011 \$
USER CHARGES			
Waste Disposal Operations		<u>5,843,477</u>	<u>3,150,179</u>
		<u>5,843,477</u>	<u>3,150,179</u>
INVESTMENT INCOME			
Interest on investments			
Banks & other		<u>70,862</u>	<u>23,729</u>
		<u>70,862</u>	<u>23,729</u>
REIMBURSEMENTS			
- other		<u>34,771</u>	<u>-</u>
		<u>34,771</u>	<u>-</u>
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		<u>24,794</u>	<u>-</u>
Sundry		<u>39,976</u>	<u>-</u>
		<u>64,770</u>	<u>-</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Other grants, subsidies and contributions		<u>25,489</u>	<u>6,845</u>
		<u>25,489</u>	<u>6,845</u>
Sources of grants			
Other		<u>25,489</u>	<u>6,845</u>
		<u>25,489</u>	<u>6,845</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 3 - EXPENSES

	Notes	2012 \$	2011 \$
EMPLOYEE COSTS			
Salaries and Wages		1,506,511	721,280
Employee leave expense		162,295	68,894
Superannuation - defined contribution plan contributions	13	110,468	61,347
Superannuation - defined benefit plan contributions	13	19,652	5,213
Workers' Compensation Insurance		35,634	64,373
Other		10,624	6,761
Total Operating Employee Costs		1,845,184	927,868
Total Number of Employees		24	20
<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		9,530	8,00
Bad and Doubtful Debts		210	-
Board members' expenses		22,633	32,616
Operating Lease Rentals - non-cancellable leases			
- minimum lease payments	12	23,133	24,251
Subtotal - Prescribed Expenses		55,506	64,867
<u>Other Materials, Contracts & Expenses</u>			
Contractors		960,666	1,046,863
Fuel		520,889	106,121
Waste Disposal		928,835	364,660
Maintenance		365,816	93,086
Parts, accessories & consumables		9,166	-
Professional services		53,052	37,767
Sundry		613,671	296,573
Subtotal - Other Materials, Contracts & Expenses		3,452,095	1,945,070
		3,507,601	2,009,937
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		1,061	88
Plant & Equipment		411,192	2,986
Furniture & Fittings		2,089	-
		414,342	3,074
FINANCE COSTS			
Interest on Loans		7,445	873
Charges on Finance Leases		162,460	-
		169,905	873

FLEURIEU REGIONAL WASTE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012**

Note 4- CURRENT ASSETS

	Notes	2012 \$	2011 \$
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		48,788	765,583
Deposits at Call		<u>760,038</u>	<u>-</u>
		<u>808,826</u>	<u>765,583</u>
 TRADE & OTHER RECEIVABLES			
Debtors - General		<u>123,378</u>	<u>120,134</u>
		<u>123,378</u>	<u>120,134</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 5 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2011				2012			
	\$				\$			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Buildings & Other Structures	-	3,181	(88)	3,093	-	3,181	(1,149)	2,032
Plant & Equipment	-	51,182	(2,986)	48,196	-	3,182,905	(414,178)	2,768,727
Furniture & Fittings	-	-	-	-	-	20,634	(2,089)	18,545
TOTAL PROPERTY, PLANT & EQUIPMENT	-	54,363	(3,074)	51,289	-	3,206,720	(417,416)	2,789,304
<i>Comparatives</i>	-	54,363	(3,074)	51,289	-	54,36	(3,074)	51,289

This Note continues on the following pages.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 5 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2011	CARRYING AMOUNT MOVEMENTS DURING YEAR						2012
	\$	\$						\$
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation
	New/Upgrade	Renewals						
Buildings & Other Structures	3,093	-	-	-	(1,061)	-	-	2,032
Infrastructure	-	-	-	-	-	-	-	-
Plant & Equipment	48,196	3,131,723	-	-	(411,192)	-	-	2,768,727
Furniture & Fittings	-	20,634	-	-	(2,089)	-	-	18,545
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	51,289	3,152,357	-	-	(414,342)	-	-	2,789,304
Comparatives	-	54,363	-	-	(3,074)	-	-	51,289
<i>This Note continues on the following pages.</i>								

FLEURIEU REGIONAL WASTE AUTHORITY**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
for the year ended 30 June 2012**Note 5 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT****Valuation of Assets****Buildings & Other Structures**

Buildings and other structures are recognised on cost basis.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 6 - LIABILITIES

	Notes	2012		2011	
		Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		368,322	-	35,013	-
Payments received in advance		168,480	-		-
Accrued expenses - employee entitlements		148,883	-	113,508	-
Accrued expenses - other		9,000	-	25,785	-
Deposits, Retentions & Bonds		-	-	20,354	-
Other		39,599	-	334,196	-
		<u>734,284</u>	<u>-</u>	<u>528,856</u>	<u>-</u>
BORROWINGS					
Short term draw down facility		-	-	50,000	-
Loans		474,174	2,070,974	-	-
		<u>474,174</u>	<u>2,070,974</u>	<u>50,000</u>	<u>-</u>
PROVISIONS					
Employee entitlements (including oncosts)		82,699	18,039	101,726	17,423
		<u>82,699</u>	<u>18,039</u>	<u>101,726</u>	<u>17,423</u>

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

Movements in Provisions - 2011 year only (current & non-current)

	Other Provision
Opening Balance	
Add Unwinding of present value discounts	
Additional amounts recognised	166,602
(Less) Payments	(47,453)
Unused amounts reversed	
Add (Less) Remeasurement Adjustments	
Closing Balance	<u>119,149</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 7 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2012 \$	2011 \$
Total cash & equivalent assets	4	808,826	765,583
Less: Short-term borrowings	6	-	-
Balances per Cash Flow Statement		<u>808,826</u>	<u>765,583</u>

(b) Reconciliation of Change in Net Assets to Cash

from Operating Activities

Net Surplus (Deficit)		102,337	239,001
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		414,342	3,074
		<u>516,679</u>	<u>242,075</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(3,244)	(120,133)
Net increase (decrease) in trade & other payables		280,780	528,856
Net increase (decrease) in other provisions		(18,411)	119,149
Net increase (decrease) in other liabilities		-	-
Net Cash provided by (or used in) operations		<u>775,804</u>	<u>769,947</u>

(c) Financing Arrangements

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

Bank Overdrafts			
Corporate Credit Cards		7,500	7,500
LGFA Cash Advance Debenture facility		500,000	500,000

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 8 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 1% and 4.25% (2011: 1% and 4.25%)</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although the Authority is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Authority's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</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 on a 6 monthly basis; interest is charged at a fixed rate of 6.65% (2011: 6.25%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>

FLEURIEU REGIONAL WASTE AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 8 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2012	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<u>Financial Assets</u>	\$	\$	\$	\$	\$
Cash & Equivalents	808,826	-	-	808,826	808,826
Receivables	123,378	-	-	123,378	123,378
Other Financial Assets	-	-	-	-	-
Total	932,204	-	-	932,204	932,204
<u>Financial Liabilities</u>					
Payables	734,284	-	-	734,284	576,401
Current Borrowings	474,174	-	-	474,174	474,174
Non-Current Borrowings	-	2,370,870	237,087	2,607,957	2,070,974
Total	1,208,458	2,370,870	237,087	3,816,415	3,121,549
2011	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<u>Financial Assets</u>	\$	\$	\$	\$	\$
Cash & Equivalents	765,583	-	-	765,583	765,583
Receivables	120,134	-	-	120,134	120,134
Other Financial Assets	-	-	-	-	-
Total	885,717	-	-	885,717	885,717
<u>Financial Liabilities</u>					
Payables	528,856	-	-	528,856	389,563
Current Borrowings	50,000	-	-	50,000	50,000
Non-Current Borrowings	-	-	-	-	-
Total	578,856	-	-	578,856	439,563

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

	30 June 2012		30 June 2011		FRWFR
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value	
	%	\$'000	%	\$'000	
Payables	0	576,401	0	389,563	
Other Variable Rates	0	-	6.25	50,000	
Fixed Interest Rates	6.65	2,545,148		-	
		3,121,549		439,563	

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 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 4 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 adverse manner.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 9 - COMMITMENTS FOR EXPENDITURE

		2012	2011
	<u>Notes</u>	\$	\$
Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Plant & Equipment		-	2,619,775
		<u>-</u>	<u>2,619,775</u>
These expenditures are payable:			
Not later than one year		-	237,087
Later than one year and not later than 5 years		-	1,896,696
Later than 5 years		<u>-</u>	<u>485,992</u>
		<u>-</u>	<u>2,619,775</u>
Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		27,000	-
Kangaroo Island Bin Replacement		210,000	-
Employee Remuneration Contracts		390,609	734,390
Rent		43,333	18,000
		<u>670,942</u>	<u>752,390</u>
These expenditures are payable:			
Not later than one year		193,977	255,389
Later than one year and not later than 5 years		441,965	497,001
Later than 5 years		35,000	-
		<u>670,942</u>	<u>752,390</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 10 - FINANCIAL INDICATORS

2012 2011

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

Operating Surplus Ratio

<u>Operating Surplus</u>	2%	8%
Total Operating Revenue		

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

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	41%	-6%
Total Operating Revenue less NRM levy		

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

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	N/A	N/A
Infrastructure & Asset Management Plan required expenditure		

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 11 – UNIFORM PRESENTATION OF FINANCES

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

	2012 \$	2011 \$
Income	6,039,369	3,180,753
less Expenses	5,937,032	2,941,752
Operating Surplus / (Deficit)	102,337	239,001
 <i>less Net Outlays on Existing Assets</i>		
Capital Expenditure on renewal and replacement of Existing Assets	-	-
less Depreciation, Amortisation and Impairment	414,342	3,074
less Proceeds from Sale of Replaced Assets	-	-
	(414,342)	(3,074)
 <i>less Net Outlays on New and Upgraded Assets</i>		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	3,152,357	54,363
	3,152,357	54,363
Net Lending / (Borrowing) for Financial Year	(2,635,678)	187,712

FLEURIEU REGIONAL WASTE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012**

Note 12 - OPERATING LEASES

Lease payment commitments of Council

The Authority has entered into non-cancellable operating leases for two motor vehicles. No lease imposes any additional restrictions on the Authority in relation to additional debt or further leasing.

No lease contains any escalation clause.

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

0

	2012	2011
	\$	\$
Not later than one year	35,500	58,633
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	35,500	58,633

FLEURIEU REGIONAL WASTE AUTHORITY**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012****Note 13 – SUPERANNUATION**

The Authority makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector have the option to contribute to Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2011/12; 9% in 2010/11). 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 Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6.3% (6.3% in 2010/11) of "superannuation" salary.

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

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

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

Contributions to Other Superannuation Schemes

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

FLEURIEU REGIONAL WASTE AUTHORITY**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012****Note 14 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET**

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

FLEURIEU REGIONAL WASTE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012**

Note 15 - EVENTS OCCURRING AFTER REPORTING DATE IN THE BALANCE SHEET

There were no events subsequent to 30 June 2012 that need to be disclosed in the financial statements.



EdwardsMarshall

**FLEURIEU REGIONAL WASTE AUTHORITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012
STATEMENT BY AUDITOR**

I confirm that, for the audit of the financial statements of Fleurieu Regional Waste Authority for the year ended 30 June 2012, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board and in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.

Jamie Dreckow
Partner

Edwards Marshall
Chartered Accountants

Dated this 5 day of September 2012

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FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Fleurieu Regional Waste Authority for the year ended 30 June 2012, the Authority's Auditor, Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



(Insert name)

EXECUTIVE OFFICER
Fleurieu Regional Waste Authority

PRESIDING MEMBER
AUDIT COMMITTEE

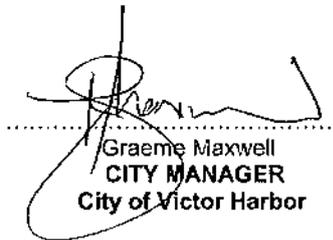
Subsidiary is exempt from requirement
For an Audit Committee

Date: 31 August 2012

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Fleurieu Regional Waste Authority for the year ended 30 June 2012, the Authority's Auditor, Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



.....
Graeme Maxwell
CITY MANAGER
City of Victor Harbor

**PRESIDING MEMBER
AUDIT COMMITTEE**
Subsidiary is exempt from requirement
For an Audit Committee

Date: 3/9/12

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Fleurieu Regional Waste Authority for the year ended 30 June 2012, the Authority's Auditor, Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



.....
Peter Dinning
CHIEF EXECUTIVE OFFICER
Alexandrina Council

PRESIDING MEMBER
AUDIT COMMITTEE
Subsidiary is exempt from requirement
For an Audit Committee

Date: 3rd September 2012

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Fleurieu Regional Waste Authority for the year ended 30 June 2012, the Authority's Auditor, Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



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

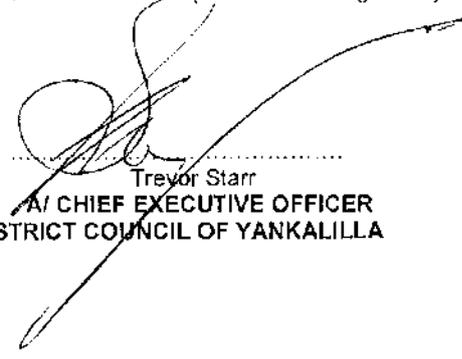
PRESIDING MEMBER
AUDIT COMMITTEE
Subsidiary is exempt from requirement
For an Audit Committee

Date: 3rd September 2012.

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Fleurieu Regional Waste Authority for the year ended 30 June 2012, the Authority's Auditor, Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



.....
Trevor Starr
AI CHIEF EXECUTIVE OFFICER
DISTRICT COUNCIL OF YANKALILLA

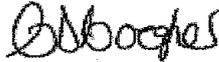
**PRESIDING MEMBER
AUDIT COMMITTEE**
Subsidiary is exempt from requirement
For an Audit Committee

Date: 3/9/2012

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Fleurieu Regional Waste Authority for the year ended 30 June 2012, the Authority's Auditor, Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Catherine Cooper
CHAIRPERSON
Fleurieu Regional Waste Authority

**PRESIDING MEMBER
AUDIT COMMITTEE**

Subsidiary is exempt from requirement
For an Audit Committee

Date: 3 September 2012



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

Report on the Financial Report

We have audited the accompanying financial report of Fleurieu Regional Waste Authority, which comprises the Balance Sheet as at 30 June 2012 and the Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Certification of Financial Statements.

Board's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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



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

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Fleurieu Regional Waste Authority as at 30 June 2012, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

Edwards Marshall
Chartered Accountants

Jamie Drecekow
Partner

Adelaide
South Australia

Date 5/9/12

25b Hutchinson Street
(PO Box 2375)
Goolwa SA 5214
Telephone: (08) 8555 7401 Facsimile (08) 8555 0970
Website: www.frwa.com.au

Fleurieu Regional Waste Authority



SOUTH AUSTRALIA



KANGAROO ISLAND

Photo: Tom Bruce, 27 July 2011
Rider in mail run re-enactment arriving at
Flagstaff Hill during official ceremony.

Kangaroo Island Council
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