



KANGAROO
ISLAND
COUNCIL

Kangaroo Island Council

Annual Report 2016-17



Table of Contents

Welcome	1
Island Profile	2
Fast Facts	3
Message from the Mayor	4
Elected Members	5
Section 1 – The Year in Review	7
Message from the CEO	8
Infrastructure	9
Community and Island Culture	16
Collaboration	20
Our Island	22
Supporting our Economy	25
Our Organisation	27
Section 2 - Governance	31
Section 3 - Finance	45
Finance Report	45
General Purpose Financial Statement	53
Appendices	
FRWA Annual Report	
Southern and Hills LGA Annual Report	



Welcome

Kangaroo Island Council is pleased to present the 2016–17 Annual Report and Audited Financial Statements. It is presented in three sections.

Section 1 reviews Council's performance from the perspective of our key work area priorities as set out in the Kangaroo Island Strategic Management Plan 2014–2018 namely: Infrastructure, Community & Island Culture, Collaboration, Supporting our Economy, Our Island, and Our Organisation. Our performance against Our Shared Vision is the culmination of the outcome of these areas and is reflected in the Mayor's and CEO's messages.

In Section 1 we also consider our performance against the Kangaroo Island Council 2016–17 Annual Business Plan.

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

The year's achievements as contained in this report demonstrate how Council has delivered on its three strategic imperatives: Cost Reduction, Revenue, and Stimulus/Service, in order to move it towards its 10 year goal of attaining financial sustainability by 2024.

Council aims to deliver services and stimulate growth opportunities by optimizing the revenue/cost balance. We group our strategic aims into these three key areas because they underpin our approach to setting and achieving sustainable outcomes, both for our Organisation and for the Community. So far we have completed the following progress against our strategic plan:

- Cost Reduction – 71%
- Revenue – 71%
- Stimulus / Service – 72%.

Overall we have achieved % of the strategic plan, with many of the objectives now embedded into the way the business works.

We would like to thank our Elected Members, the Commissioner for Kangaroo Island, our staff and volunteers for their dedicated service in helping to make this another year of achievement.

We also want to thank those members of our Community whose passion and commitment plays a crucial role in the development and maintenance of our local Communities. Your partnership and leadership is invaluable and extends what Council alone can do for your Community. We value your contribution.

Peter Clements
Mayor

Andrew Boardman
Chief Executive Officer

Island Profile



4,611

population



1,362

km of roads

81%
unsealed roads



4,405 km²

third largest island
in Australia



27%

parks/rural land



65%

primary production



4th

most recognised
tourism destination
in Australia



680

students



8%

residential,
businesses
and Council

Fast Facts



213,933

visitors



29,221

library books
borrowed



252

annual
boat ramp permits



1,506/218

dogs/cats registered



2,422

customer requests



13,146

received



21

cruise ships



\$1,137

average residential
rates levied



1,619

after-hour calls

Message from the Mayor

It has been very interesting as Mayor, presiding over an island economy in transition, especially when South Australia is also in the midst of transforming to a service economy to meet its changing needs.



The difference of course is that our state economy was almost forced to adapt to its economic mix due to global productivity pressures while our local economy is largely a matter of choice for islanders.

Many people would argue that our island should be left alone entirely and yet businesses that rely on a solid quota of visitors to survive have just as much right to want controlled growth and a level of prosperity.

Interestingly, I have not met one person yet in favour of the island developing exponentially and this is probably due to instinctiveness in wanting to preserve our unique island environment.

Work is being done by Council and the Commissioner for Kangaroo Island toward the development of Sustainability Indicators that will assist or guide our community toward a future that balances growth with the Island's needs and culture, but we still need more. The Island community will need to develop a strong vision for the future that will succeed the current generation and help our children and grandchildren into a sustainable, happy and productive environment. A vision is not just a goal or a milestone and in one sense it doesn't have an end point, it is more a state of being. Happiness should always be key to establishing a vision because it is something that people have in common to strive for. We know that money by itself can't buy happiness and yet it is an essential tool in the mix of things that can create happiness. With this in mind, if happiness is ultimately what we are striving for through various means, then it should feature very strongly alongside responsibility in our vision for Kangaroo Island's future.

In a world with finite and rapidly dwindling resources, where climate change and sea-level rise are no longer matters of speculation, it is vital that we, as custodians of planet earth, do something positive to secure our happiness which must be rooted in saving our planet. Just as the Marshall Islands in the Pacific led the world to signing the Paris Climate Accord in 2016, a Kangaroo Island vision could encompass a global model for sustainability and progress outside the present destructive path the world is taking.

Mayor Peter Clements

Elected Members

as at 1 July 2015



Mayor Peter Clements



Deputy Mayor Joy Willson



Councillor Sharon Kauppila



Councillor Peter Denholm



Councillor Pip Masters



Councillor Ken Liu



Councillor Larry Turner



Councillor Graeme Ricketts



Councillor Cathie Tydeman



SECTION 1

The Year in Review

Our Vision

A confident, growing and cohesive Community:

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

Our Mission

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

Our Strategic Imperatives

- Revenue
- Cost Reduction
- Stimulus/Service

Our Work Priorities

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

Message from the CEO

Andrew Boardman, CEO



2016-17 was another year of quiet achievement for Council with continued focus on consolidation of the works undertaken in the previous five years and building on the confidence gained through delivery of significant positive changes to the way we approach work, perform, communicate and collaborate with our Community.

It is pleasing to confirm that once again – six years in a row – we have delivered better than budget results with our operating revenue at 101% of budget and our operating costs at 98% of budget with a 3% reduction over budget for labour and material costs, a 4% lift in depreciation through revaluation of assets and a 17% reduction in finance costs. In real terms another year where we have been able to reduce core costs to operate without impacting on service levels.

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

2016-17 saw the completion and commissioning of the \$5.6M Penneshaw Community Wastewater Management Scheme. This project was delivered over two financial years for a total overspend of \$16,398 (0.29%). There was significant additional works funded through the project which will deliver long term operational benefits through low cost power from the off-grid hybrid (solar PV / battery / generator) power solution for the wastewater treatment plant. The majority of the Community in the serviced areas are now connected and the project is settling into normal operational routines. The corresponding lift in building approvals for the township is pleasing to see and vindicates the decision to implement this project and provide a safe, convenient environmentally and cost effective solution to wastewater disposal for this town.

2016-17 also saw the commencement of the \$18M Kangaroo Island Airport Project with final design work completed for air and landside elements and contracts awarded for works. Council were able to carry out the sealing of the alternate runway (15/33) within the project budget and completed these works quickly, competently, to specification and under budget over the period of a month in January 2017. An unplanned interruption to the capital works program, this was a major achievement from a standing start and then Staff went onto to complete the balance of approved works – an outstanding result from the Team. The project will complete in 2017-18 with airside works completed in late November and Terminal works in late March 2018. QantasLink announced new services in June with additional services from Adelaide and a new direct service from Melbourne running through December and January.

2017-18 will be another very busy year for Council, where the Team will continue the disciplined approach to managing cost and optimizing revenue in our core operation, as well as driving the major projects. Our Staff (and therefore our business) continue to demonstrate the commitment, flexibility and adaptability that we need to meet the changing demands and opportunities that are before us and, as a result, we are confident that we will continue to deliver great outcomes for our Community.

Infrastructure

The responsible management and provision of essential Council services

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

Kangaroo Island Airport Update

Work commenced on the **Airport Upgrade Project** in late 2016 starting with the airside elements – runway, taxiway, apron and associated lighting works. The scope of works are to create a main runway of 1812m length and of sufficient strength to manage Code 3C aircraft – effectively opening up the Island for direct east-coast flights using larger turbo-prop and regional jet aircraft of between 74-120 seat capacity. The associated Terminal works commenced in May 2017 and are intended to cater for the increased passenger volume and associated security screening facilities that are required once processing aircraft with over 50 passengers.

Unfortunately, the **material crushing** contractor placed their business into voluntary liquidation in February 2017, which created some significant delays to the project. The lack of available materials impacted the main contractor's ability to proceed efficiently.

Alternate runway 15/33 was sealed in-house by Council's Asset Services Team during January 2017, with regular passenger transport services provided by REX, operating off this runway as soon as it was completed. This allowed the main contractors unrestricted access to main runway 01/19 so that all sub-base pavement works could be completed in the

extension areas to the north and south of the main runway followed by works to the apron and taxiway A, which used alternatively sourced rock materials. This also allowed the majority of lighting upgrade works to be completed by the end of May 2017. With the onset of late autumn rains work was rescheduled to restart in September 2017 with an aim to have all airside works completed by the end of November.

In the meantime a **new material crushing contractor** was appointed and material crushing recommenced in July, with significant stockpiles being created at the airport site ready for use in September. At the time of writing (late September 2017), these works have progressed well and the main contractor has remobilised to site and recommenced works. The main runway will close on 1 October and all works are anticipated to be completed by the third week of November.



Works to the **Terminal** commenced in late May 2017 and have progressed very well, with the building groundworks completed, frame up, and roof/cladding programmed for completion to lock-up by the end of September. Council have procured screening equipment. This is due to arrive in late September for interim installation and training of Staff, prior to being audited for compliance – and screening authority status being granted.

Negotiations with **QantasLink** commenced shortly after funding was announced for the project in early 2016, with Council and SA Tourism Commission (SATC) taking the lead. Whilst protracted, they were ultimately successful with QantasLink announcing the provision of services from Adelaide to Kangaroo Island commencing on 4 December 2017 (operating 50 seat

Dash 8-Q300 aircraft) providing 5 flights per week to the end of March and then 3 flights per week during the off-peak season to October. They will also commence **Melbourne** (Tullamarine) to Kangaroo Island direct flights on 17 December 2017 (operating 74 seat Dash 8-Q400 aircraft), providing 3 flights per week for a 6 week trial period. The success or otherwise of these services will underpin the retention/expansion of these services into the future. Significant destination marketing support is being provided by both SATC and Qantas Holidays, working together with local service providers to provide packages to attract prospective visitors.

This is an exciting project and one that will create a new paradigm for the Island in terms of addressing one of the major access challenges.

Penneshaw Community Wastewater Scheme

Commencing in FY 2015, the **Penneshaw Community Wastewater Scheme** (CWMS) was fully commissioned in FY 2016-17, with both the subsidised defined area and the Council-funded extension areas being completed and operational by June 2017. Servicing just over 200 properties, the \$5.6M project was delivered with some significant enhancements for a total overspend of \$16,398 (0.29%). One of these enhancements is the hybrid (solar/battery/generator) off-grid power system for the wastewater treatment plant, which will deliver some significant operating cost savings over the life of the asset and assist in keeping annual service charge cost increases to a minimum. Works will commence in 2017-18 to extend the scheme into those areas of Penneshaw that still require to be connected.



Other projects

There are a range of other projects in the research phase which have the potential to **positively impact** Council's financial sustainability and provide Community benefit for the future. Working with the Commissioner for Kangaroo Island, Council is trying to encourage a more holistic approach to Island infrastructure challenges. Applying a **whole of Island approach** to costs and revenues, so works can be planned and conducted on-Island utilising the best mix of on and off-Island resources, opportunities will be created to optimise the reduction of core cost for all Agencies and Council. There have been some small successes to date, which Council is putting forward to Government for their consideration, with the expectation that this will encourage a broader examination of the project efficiency and cost reduction opportunities afforded by this approach.



Utilities

Discussions continued with **SA Power Networks (SAPN)** in relation to the renewal of the sub-sea power cable.

SAPN prepared their required **Return on Investment Test – Distribution (Rit-D)** assessment report in late 2016, recommending a **20mVa capacity undersea cable operating at 33kVa** (effectively double the current cable capacity but half their original 2015 submission to the AER for capital funding). Council and the Commissioner for Kangaroo Island disputed this recommendation via a written notice to the Australian Energy Regulator (AER), recommending instead the installation of an upgradeable **20mVa cable capable of operating at 33 / 66kVa**, which would potentially double the capacity. The additional incremental cost for this cable was only \$1.9M – which over the life span of the cable is minimal. This additional cable capacity could then be utilized to export energy generated on-Island back to the mainland, creating an investment opportunity for the Island. The AER considered that SAPN had not carried out the Rit-D test as required and sought additional information. This was provided by SAPN and, unfortunately, whilst satisfying the requirements of the Rit-D, it did not produce a different outcome. The 20mVa / 33kVa undersea cable is now on order and is planned for installation in late 2017 with commissioning expected in mid-2018.

SAPN has confirmed that it will be installing substantial additional **fibre-optic communication cable** within the body of the power cable, providing the opportunity for third party telecommunication

providers (such as Telstra, Skymesh, Optus, etc.) to lease a direct hard link between the mainland fibre network and the Island fibre network (replacing the current microwave links that are both temperamental and limited in their capacity). This initiative, following prompting from Council and the Commissioner, has the potential to remove the limit on available bandwidth for data and voice communication. We are yet to be notified if any of the telecommunication providers are actively considering this option, however the significant uptake of NBN fixed-wireless and Sky Muster by Island residents indicates that there is a given market seeking better communications options.

Council and the Commissioner have continued discussions with **SA Water** concerning the impacts of the proposed major developments on the availability of potable water, through either Middle River or the Penneshaw desalination plant, to Island residents and established businesses. In late 2016 SA Water reassessed their future needs plan based on newly projected demand figures. Council and the Commissioner for Kangaroo Island have critically assessed these and subsequently raised significant concerns with SA Water. In response SA Water have advised that they will completely reassess their asset and operations on the Island over a six month period and report on the revised findings to the Community in late 2017.

Construction

An **Open Spaces Grant** from Department of Planning, Transport and Infrastructure (DPTI) for \$100,000 saw Council continue with **Stage 2** of the **Kingscote to Brownlow Shared Use Path** with the construction of a sealed path from the Yacht Club to the Ozone Hotel in Kingscote. Seats will be installed along this section in the coming financial year at well located points for people to stop and take in the view. The path, very popular with walkers, joggers and families, now extends from Brownlow to Kingscote along the cliffs and through a section of bushland.

A further **DPTI Open Spaces and Places for People Grant** for \$75,000 was awarded for Stage 4 of the path – meandering along the Esplanade from Telegraph Road and rising to the top of the hill near McLaren Street at the whale-watching platform overlooking Nepean Bay. The long-term aim is to continue the path right through to the Flagstaff Hill lookout at historic Reeves Point.

In conjunction with the **Federal Government** through the **Bridges Renewal Program Round 2**, Council upgraded the last single lane bridge on Bark Hut Road. Widening the bridge to 2 lanes improves the access to all who use this road whilst improving safety.



Further works continued on Bark Hut Road through the **DPTI \$2M Unsealed Road Upgrade Program**. Stage 6 saw the entire length of Bark Hut Road re-sheeted with crushed limestone. These works comprise part of our ongoing management of the upgrade program. It was also announced this year that the State Government would be committing to fund this program for a further four years.



Council also completed the reconstruction of the **Timber Creek crossing** on Seagers Road, damaged as a result of heavy rains in October and November 2016. As the adjacent Murrays Lagoon water level had not subsided from the 2015-16 flood event, passage along Seagers Road had been blocked. Once the water had subsided to a workable level, the crossing was reconstructed allowing near full time access for road users.



A Gross Pollutant Trap was installed near the Cook Centre on the Esplanade in Kingscote. This unit helps to catch rubbish and organic matter that is located in the northern half of Kingscote and stops it entering Nepean bay, thereby reducing the possibility of marine life getting tangled in waste and lowering nutrient levels that damage seagrass.



In Penneshaw, Council installed a **new irrigation** system to the North side of North Tce, improving the aesthetics of the marine gateway to Kangaroo Island for those residents and visitors arriving by ferry. People can now enjoy the green lawns all year round, sitting, picnicking, watching out for the penguins and seals or looking across the waters to the North Island.



Council completed **Stage 2 of the Kingscote CWMS upgrade**, which involved upgrading an old vitrified clay pipe line to a modern PVC line. Stage 1 was completed in 2015-2016, replaced the pipes along Margaret, Elizabeth and Todd Streets and this year Council extended the program to Giles and Buller Streets.



Kingscote Tidal Pool received some necessary maintenance to the rock walls. This revetment work was badly needed following some ferocious storm action experienced in 2015 and 2016. The rocks will shore-up the outside wall and buffer the waves entering the pool.



Federal Black Spot Funding enabled Council to improve traffic safety at the Elsegood Road and Willsons Road intersection. The intersection was modified to a "Staggered T" formation, obliging vehicle drivers using Willsons road to stop at the intersection and reducing the likelihood of vehicles missing the Giveaway sign and driving out in front of on-coming traffic.



Community Capital Infrastructure Grants Program

The Kangaroo Island Council **Community Capital Infrastructure Grants Program 2016–17** allocated \$100,000 to eight Community projects aiming to enhance the built environment through sporting, recreational, community, or club facilities. The program was undersubscribed with only \$64,523 going towards Community initiated projects. From the remaining budget a \$10,000 discretionary payment was made to The Men's Shed. The infrastructure projects have a combined value of \$239,463 with Council contributing 27% in funding. Every \$1.00 Council contributed was matched by \$2.71 from the Community in cash, funding or in-kind support.



PROJECT	ORGANISATION	GRANT
Baudin Beach Boat Ramp Upgrade	Baudin Beach Progress Association	\$12,566
Kingscote Youth and Community Skate Park	Advance Kingscote Progress Association	\$7,590
Town Hall and Museum Precinct Project Stage 2	Parndana Progress Association	\$6,686
Emu Bay Project Playground Equipment	Emu Bay Progress Association	\$3,000
Parndana Golf Club Bar and Kitchen Upgrade	Parndana Golf Club	\$4,800
Power Upgrade for Show Sites	Parndana Show Society	\$4,510
Kingscote Clubrooms Entry Project	Kingscote Football Club	\$11,000
Upgrade Kangaroo Island Morgue Facility	Kangaroo Island Healthcare Auxiliary	\$13,114

During the past five years, Council's Community Capital Infrastructure Grant Program has contributed \$757,195 towards 39 Community projects with a combined project value of \$2,061,406. Eight are valued at over \$100,000 and 14 have leveraged funding through grant co-contribution. In all, Council has contributed 37% in funding towards the value of these projects.

Equipment upgrades

Council purchased a new **tandem tipper truck** to replace an ageing unit in its fleet. These trucks have a life cycle of 15 years in the environment Council operates them in. Upgrades to new models have the added benefit of gaining up-to-date technology and modern emissions controls.

We also upgraded a 17-year old tip truck by converting it to a multi-purpose vehicle. Now a water cart, it can still function as a tipper or, by exchanging the tank for a turntable, it becomes a tow vehicle for Council's low-loader for movement of heavy or multi-use plant. This low-cost solution demonstrates in-house ingenuity and maximum use of available resources in the isolated environment we operate in.





Prospect Hill

Prospect Hill stairs have remained closed this year due to their condition becoming unsafe for pedestrian traffic. To refurbish the stairs will be a costly exercise requiring a civil engineer designed and approved construction. As such, the final design plans have gone out to tender and funding is being investigated. Council, SA Tourism Commission and DEWNR will continue to work together to identify grant funding options to commence the reconstruction project in 2018 so that we can restore access to the magnificent view.

Resealing works:

STREET	TOWNSHIP	FULL/ PART
Wheelton Street (Esplanade-Giles)	Kingscote	Full
Frenchmens Terrace (Bay-Trethewey)	Penneshaw	Full
Middle Terrace	Penneshaw	Full
Flinders Terrace	Penneshaw	Full
Karatta Terrace	Penneshaw	Full
Investigator Terrace	Penneshaw	Full
Cheopis Street (Frenchmens-Warrawee)	Penneshaw	Full
Warrawee Terrace (Wright-Pelican)	Penneshaw	Part
South Terrace (Cheopis-Trethewey)	Penneshaw	Full
Pelican Street	Penneshaw	Full

Kerbing works:

STREET	TOWNSHIP	FULL/ PART
Rawson Street (inc Edge Seal Giles-Centenary)	Kingscote	Full
Seaview Road (inc Edge Seal from Centenary)	Kingscote	Full
Centenary Ave (inc Edge Seal Rawson-Seaview)	Kingscote	Full
Franklin Street (inc Edge Seal Drew-Cygnnet)	Kingscote	Full
Wheaton Street (inc Edge Seal Franklin-Rofe)	Kingscote	Full
Rofe Street (inc Edge Seal)	Kingscote	Full

Council-funded unsealed road re-sheeting works:

STREET	TOWNSHIP	FULL/ PART
Gum Creek Road	Wisanger	Part 3.5k
Willson River Road	Dudley	Part 3.9k
North Cape Road	Wisanger	Part 2.0k
Millers Road	Wisanger	Part 3.0k
Pratts Road	Stokes Bay	Part 2.0k
Elsegood and Willsons Intersection	Haines	Full
Main Street	Sapphire town	Part
Twelfth Street	Sapphire town	Part
Eleventh Street	Sapphire town	Part
Tenth Street	Sapphire town	Part
Third Street	Sapphire town	Part
Second Street	Sapphire town	Part
Coral Crescent	Island Beach	Full
Arafura Avenue	Island Beach	Full



Community and Island Culture

Supporting our Diverse Community and Culture

Supporting our Community and promoting Island Culture are part of Council’s lifeblood. We actively partner and support Community initiatives. Our grant programs, in particular, support Community priorities and activities, opening up opportunities for local Community organisations to attract further funding to the Island. We host major civic celebrations and award ceremonies and support Community endeavours in tourism, arts, heritage, youth, sport, business and community services.

Grants and Sponsorship

Council budgeted \$20,000 for the 2016-17 Community Partnership Grants Scheme, with cheques awarded to the following projects on Australia Day 2017.

PROJECT	ORGANISATION	GRANT
Blinds for light reduction	Parndana Soldier Settlement Museum	\$ 2,200.00
Signage for exercise equipment	Advance Kingscote Progress Association	\$ 555.00
Computer upgrade	Artists’ Collective KI	\$ 894.00
Weekend masterclass	Dudley Writers’ Group	\$ 1,600.00
Upgrade access to courtyard buildings	National Trust SA	\$ 2,310.00
3 day January sporting event and Youth Week activities	Reclink Australia	\$ 2,200.00
Restoration of interpretive signs at Reeves Point	KI Pioneers Association	\$ 880.00
Lawnmower	Parndana Sports Club	\$ 550.00
Hot water service for Parndana town hall	Parndana Progress Association	\$ 2,000.00
Automatic court cleaner	KI Basketball Association	\$ 3,667.00
Wild Sound – placement of static hydrophones	KI/Victor Harbor Dolphin Watch	\$ 1,600.00
Garden shed at The Shed	American River Progress Association	\$ 1,544.00
TOTAL		\$20,000.00



Men’s Shed Sponsorship

Support for the establishment of a **Kingscote Men’s Shed** received the green light in September with the granting of a \$10,000 Sponsorship. A spokesman for the Men’s Shed said they were thrilled to be getting this support from Council.



Sponsorship Programs

Council's **Sponsorship Program** continued to be well-utilised. Designed to ease the burden on the Island's not-for-profit groups, it offers full or part sponsorship for the use of Council facilities, foreshores, parks, ovals and other services such as DA fees, road closures, signage, labour, and water pumping power charges. This year we granted 51 sponsorships valued at \$11,600. Since the Program began in 2012-13, Council has contributed \$73,100 in value.

The **Youth Grant Sponsorship Program 2016-17** was undersubscribed, with \$1,620 being distributed from the \$5,000 fund. There were nine recipients, with seven pursuing educational options and 2 pursuing assistance with sports related travel.

Celebrations and Awards

The civic highlights of our year: **Settlement Day, Remembrance Day, Australia Day** and **ANZAC Day** were all marked by commemorative events where Council partners with local organisations such as the RSL, Kangaroo Island Community Education, Advance Kingscote Progress Association and Hope Cottage Museum, to create ceremonies that help us come together as a Community, celebrate our heritage and remember the fallen who made our nation possible.

Our 181st celebration of Settlement Day on 27 July 2017 also saw the announcement of the **Young Achiever of the Year Awards**. Matilda Southgate was named Young Achiever of the Year. Damon Freitag received an Award for Outstanding Achievement in Sport, Brock Niemann for Outstanding Achievement in Community Service

and the Kingscote Breakfast Club for Acknowledgement of Community Service.



On Australia Day 2017, the **Citizen of the Year Awards** were announced with Rodney Bell winning **Citizen of the Year**, Sue Florance was acknowledged for **Exemplary Service to the Community**, the KI Players won **Community Event of the Year** for their play "Blithe Spirit", and SIXTEEN LEGS: Enter the Cave Exhibition won **Community Project of the Year**.



Joint Community Projects

This year saw the completion and launch of the **MedSTAR landing point (Helipad)**. The Project was managed and partially funded by Council with support from a number of Community groups, organisations and individuals. The project is a great reflection on the strength of this Island's Community spirit. Contributors were:

- A&G Willson Earthmovers
- Emu Ridge
- Island Electrics
- KI Council
- KI Health Advisory Council
- KI Health Care Auxiliary Inc.
- KI Lions
- KI Rotary
- Penneshaw Progress Association
- Parndana Progress Association

Commencing in FY13-14, the **Kangaroo Island Youth Mural**, located beside Council's Osmond Street car park, was finally completed and launched during Art Festival in 2016. A partnership between The KI Community Gallery, KICE, Council and Community volunteers, this Youth Engagement project offered KI Youth a chance to depict life on Kangaroo Island.



The **local amenities cleaning contract** initiative continues to provide financial benefits to local Community groups and greater efficiencies to Council with Parndana Progress Association, Baudin Beach Progress Association and Stokes Bay Hall Committee utilising this steady income stream, with local volunteers rostered to clean the amenities.

Council expanded its **Council/Community Working Bee Program** to include American River and Penneshaw townships this year. The program, run by the Council Parks and Gardens team, continues to achieve excellent outcomes. Two

or three members of the team work with local volunteers for a half day each month, where the volunteers determine in advance what they want to achieve on the day.

Council Parks and Gardens also tended to the **Kingscote Oval** in the 2016-17 financial year. The Oval was cored, top dressed and fertilised to help maintain the surface and to help reduce the boggy conditions encountered in winter. The coring machines allow water and nutrient to reach down to where it is needed, helping the lawn regenerate to provide an improved playing surface for sports.



New Street Banners

Dauncey Street was brightened up with the installation of new **banners**. Council had eight Bannerconda systems erected and produced seven new banners for ANZAC Day, Remembrance Day, Vietnam Veterans Day, Settlement Day, Australia Day and two generic Council banners.

Public Consultation

CONSULTATION	DATES
Community Land Revocation Proposal – KIRRC North Coast Road, Kingscote	29/06/17 – 28/07/17
Community Land Revocation Proposal – KI Airport, Arranmore Road, Cygnet River	25/05/17 – 22/06/17
Annual Business Plan 2017-18	10/05/17 – 02/06/17
Finance Policies Review 2017	10/05/17 – 02/06/17
Community Land Revocation Proposal, Lot 30 Bennett Court, American River	30/03/17 – 27/04/17
Street Numbering - Baudin Beach	23/03/17 – 13/4/17
Street Numbering - Vivonne Bay	23/03/17 – 13/4/17
Naming of Island Beach Street	23/03/17 – 13/4/17
By-law Review 2017	09/03/17 – 31/03/17
Community Wastewater Management Schemes (CWMS) Customer Charter/Policy	23/02/17 – 16/03/17
Penneshaw Sculpture Walk Lease Consultation	18/01/17 – 08/02/17
Proposed changes to KI Waste Collection Services – FRWA Kerbside Collection Policy	09/01/17 – 05/03/17
Electoral Representation Review Report	20/10/16 – 10/11/16
Electoral Representation Options Paper	07/07/16 – 18/08/16
Proclaimed Shopping Districts	30/06/16 – 21/07/16

Library

Since the introduction of the **Library 'One Card'**, Kangaroo Island Library members continue to use their Library card to borrow and return items from any library in the State (more than 130 Libraries across South Australia). Members also have access to visit the online catalogue on our website, extend items, and manage their own membership account at www.kangarooisland.sa.gov.au/library. The Penneshaw Library, located at the KICE Penneshaw Campus, is also available for library members to collect and return their items every Tuesday and Thursday from 10.00am to 2.00pm.

Kangaroo Island Library recognises the importance of having volunteers and values their commitment. We have two Community members volunteering their time to assist with Library services.

'Storytime' in the Library continued to be a drawcard for the under-fives throughout the year. The popular program, which has been running every Wednesday at 11.00am since 2013, attracted 749 attendees to the reading, singing and craft sessions this year.



Community Window

The window space in the Kangaroo Island Council is available for Community Groups and not-for-profit organisations to promote upcoming events on Kangaroo Island. Last year we ran 48 window displays. To book your space please contact Customer Service.

Regional Health Plan

This was the second year we have provided a report to the Regional Health Plan after adopting it last financial year. The report reflected our ongoing involvement in the KI Health Advisory Council, the KI Strategic Housing Plan, Families SA, DEWNR, NRMB, and KICE.



Collaboration

Cross government relations

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

Working with the KI Commissioner

Council worked collaboratively with the Commissioner for Kangaroo Island on a number of projects including:

Local Advisory Board involvement

Council works with the Commissioner to address the significant lack of affordable housing on the Island. We sit on the Commissioner's **Housing Management Plan Local Advisory Board**, working with State agencies and service providers to consider the issues associated with the shortage of available housing, and ways to address the shortfall and quality of housing.

The Mayor and CEO have an ex officio role on the **Local Advisory Board for Economic Growth on Kangaroo Island**. The Board's function is to advise the Commissioner on supporting current and further economic growth opportunities and assisting with a broad range of associated activities.

Council also has an ex officio role through the Mayor and CEO on the **Native Vegetation Advisory Board**, formed to identify and scope issues impacting the management of native vegetation on the Island, to clarify the legislative and policy frameworks, and identify opportunities for enhancing communication with the Community on relevant issues.

Other Group and Committee involvement

The Commissioner formed a **Visual Arts Committee** in FY 2016-17 to investigate the needs and aspirations of visual artists on the Island. Council administration sits on the Committee and the Mayor has an ex officio role.

The Mayor and CEO are also members of the Commissioner's Kangaroo Island **Energy Security Focus Group**, formed to address the Island's security of electricity provision. (Refer to Utilities update p.11).

On behalf of the Commissioner, we have also been managing a consultancy developing a **Live KI website/digital Prospectus** in conjunction with key stakeholder groups such as KI Industry & KI Brand Alliance. The aim of the Prospectus is to support the attraction of new residents to Kangaroo Island. This project was completed in 2016-17 and will be promoted in 2017-18.

QantasLink

With Council and SA Tourism Commission (SATC) taking the lead, negotiations with **QantasLink** commenced shortly after funding was announced for the Airport Upgrade project in early 2016. QantasLink services will commence from Adelaide to KI on 4 December 2017 and from Melbourne for a 6 week trial period from 17 December 2017. The success or otherwise of these services will

underpin their retention/expansion. Significant destination marketing support is being provided by **SATC** and **Qantas Holidays** working together with local service providers to provide packages to attract prospective visitors.

Country Cabinet

On Sunday 4 and Monday 5 June 2017, Premier Jay Weatherill and State Government Cabinet Ministers visited Kangaroo Island as part of **Country Cabinet Kangaroo Island and Fleurieu Peninsula**. While here, Cabinet met with business and industry leaders, local councillors and members of the Community during a range of different activities including Community barbecues and a public forum. They also provided the opportunity for the Mayor and CEO to make presentations to Cabinet on key regional issues.



They also made several announcements including awarding a grant of \$111,000 to upgrade the **Kingscote Community and Youth Skate Park** and \$28,600 for the Parndana Progress Association **Town Hall and Museum Precinct Project** from the Fund My Idea program.



KICE to Canberra Quiz Night Fundraiser

Council, the Commissioner, KICE, the Aurora Ozone Hotel and the Community came together in March 2017, to create a fun and successful fundraising event for KICE to take a group of students to Canberra to experience the nation's capital. Attended by the Speaker of the House of Representatives **Tony Smith MP** and Member for Mayo **Rebekha Sharkie MP**, the evening was jointly organized by the Commissioner's office and Council and raised \$5,000 for the project. EmCeed by the Commissioner for Kangaroo Island, 100 people attended.

Small Islands of the World Conference

Kangaroo Island hosted the **ISISA 15th Islands of the World Conference** from 2 – 7 July 2017, attracting approximately 100 delegates in from 14 countries, and 77 Kangaroo Island residents. Mayor Peter Clements chaired the conference and opened proceedings in the Kingscote Town Hall, where much of the activity was centred over the week. Organised by a local working party and convened by former Mayor Jayne Bates OAM, the conference included 70 speakers. In 2016 Council approved \$20,000 in funding support to host the Conference, however only \$4,255 was required. Conference registrations amounted to \$30,188.50, KIFA contributed



\$20,000 (in 15-16 FY), the office of KI Commissioner contributed \$10,000, the Department of Premier and Cabinet \$3,000, and NRM \$500. The major expenses were catering and entertainment, \$31,243, and administration fees \$20,659.

Environment and Climate

In partnership with PIRSA, DEWNR and Community representatives, Council finalised the **Flood Mitigation Options Study** which investigated the options for flood mitigation for the Island in the form of internal or external drainage, or a water management network capable of handling exceptional weather events and maintaining lagoon water at acceptable levels.

The **Resilient Hills and Coasts Regional Climate Adaptation Plan**, to which Council contributed, was launched in 2017. The plan considers the impacts of climate change and how this might affect Kangaroo Island, with the key aim being to strengthen resilience of the Community, economy and natural environment. Project partners included the Community,

business, academia, government, industry, KINRM, Natural Resources Adelaide and Mount Lofty Ranges, Regional Development Australia and Southern & Hills LGA.

To continue this work, Council, together with **Resilient Hills and Coasts**, was successful in achieving a **SAFECOM** grant under the **National Disaster Resilience Program** (NDRP) of \$70,000 for the Kangaroo Island Hazard Mapping Project.

Grants

Good working relationships with government funding providers and our Community members, including Progress Associations and the RSL, helped us secure positive outcomes for this year's grant applications including the Upgrade of Emu Bay Boating Facility (SABFAC); Brownlow-Kingscote Shared Use Path Stage 4 and Parndana Walking Trail Design (DPTI); Kangaroo Island Hazard Mapping Project (SAFECOM NDRP); Bay of Shoals Breakwater Access; Improved Lighting (DEWNR Recreational Fishing Grant); and Commemorative Signs at Memorial Park (Veterans SA).



Our Island

Healthy natural and cultural environment

Our natural environment has had a major impact on the success of Island businesses and lifestyle. While much of the Island's environmental sustainability rests with DEWNR and KINRM, Council is responsible for its own and Community land, and for sustaining the health and cleanliness of our public areas, both visually and through Council's waste management systems. Council is also involved in large scale and long term issues affecting the Island, such as planning for the effects of climate change.

Waste Management and Collection

Public consultation on the proposed changes to the **Fleurieu Regional Waste Authority (FRWA) Kerbside Waste Collection Policy** (the Policy) ran for 56 days from 9 January to 5 March allowing the Community time to learn about the changes and provide feedback. The process included a series of public consultation sessions conducted by FRWA, which ran back to back over four days in Kingscote, American River, Parndana and Penneshaw, as well as three half-day drop-in days at the Kingscote Town Hall. The sessions were all well attended, attracting a combined audience of 137. The process also included regular updating of the Q&A page on FRWA's and Council's websites as FRWA responded to all new questions.

Council adopted the FRWA Kerbside Waste Collection Policy at its April 2017 meeting, but incorporated into it a number of **amendments** that were suggested by the Community during the public consultation process, such as:

- extending green waste collection boundaries to include additional townships
- reverting to weekly collections of general waste in the weeks before and after Easter
- offering a KIRRC disposal pass to the value of \$25 for non commercial loads following the closure of the bulky waste stations
- allowing people to opt out of receiving the 240L recycling bins if they were concerned about bin weight
- Installing 240L CDL public litter bins (for bottles and cans) in selected locations

Implementation of the Policy commenced in July 2017 beginning with the offer of subsidised kitchen caddy sets, worm farms and compost



bins; the waste disposal pass valued at \$25; and the release of the exceptional circumstances application forms. Fortnightly collections are scheduled to commence in October 2017.

KIRRC Landfill Capping

Following on from the completion last year of Stage 2 of the Kangaroo Island Resource Recovery Centre's Landfill Capping Program, this year saw the completion of Stage 3. An EPA directive Stage 3 cost \$40,000. All putrescible waste has been shipped off the Island for several years. This project finalizes our obligation for EPA requirements of the prior landfilling cells.

Flood Cleanup

Kangaroo Island experienced an intense rain event in Spring 2016 inundating numerous main roads including the western end of Hog Bay Road; Playford Highway near Kingscote, which cut off direct access to Parndana; Arranmore Road and Birchmore Road. Other unsealed roads in the Macgillivray and Cygnet River area were also closed and required repairs. Council staff spent two weeks repairing the unsealed road network and worked with SES on repairing damage caused by flooding in townships. Council also managed the traffic control of the DPTI Road network and completed shoulder repairs under direction from DPTI. Repairs to flood damage from this period cost \$355,000.

Kangaroo Island Monopoly

The well-known **Monopoly board game** received a fresh face in June 2017 with the launch of an Australian regional edition, which features Kangaroo Island in a yellow space. The new board destinations were nominated and voted on in November 2016 by the Australian public. The Island was voted second most popular destination in South Australia, which won it a spot on the board. Mayor Peter Clements flew to Sydney for the official launch.



What a great recognition of Kangaroo Island as one of Australia's most popular tourist destinations - and we didn't even nominate!

Mayor Peter Clements

Tidy-up program

An intensive tidy-up program is now being conducted at **Council campgrounds** and other **recreational areas** prior high visitation periods, with one staff member remaining on duty throughout these periods specifically to keep on top of general maintenance and cleanliness, bin management, gas bottle refills, attending to breakdowns and water supply. The extra attention given to these areas at peak times has been well received by visitors and residents.



Cruise ships

Council has been assisting with cruise ships by providing a general inspector to undertake **traffic and pedestrian monitoring** in the marshalling area at Penneshaw on cruise ship days. We have also offered the use of the town hall in Penneshaw free of charge for the Penneshaw Markets and general cruise ship passenger use on days of inclement weather. The parks and gardens maintenance team has been diverted to put in extra effort to tidying up Penneshaw prior to cruise ship arrivals.

Improving and appreciating the natural environment

Last year Council supported Eco Action and Friends of the Dudley Peninsula in obtaining a Coast Protection Board Coastal Participation grant for the **Pelican**

Lagoon Islets Restoration Project.

The project involved eradication of weeds on Pig Islet in the Marine Sanctuary Zone of Pelican Lagoon, within the Encounter Marine Park, and re-planting with species indigenous to the area.



Council continued to work with the DEWNR in the **cat eradication** project and control of domestic cats.

The **Whale Trail** program, a fully-funded \$25,000 DEWNR grant received in 2014/15, was wrapped up this year with the installation of interpretive signage designed by NRM and assisted by grant partner KI and Victor Harbor Dolphin Watch.

By-law Review

Council reviewed its By-laws in 2016-17, endorsing them at the June 2017 Council meeting. The By-laws will come into effect on 4 November 2017. Of special note:

- **By-law No.8 - Foreshore and Boat Facilities:** the areas where vehicles may be driven or propelled on the foreshore areas from the constructed access roads associated with the listed beaches and bays has been redefined. Maps can be viewed on Council's website.
- **By-law No. 5 – Dogs** Council resolved that there would be no designated off-leash areas; that all fenced public parkland reserves, fenced and unfenced children's playgrounds areas and Council campgrounds are to be designated on-leash areas; and that there are to be no designated

dog prohibited areas. However, under all circumstances, dogs must be maintained under physical control, being either on a leash or under effective voice commands so that the dog hears and responds effectively.

This year Council also introduced **By-law No.7 – Keeping of Livestock, Fowl and Bees 2017**. This was introduced due to increased complaints around the introduction of livestock animals into urban areas in the 24 months leading up to the Review. The complaints were typically in relation to noises, odours and other health concerns.

Pit Remediation

Council continued to implement its **Pit Remediation Program**, rehabilitating a number of paddocks and properties where road material "borrow pits" have been created. Once the pit, or section of the pit has been used, Council reduces the slopes by backfilling the pit with the topsoil and other soil where required. This is an ongoing program and one where we work closely with landowners.



Supporting Our Economy

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

Council is an enabler of economic growth. It does this through infrastructure and service provision and the development and management of land use and development policies.

One of the most significant foundations for growth has been the securing of funding to upgrade the airport. The project has produced a high level of interest from investors leading to new developments, new jobs and a more vibrant economy.

Facilitating change

The upgraded **airport** will be a game changer for long-term economic development on the Island. Currently under-construction and on-track to open in November 2017, the \$18M upgrade, made possible by two \$9M grants from State Government and the Federal Government National Stronger Regions Fund, will enable direct flights from the east coast of Australia, bringing in tourists and helping to take high value local produce to new national and international markets.

Since the announcement of the airport upgrade in December 2015 there has been \$171 million of proposed projects which, when they come to fruition within the next 2-4 years, will strengthen the Kangaroo Island economy providing more jobs and greater business opportunities. Proposed projects include the **American River Resort**, the **Kangaroo Island Golf Course Resort**, **Bickfords Distillery & Restaurant**, **KI Plantation Timbers** and potential development in the **Kingscote wharf precinct** among other projects.

Supporting the Transformation Project

The Commissioner's **Transformation Project** aims to deliver benefits to Kangaroo Island businesses, industry and the local workforce that will arise from developments on the Island. The **Transformation Project** has continued to target workforce participation with business development and coaching programs, all of which are open to the public and local government employees. Council provided financial support for the delivery of Growth Programs which are designed to build on business skills, leadership capacity, support for future leaders, ways to drive growth in micro businesses, and plans for encouraging entrepreneurship. The programs included:

- 90 Day Business Fundamentals
- Digital Marketing and Coaching
- Employee Relations & IR and
- Project Management Fundamentals.

Other funders for the delivery of Growth Programs included the Department of State Development and the Commissioner for Kangaroo Island. Council's allocation of \$40,000 was its second funding

allocation to the Transformation Project. Further funding of \$155,300 through the **Building Better Regions Fund** has also been secured in early FY17-18.



Maintaining DA assessment process efficiency

After introducing a faster Development Application approval process in 2015-16, the Development Services Team continued to monitor its progress and maintain gained efficiencies in core business and delivery of better service.

The Community can access Planning and Development staff weekly, all year round, by appointment on Thursdays, enabling the team to gather accurate information to discuss with the applicant in-person.

Tourism Optimisation Management Model

Council continues to be a key partner in TOMM, a survey managed by Tourism Kangaroo Island, which collects critical information on tourists' views of Kangaroo Island and their experiences here. It also collects residents' views of the Island and feeds this information back to tourism operators and partner organisations to help them gauge people's views and provide more effective services.



Green initiatives

Council is conscious of supporting its green initiatives. Not only is the **Penneshaw CWMS scheme** hooked into solar, we also have **solar systems** at the Council depot and Airport to provide power savings.

In 2016-17 Council made a 54% saving on power at Dauncey Street as compared with 2012/13 costs (prior to installation), and a 45% saving on kWh. Even better figures were achieved for the Airport with a 72% saving on power compared with 2012-13 and 116% savings on kWh.

Council reports on **carbon emissions** annually.



Hybrid vehicles have been integrated into the fleet and these cars are used by Council staff as well as the Commissioner.

Kangaroo Island Council is a lead participant in the State's **electric vehicle charging network** which currently extends from Kangaroo Island, along the Fleurieu Peninsula to Adelaide and into the Adelaide Hills and Clare Valley.

In a recent visit to Kangaroo Island, **Mitsubishi Motors** Corporation (MMC) and Mitsubishi Motors Australia (MMAL) officially extended their support to Kangaroo Island Council to help raise awareness about the benefits of electric vehicle (EV) and plug-in hybrid electric vehicle (PHEV) use on the Island. **MMC donated five recharging units** which were installed at the Airport.

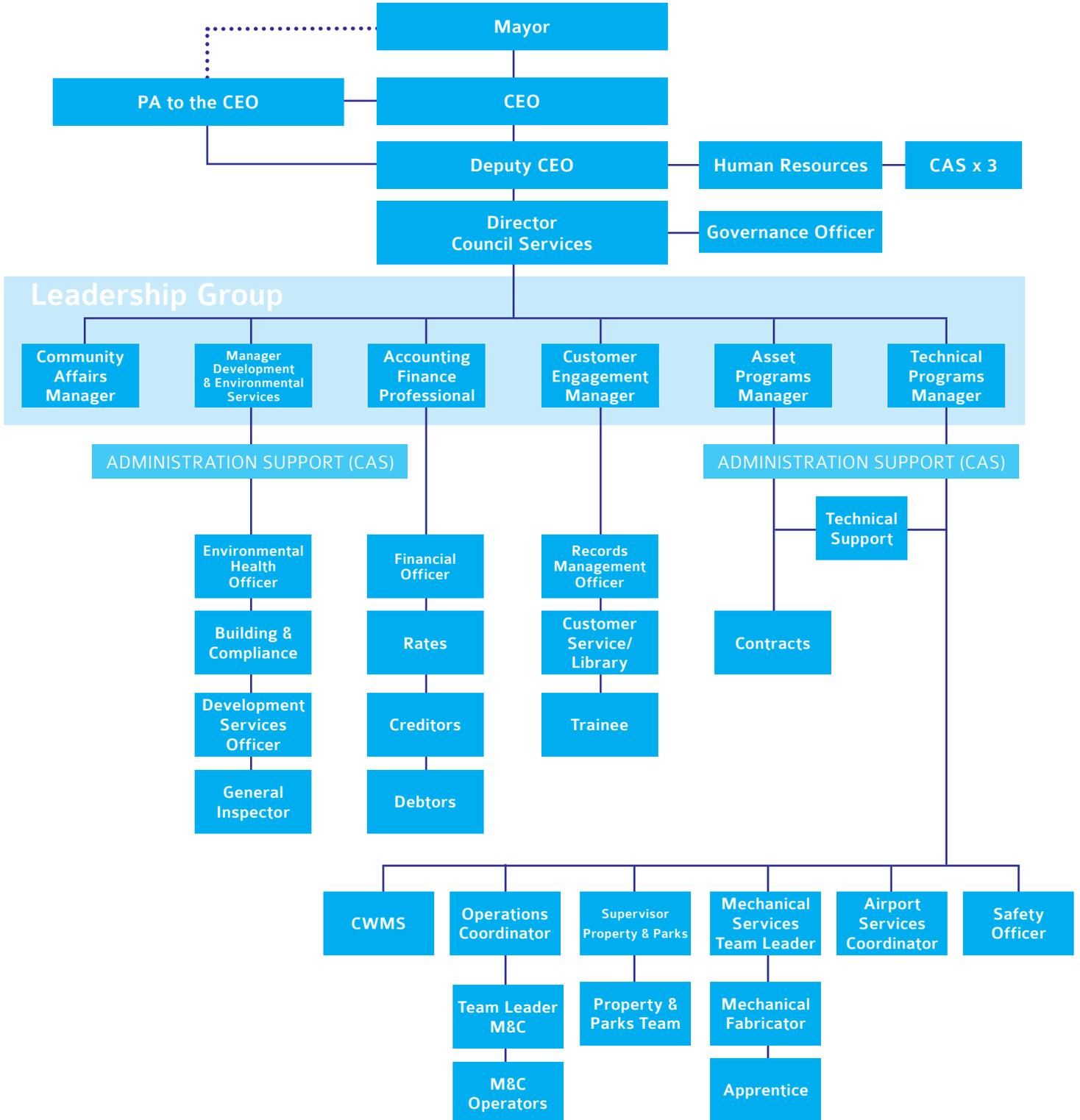


Our Organisation

Internal management and organisational effectiveness

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

As at January 2017



Staff Development Program – 58 Employees

Graduate and Traineeship Program

Our Leadership Team

Council Executive Leadership team

During the period 2016-2017 the Council undertook a leadership restructuring process to appoint a Deputy CEO and recruit internally for the position of Director Council Services. The Executive Leadership team comprises:

- Chief Executive Officer, Andrew Boardman
- Deputy Chief Executive Officer, Ted Botham
- Director Council Services, Nicki Putland



Andrew Boardman
Chief Executive Officer



Ted Botham
Director Council
Services Services



Nicki Putland
Director Council
Services

All managers who form part of the Leadership Team report to the Director Council Services.

Council Leadership Team

- John Howe, Accountant Finance Professional
- John Fernandez, Technical Programs Manager
- Anna Osman, Asset Services Manager
- Danielle Fleet, Customer Service Co-ordinator
- Aaron Wilksch, Development and Environmental Services Manager
- Pat Austin, Community Affairs Manager

Our People

Recognition of Service Awards

this year were awarded to:

- Martin Anderson 10 years
- Ben Perry 15 Years
- Mark Haby 35 years

Training and development is essential in providing our staff with a skill set to ensure they can fulfil the requirements of their roles and meet legislative compliance. Training is identified through the PDP process, needs of the business, and annual budget allocations.

Employee training over the year has included, among others:

- The effect of unconscious bias in the workplace and how to manage it
- Discrimination, bullying and harassment in the workplace
- Community governance and risk management
- Conflict management training
- Fire prevention officer training
- Leadership Success – Leadership Team
- Lead and manage effective workplace relationships
- Manage people performance
- Develop and use emotional intelligence
- Local Nuisance and Litter Control Act - EPA
- Maximising influence and engagement - building cohesive teams
- Fundamentals of project management
- Effective change management
- Business planning and coaching program
- Chainsaw safety
- Forklift training
- Confined spaces

- Human factors and incident investigations
- Animal management workshop
- Facilitate individual and team vision, values and behaviours in the workplace
- Develop self-awareness, responsibility and accountability in the workplace
- Team and individual coaching in the workplace
- Mechanical maintenance supervisor training

Council also participates in the **Regional Youth Traineeship Program**. This initiative is funded through the State Government’s Job Accelerator Fund and provides an invaluable opportunity for trainees to learn skills in a supportive workplace and set them on a pathway to a successful career. This year Council was successful in obtaining two traineeships. The successful applicants were Anthony Anderson and Jed Bald. Anthony and Jed will undergo training in Construction, Parks & Gardens, Maintenance and CWMS. They will also complete a Certificate III in Local Government (Operational Works) during their traineeship.

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

- yearly health assessments through the LGAWCS program – this year employees were offered a 60 minute health assessment + phone coaching service
- Helping your mates workshop – healthy lifestyles program
- flu vaccinations, which are offered annually
- skin cancer screenings through the LGAWCS program.

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

Council undertook its second **employee engagement survey**, which returned great results. Council looked at areas such as supportive leadership, co-worker interaction, employee development and goal alignment.

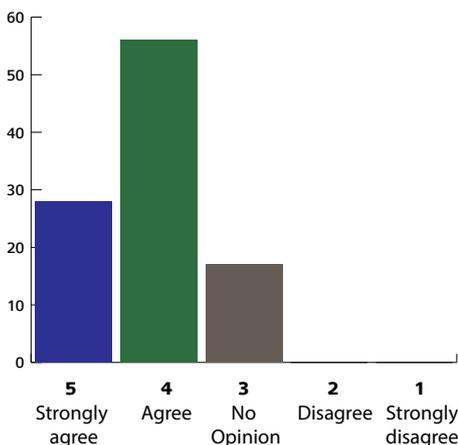
Our Workplace

Kangaroo Island Council experienced **no industrial issues** affecting the workplace in 2016-17. Further to this, the 2017 EBA was successfully negotiated with only two meetings being held.

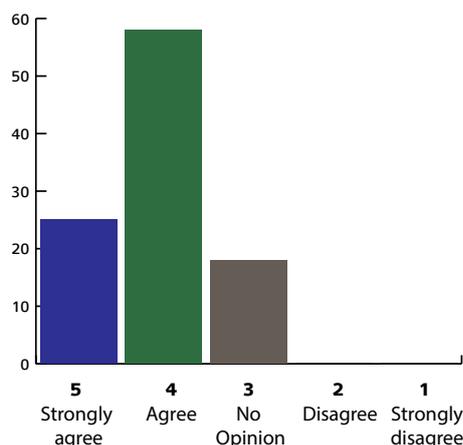
This is a pleasing outcome and largely the result of our leadership’s commitment to fostering positive employee relations.

Council maintains its commitment to equal employment opportunities, guided by its **Equal Opportunity Policy**. Council staff span a wide range of age groups ranging from 18 years to over 65 years of age. We also maintain a relatively balanced gender representation. In 2016-17 three of the six managers in the Leadership team, and one of the three executive team members is female. Council is also committed to providing a working environment free from discrimination, harassment and workplace bullying.

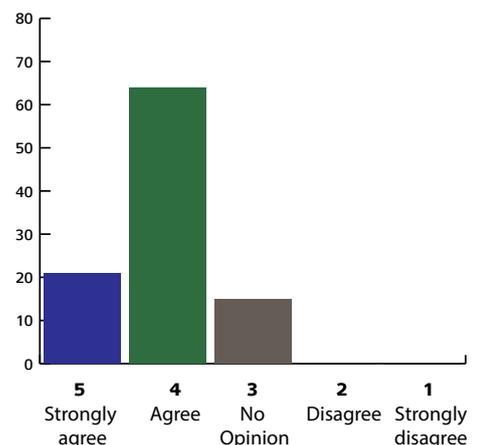
Supportive Leadership



Role Clarity



Participative Decision Making





Section 2:

Governance

Council and Council meetings

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

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

Ten of the 12 meetings throughout the year were held in the Council Chambers in Kingscote, with the remaining two held in American River and Penneshaw.

Public forum

Monthly Council meetings held outside of Kingscote commence with a Community engagement session to provide an opportunity for remote residents to meet with Elected Members before the Council meeting. The public is encouraged to attend. At all Ordinary Meetings of Council, formal provision is also made for Petitions, Deputations and Questions from the Gallery.

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

Elected Member Attendance 2016-17

COUNCILLOR	MEETING TYPE	% ATTENDANCE	TOTAL
Cr Denholm	Council	92%	11
	Informal Gathering	93%	14
	Special Council	75%	6
Cr Willson	Council	83%	10
	Informal Gathering	80%	12
	Special Council	63%	5
Cr Liu	Council	67%	8
	Informal Gathering	27%	4
	Special Council	38%	3
Mayor Clements	Council	92%	11
	Informal Gathering	93%	14
	Special Council	75%	6
Cr Tydeman	Council	58%	7
	Informal Gathering	33%	5
	Special Council	63%	5
Cr Turner	Council	83%	10
	Informal Gathering	93%	14
	Special Council	100%	8
Cr Ricketts	Council	100%	12
	Informal Gathering	100%	15
	Special Council	100%	8
Cr Masters	Council	100%	12
	Informal Gathering	87%	13
	Special Council	75%	6
Cr Kauppila	Council	75%	9
	Informal Gathering	67%	10
	Special Council	63%	5

Committees

Section 41 Committees

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

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

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

Other Committees and Panels

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

Council Representation on Various Committees

Section 41 Committees

COMMITTEE	MEMBERSHIP	ROLE/FUNCTION
Audit Committee 2 meetings held 20/04/2017 31/10/2016	Mayor Clements Crs Willson, Tydeman & Ricketts Independent Chair Mr Bill Cossey (deceased) Advice – CEO, DCS, FM, & APM	Reviews the Annual Financial Statements to ensure they present fairly the state of affairs of the Council. Also includes matters such as: proposing and providing information relevant to the Council's Strategic Management Plans or Annual Business Plans. examining and reviewing any other matter relating to financial management, or the efficiency and economy with which the Council manages or uses its resources to achieve its objectives. Liaises with the Council's auditor. Reviews the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Council on a regular basis.
Awards & Grants Assessment Panel	Crs Tydeman, Denholm & Kauppila Mayor Clements (ex-officio) (term of Council) Advice – CAM	Determines the winners of Council awards and distribution of the Community Partnership Grants Scheme funds.
Boating Facilities	Mayor Clements Crs Denholm & Ricketts, Community Reps Graeme Connell, Art Hay, Des Lanthois, Les Field & Tim Williams Advice - Crs Turner & Willson, DCS & TPM	Discusses and recommends actions regarding the Council-owned or managed boating facilities on Kangaroo Island.

COMMITTEE	MEMBERSHIP	ROLE/FUNCTION
Finance Committee 3 meetings held 04/05/2017 01/03/2017 31/10/2016	Mayor Clements Crs Kauppila, Willson, Denholm & Turner Advice - CEO, DCS & FM	Ensures legislative compliance. Considers reports on Council's performance against budget. Considers reports on the immediate and long term financial plans of Council. Considers alignment of Council priorities with the Strategic Management Plan and other plans. Considers items such as infrastructure needs, budget appropriations as recommended by other Committees and asset replacement and construction.
Community Centres	Dissolved as a Section 41 October 2016 – now run as the Community Centres Working Group	
Community Passenger Network	Dissolved June 2016	
Kangaroo Island Youth Council	Dissolved June 2016	

Regional Subsidiaries (Section 43)

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

Development Act

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

Internal Operational Committees

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

External Committees / Boards

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

Scheme of Delegation

By the direction of the *Local Government Act (1999)* S44: **“A Council may delegate a power or function vested or confirmed under this or another Act”**. By Motion of Council [C698:2016], the chief executive officer has been provided with the decision making powers in terms of prescribed actions in order for Council to manage its operations. By the direction of the *Local Government Act (1999)* S101(1) and through Motion of Council [C698:2016], **“the chief executive officer may delegate (or sub-delegate) a power or function vested or confirmed in or on the chief executive officer under this Act”**. These delegations have been granted to specific staff positions in order that those staff can carry out their roles and responsibilities. The delegation of powers occurs on an annual basis.

Council Allowances

Elected Members

Elected Members’ allowances are determined by the State Government’s Remuneration Tribunal. The annual allowances as of 7 November 2016 for 12 months were:

- Councillor \$9,315
- Deputy Mayor \$11,644
- Mayor \$37,260

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

ELECTED MEMBER	REIMBURSEMENT ALLOWANCE
Mayor Clements	\$ 18,012.43
Cr Denholm	\$ 2,377.55
Cr Willson	\$ 2,299.49
Cr Kauppila	\$ 11.27
Cr Tydeman	
Cr Turner	\$ 58.87
Cr Liu	\$ 3.92
Cr Ricketts	\$ 2,869.68
Cr Masters	\$ 356.94
GRAND TOTAL	\$ 25,990.15

In addition, the Section 41 Audit Committee Chair, Mr Bill Cossey (deceased), received \$2,274.00 in allowances from Council, including sitting fees and travel disbursements.

Executive Management

Council has three senior executive officers. Salary packages for members of the Executive Leadership Team include items such as superannuation and use of motor vehicles. All salaries and benefits for senior management are recorded in the salaries register which is available on request.

Training and Development for Elected Members

The following training and development sessions were attended by Elected Members during the 2016–17 financial year.

COUNCILOR	TRAINING
Mayor Peter Clements	Local Government Mayors' Seminar KelliedyJones Lawyers - Planning Reform & Changes to Council's DAP Panel LGA Information Sharing Guidelines – Decision Making. Kelliedy Jones Lawyers – Implications of the Local Government Act (Accountability and Governance) Act 2015 on Conflicts of Interest.
Deputy Mayor Graeme Ricketts	The Development Assessment Process: Understanding the process form lodgement to approvals Community Governance and Risk Management LGA Information Sharing Guidelines – Decision Making. Kelliedy Jones Lawyers – Implications of the Local Government Act (Accountability and Governance) Act 2015 on Conflicts of Interest.
Cr Peter Denholm	KelliedyJones Lawyers - Planning Reform & Changes to Council's DAP Panel Community governance and risk management LGA Information Sharing Guidelines – Decision Making. Kelliedy Jones Lawyers – Implications of the Local Government Act (Accountability and Governance) Act 2015 on Conflicts of Interest.
Cr Sharon Kauppila	KelliedyJones Lawyers - Planning Reform & Changes to Council's DAP Panel The Development Assessment Process: Understanding the process form lodgement to approvals LGA Information Sharing Guidelines – Decision Making. Kelliedy Jones Lawyers – Implications of the Local Government Act (Accountability and Governance) Act 2015 on Conflicts of Interest.
Cr Ken Liu	LGA Information Sharing Guidelines – Decision Making.
Cr Pip Masters	KelliedyJones Lawyers - Planning Reform & Changes to Council's DAP Panel Community Governance and Risk Management LGA Information Sharing Guidelines – Decision Making. Kelliedy Jones Lawyers – Implications of the Local Government Act (Accountability and Governance) Act 2015 on Conflicts of Interest.
Cr Larry Turner	LGA Information Sharing Guidelines – Decision Making. Kelliedy Jones Lawyers – Implications of the Local Government Act (Accountability and Governance) Act 2015 on Conflicts of Interest.
Cr Cathie Tydeman	LGA Information Sharing Guidelines – Decision Making.
Cr Joy Willson	Community Governance and Risk Management LGA Information Sharing Guidelines – Decision Making. Kelliedy Jones Lawyers – Implications of the Local Government Act (Accountability and Governance) Act 2015 on Conflicts of Interest.

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

Section 90(1) of the *Local Government Act 1999* determines that Council meetings, and meetings of Committees of Council, are to be held in a place that ensures public access. On occasions this principle is outweighed by considerations for the need to keep information or discussions confidential. Section 90(2) of the *Local Government Act 1999* allows that the public may be excluded from attendance for certain matters listed in section 90(3). Section 91(7) then allows for matters deemed confidential under section 90(2) to be excluded from the requirement for minutes to be placed on public display and available for inspection.

During 2016–17, provisions of the *Local Government Act 1999* section 90(2) were utilised 12 times, or for 4.1% of the total agenda items considered.

They are summarised below:

(a)	Matters relating to the personal affairs of a person	5
(d)	Matters relating to commercial information	2
(g)	Matters relating to Court Order or direction	3
(j)	(j) information the disclosure of which -	2
	(i) would divulge information provided on a confidential basis by or to a Minister of the Crown, or another public authority or official (not being an employee of the council, or a person engaged by the council); and	
	(ii) would, on balance, be contrary to the public interest;	
TOTAL		12

Details on the use of 90(2) Order to Exclude and 91(7) Confidentiality Orders during the 2016-17 Financial Year are:

MEETING DATE	LG ACT SECTION	ITEM DETAILS
27-Oct-16	90(3)(a)	CEO Annual Review Process
8-Nov-16	90(3)(g)	Legal Matter
8-Nov-16	90(3)(g)	Organisational Chart
8-Nov-16	90(3)(j)	Special Event
13-Dec-16	90(3)(g)	Legal Matter - Business Arising from In-confidence Minutes 18.2 - 8/11/16
14-Mar-17	90(3)(d)(i&ii)	Airport Upgrade Project
14-Mar-17	90(3)(a)	Nominations for the Premier's Award for Outstanding Community Service
16-Mar-17	90(3)(a)	Code of Conduct 2017/01
20-Apr-17	90(3)(d)(i&ii)	Kingscote Wharf
9-May-17	90(3)(a)	Code of Conduct 2017/01
9-May-17	90(3)(j)	Special Event
13-Jun-17	90(3)(a)	Code of Conduct Report

Four confidential items were revoked, none expired and none ceased to apply during the financial year with 169 items still remaining in confidence, detailed in the table on the following page.

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

MEETING DATE	LG ACT SECTION	ITEM DETAILS
8-Mar-11	90(3)(a)	Code of Conduct Report 1 (sealed)
8-Mar-11	90(3)(a)	OH&S Incident Report (sealed)
29-Mar-11	90(3)(a)	Business Arising - 8/3/11 Meeting
13-Apr-11	90(3)(b)	Sale of Lot 4 Hog Bay Road, Hd Dudley
4-May-11	90(3)(b)	Code of Conduct Issue
4-May-11	90(3)(a)	Code of Conduct Report 2
4-May-11	90(3)(a)	Cr Walkom - Question on Notice - 7/1/11 Meeting
4-May-11	90(3)(a)	Recruitment Process
11-May-11	90(3)(d)	Commercial Lease Discussion
11-May-11	90(3)(a)	Staff Correspondence
25-May-11	90(3)(a)	CEO Appointment Process
8-Jun-11	90(3)(d)	Commercial Lease Discussion
8-Jun-11	90(3)(a)	Staff Request
30-Jun-11	90(3)(a)	CEO Appointment
30-Jun-11	90(3)(b)	Lot 4 Hog Bay Road, Baudin Beach, Hd Dudley
5-Jul-11	90(3)(a)	CEO Appointment
13-Jul-11	90(3)(d)	Commercial Lease Discussion
13-Jul-11	90(3)(d)	Kingscote Airport Garaging Facilities
17-Aug-11	90(3)(b)	Potential for Land Exchange
21-Sep-11	90(3)(b)	Lot 4 Baudin Beach
2-Nov-11	90(3)(a)	CEO Performance Review Report
9-Nov-11	90(3)(a)	CEO Performance Report
14-Dec-11	90(3)(a)	Mr & Mrs Felix, Howard Drive, Penneshaw
18-Jan-12	90(3)(a)	CEO Contract Variation (sealed)
18-Jan-12	90(3)(a)	CEO Recruitment Panel Update (sealed)
18-Jan-12	90(3)(a)	Cr Walkom - Notice of Motion (sealed)
18-Jan-12	90(3)(a)(h)	Vehicular Access Howard Drive, Penneshaw
8-Feb-12	90(3)(a)	Lot 4 Baudin Beach
28-Feb-12	90(3)(a)	CEO Review
14-Mar-12	90(3)(a)	CEO Review (sealed)
20-Mar-12	90(3)(a)	Organisational Restructure
11-Apr-12	90(3)(b)(i&ii)	Confidential Land Lease
11-Apr-12	90(3)(a)	Confidential Mayor's Report (sealed)

MEETING DATE	LG ACT SECTION	ITEM DETAILS
13-Jun-12	90(3)(a)(h)	Legal Advice
13-Jun-12	90(3)(d)(i&ii)	Penneshaw Penguin Centre Lease
13-Jun-12	90(3)(a)	Waste Management - Waiver Request
11-Jul-12	90(3)(d)(i&ii)	Commercial Correspondence
11-Jul-12	90(3)(a)(h)	Deputation - Unmade Public Road
11-Jul-12	90(3)(a)	Desal Drive
11-Jul-12	90(3)(a)(h)	ERD 12/157 - Illegal Development
15-Aug-12	90(3)(a)(h)	Desal Drive, Penneshaw - G & S Dobson
31-Aug-12	90(3)(a)	Ombudsman's Draft Report
14-Nov-12	90(3)(a)	Purchase Land - Sec 451 Shell Track
12-Dec-12	90(3)(a)	CEO Review Report (sealed)
13-Feb-13	90(3)(a)	Rates Rebate Request
13-Mar-13	90(3)(a)	Request for Rate Rebate
13-Mar-13	90(3)(a)(i)	Unauthorised Development - Vivonne Ave, Kct
10-Apr-13	90(3)(a)	Assessment Rebate Request
10-Apr-13	90(3)(a)	Expiation Issues
8-May-13	90(3)(d)(i&ii)	Land Sale
8-May-13	90(3)(e)	Lot 101, Hog Bay Rd (Old Penn Tip)
8-May-13	90(3)(h)	Mayor's Legal Advice (sealed)
8-May-13	90(3)(d)(i&ii)	Rates Rebate
12-Jun-13	90(3)(a)	2012/13 In-confidence Items
12-Jun-13	90(3)(a)	Assessment Rebate Request
12-Jun-13	90(3)(a)	CEO Review Panel Report (sealed)
12-Jun-13	90(3)(a)	Correspondence from Cr Walkom (sealed)
12-Jun-13	90(3)(g)	DS – ERD Court Appeals – Update
10-Jul-13	90(3)(a)	Lot 101, Hog Bay Road
14-Aug-13	90(3)(a)	CEO Annual Review Process (sealed)
11-Sep-13	90(3)(a)	Request for Rate Assistance
8-Oct-13	90(3)(a)(h)	OH&S Responsibilities & Legal Advice (sealed)
30-Oct-13	90(3)(a)	CEO Performance Review
30-Oct-13	90(3)(a)	Organisation Performance Review
1-Nov-13	90(3)(a)(h)	OH&S Update

MEETING DATE	LG ACT SECTION	ITEM DETAILS
13-Nov-13	90(3)(a)	Community Service Award
13-Nov-13	90(3)(a)	Cr Walkom – QON Special Cncl Mtg 8.10.13
13-Nov-13	90(3)(a)	Lot 101 Penneshaw
13-Nov-13	90(3)(a)	Request from a Ratepayer
11-Dec-13	90(3)(a)(b)	
	(d)(g)(h)	2004/07 In-confidence Items
11-Dec-13	90(3)(g)	Sec 84 Dev Act – Costs Report
22-Jan-14	90(3)(d)(i&ii)	Land Sale (excluding Council decision)
29-Jan-14	90(3)(a)	CEO Review Panel Report (sealed)
12-Feb-14	90(3)(a)	Cr Walkom - QON - Court Action
12-Feb-14	90(3)(a)	Rating Matter
12-Feb-14	90(3)(a)	Staff Matter
12-Mar-14	90(3)(a)	Rates Outstanding 3+ Years (excluding Council decision)
14-Mar-14	90(3)(a)	Employee Update
9-Apr-14	90(3)(b)(i&ii)	26 March 2014 Workshop Notes (report sealed)
9-Apr-14	90(3)(e)	5 March 2014 Workshop Notes (report sealed)
9-Apr-14	90(3)(a)	Code of Conduct 01/2014 (report sealed)
26-May-14	90(3)(a)	Code of Conduct 04/2014
11-Jun-14	90(3)(h)	Mayor's Legal Advice
18-Jun-14	90(3)(a)	Code of Conduct 06/2014
26-Jun-14	90(3)(a)	Code of Conduct 07/2014 & 08/2014
9-Jul-14	90(3)(a)	CEO Review Panel Report
9-Jul-14	90(3)(a)	Code of Conduct 05/2014 Assessment from the LGGP
9-Jul-14	90(3)(a)	Code of Conduct 09/2014
9-Jul-14	90(3)(a)(h)	Cr Walkom Notice of Motion - Mayors Legal Advice
10-Jul-14	90(3)(a)	Code of Conduct 07/2014 Final Report
10-Jul-14	90(3)(a)	Code of Conduct 08/2014 - Final Report
10-Jul-14	90(3)(a)	Code of Conduct 08/2014 - Final Report
13-Aug-14	90(3)(a)	COC 10/2014 Final Report
13-Aug-14	90(3)(a)	Staff Exit Interview Report

MEETING DATE	LG ACT SECTION	ITEM DETAILS
20-Aug-14	90(3)(a)	CEO Performance Review
8-Oct-14	90(3)(h)	Legal Advice
20-Nov-14	90(3)(a)	Appointment of Independent DAP Members - Attachments Only
9-Dec-14	90(3)(a)	Commercial Lease
20-Jan-15	90(3)(a)	Code of Conduct 2015/01
20-Jan-15	90(3)(a)	Nominations for DAC
20-Jan-15	90(3)(a)	Outstanding Rates Payment request
10-Feb-15	90(3)(a)	Rates Payment Arrangement
10-Mar-15	90(3)(a)	Non Payment of Rates
14-Apr-15	90(3)(k)	ICT Service Agreement
14-Apr-15	90(3)(a)	Soldier Memorial Gates
30-Apr-15	90(3)(a)	Code of Conduct 2015/04
12-May-15	90(3)(a)	Request for rates refund / waiver
9-Jun-15	90(3)(g)	2015-01- 2015-03 Code of Conducts verbal update - COC's finalised
9-Jun-15	90(3)(g)	In-confidence Items - Annual Review
14-Jul-15	90(3)(g)	Camper Vans on Public Places
18-Aug-15	90(3)(a)	Code of Conduct 2015/04
18-Aug-15	90(3)(a)	Code of Conduct 2015/05
18-Aug-15	90(3)(a)	Legal Matter
8-Sep-15	90(3)(a)	Code of Conduct 2015/07
13-Oct-15	90(3)(a)	Confidential Report to Mayor
13-Oct-15	90(3)(d)(i&ii)	Island Development #1
13-Oct-15	90(3)(d)(i&ii)	Island Development #2
10-Nov-15	90(3)(a)	CEO Review
8-Dec-15	90(3)(g)	Legal Advice #2
8-Dec-15	90(3)(g)	Legal Advice
8-Mar-16	90(3)(g)	Audit Committee Minutes
27-Oct-16	90(3)(a)	CEO Annual Review Process
8-Nov-16	90(3)(g)	Legal Matter
8-Nov-16	90(3)(g)	Organisational Chart
13-Dec-16	90(3)(g)	Legal Matter - Business Arising from In-confidence Minutes 18.2 - 8/11/16
14-Mar-17	90(3)(d)(i&ii)	Airport Upgrade Project
16-Mar-17	90(3)(a)	Code of Conduct 2017/01
20-Apr-17	90(3)(d)(i&ii)	Kingscote Wharf
9-May-17	90(3)(a)	Code of Conduct 2017/01
9-May-17	90(3)(j)	Special Event

Procurement and Competitive Tender

The Council has endorsed a Procurement Policy (incorporating Contracts and Tenders and Sales and Disposals of Land) which commits to delivering cost-effective services to our Community while supporting local businesses where possible. Further, to ensure a “fair go” for local businesses, Council applies a Local Content Weighting for all tenders. The Procurement Policy is also mindful of the *Government Business Enterprises (Competition) Act 1996*. The contracting of significant works or services is released to open competitive tender unless there are mitigating reasons, for example, specialist expertise is required, and then a limited select tender process is carried out. While the policy has a focus on buying locally, there remains a commitment to ensuring the best value for money is received.

Council has a complaints mechanism in place and in 2016–17 no complaints were received with regard to Competitive Neutrality.

List of Registers and Codes required to be kept

Register of By-Laws
Register of Campaign Donation Returns
Register of Confidential Items
Register of Development Approvals
Register of Elected Members' Allowances and Benefits
Register of Elected Members' Interests
Register of Public Roads
Register of Departmental Heads and Interests
Register of Salaries and Allowances
Register of Community Land
Register of Registered Cats
Register of Registered Dogs

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

As required by Legislation, Council By-laws were reviewed during 2016-17, inclusive of a full public consultation process. The revised Council By-laws will come into effect early in the 2017-18 financial year.

Code of Conduct

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

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

A similar Code of Conduct, applicable to Council Employees, was established by Legislation and endorsed by Council on 14 February 2014, which also underwent Periodic Review in June 2017. The full Codes of Conduct and other policies pertaining to the behaviour of Elected Members and Council Employees may be found at the Council's website www.kangarooisland.sa.gov.au or at 43 Dauncey St, Kingscote.

Code of Conduct for Council Employees Policy

Code of Conduct for Elected Members Policy

Development and Assessment Panel (DAP) Code of Conduct

Codes of Practice

Access to Council Meetings and Documents

Roadside Signage and Display Permit and Regulation

Meeting Procedures

Documents

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

Documents include but are not limited to:

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

Freedom of Information

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

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

There were 5 requests for information from 1 July 2016 to 30 June 2017.

NEW APPLICATIONS	5
Applications brought forward from previous year	0
Access granted in full	5
Access granted in part	0
Access refused	0
Transferred	0
Closed/withdrawn	0
Undetermined at 30 June 2016	0
Internal review – decision confirmed	0
Internal review – decision varied	0

Time Limits

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

Exemptions

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

Internal Review of Council Decisions

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

Council Representation Quota Review

Commencing April 2016, Council completed a review of its elector representation arrangements, including its composition and ward structure, in accordance with the requirements of Section 12(4) of the *Local Government Act 1999* [the Act]. The Review was completed and endorsed by the Electoral Commissioner of South Australia [ECSA] on 14 February 2017 [see below]. The Review was completed within time and under-budget.

Pursuant to Section 12 (13) (a) of the Act, the Electoral Commissioner has certified that the review undertaken by Council satisfies the requirements of Section 12 of the Act. As such, the following structure will be put into effect as from the day of the first general election held after the publication of this notice.

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

Community Land

The major review and update of the Community Land Register [the Register] was completed and approved by the Minister in June 2016. The Register is now updated on an as-required basis and is available on Council's website www.kangarooisland.sa.gov.au or at 43 Dauncey St, Kingscote. Council maintains leases and permits for the use of Community Land. This process is regularly reviewed and improved upon.



SECTION 3

Finance Report 2016-17 year

This is the seventh consecutive year that Council's external Auditors, Deloitte, have issued Council with an unqualified audit opinion. This confirms Council's financial accounts for the 2016-17 financial year are represented fairly, in all material respects, and that Council's financial performance for the year ended in accordance with accepted accounting standards and legislative requirements. Council's 2016-17 Annual Financial Statements were formally adopted on 14 November 2017.

This continues Council's goal to preserve an unqualified audit position, and it has been achieved by the combined efforts of Council staff, who have demonstrated ongoing financial responsibility, providing confidence in their ability to manage Council's finances, and to produce accurate and timely reports.

This year has seen another positive return for Council with a net surplus of \$1,028,000. This result, while positive, is a reduction on last year's net surplus of \$2.8M.

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

- **Operating Grants** increased by \$1.45M, (up from \$1.9M in 2016 to \$3.4M in 2017). An advance payment was made in June 2017 of \$944,136 being 50% of the estimated Financial Assistance Grant Scheme (FAGS) payment for 2017-18. This receipt being reported in 2016-17, represents a significant proportion of the increase in grant income for 2016-17.
- **Physical resources** received free of charge in 2017 remained at similar levels to that received during 2016 (\$2.02M). These comprise works provided to the Kangaroo Island Council by DPTI – as well as other physical resources received free of charge from private development.
- **Reimbursements** increased from \$550K to \$1.75M. 2017 saw an increase in private works jobs undertaken for Government agencies and for private business.
- The 2016-17 results show a decrease in **User Charges** from \$1,072K in 2016 to \$1,041M in 2017. Council's investment in the Kangaroo Island Airport has seen an increase in aerodrome fees collected during 2017, up by \$13K from 2016, Hall & Equipment hire has also increased from 2016 results (up by \$6K in 2017), however other user charges were down for FY2017.

- In line with **Accounting Standards** the work on the Kangaroo Island Airport which continued in 2017 forms part of Council's works in progress until the project is completed in 2017-18.
- In line with the two funding agreements (South Australian State Government (\$9M), and the Commonwealth's National Stronger Regions Fund (\$9M)), and Council's Accounting Policy, the \$18M funding Council received during 2017 for the Kangaroo Island Airport redevelopment will be recorded as **income received in advance**, to be recognised over the life of the assets during the next 20 years. Completion of the redevelopment project is expected in 2017-18.
- **Total expenses** were up \$1.13M compared with the previous year. The largest increase in costs is attributable to materials, contracts and other expenses where costs were up by \$890K in FY2017. This increase in expenditure reflects an increased contribution to Council grant expenses in FY2017 compared with FY 2016 (Sponsorship, Council Capital Infrastructure Grants and Community Partnership Grants). Council also outlaid more on contractual services, plumbing, electrical and consultants.
- FY2017 shows an **increase in depreciation** of \$138K from FY2016, which is largely attributable to the upgrade of CWMS assets for Elizabeth, Margaret and Todd Streets, Kingscote undertaken in FY2016. It is expected that depreciation costs will continue to increase in future years as the Penneshaw CWMS scheme, and the Kangaroo Island Airport projects are completed.

Deloitte continues with their four year audit engagement, following the cessation of their previous contract at the end of the FY 2015 audit. Audit fees for FY 2017 were paid in line with the current service agreement: \$36K for the internal and external audit of our financial accounts and grant agreements, and \$5.6K for associated disbursements.

Financial Sustainability/Long Term Financial Planning

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

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

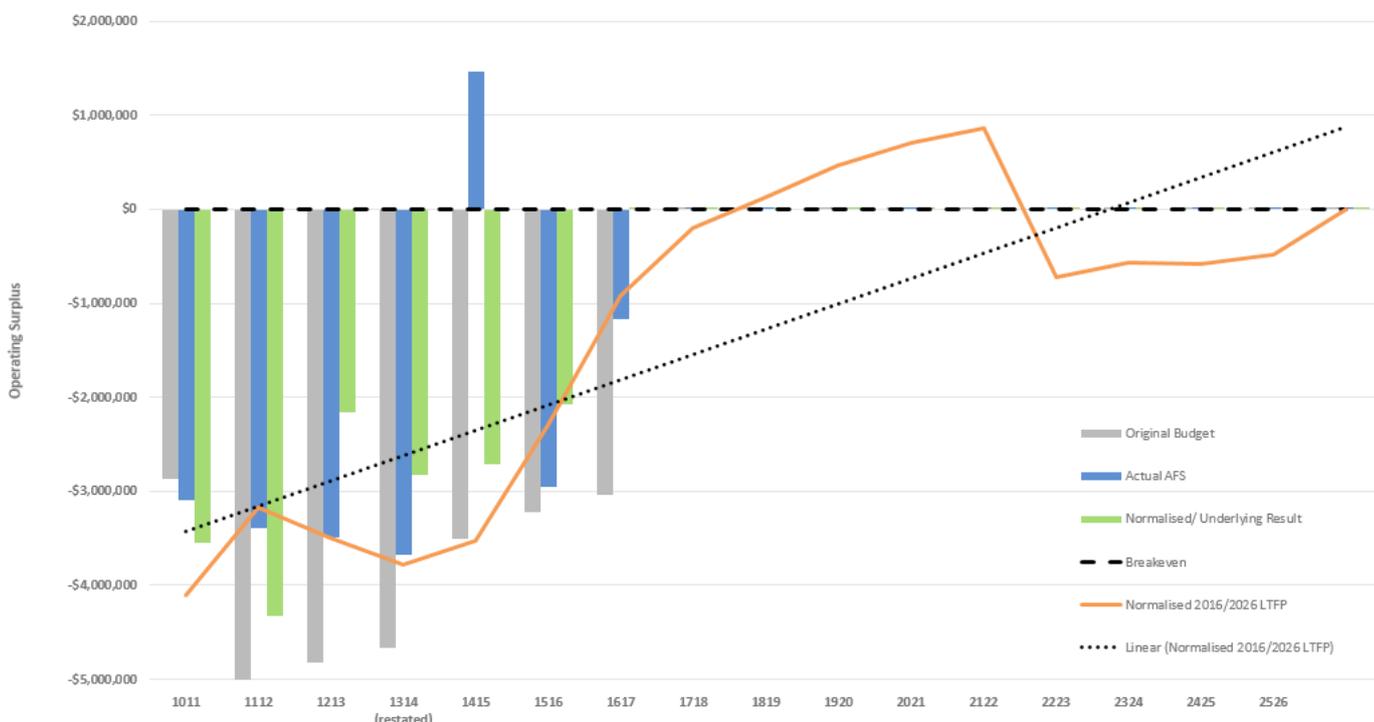
The most recent Long Term Financial Plan (LTFP) was adopted in May 2017 after Council presented an updated version to its Audit Committee for review on 20 April 2017.

Key conclusions of the proposed LTFP:

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

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

Operating Surplus Position



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

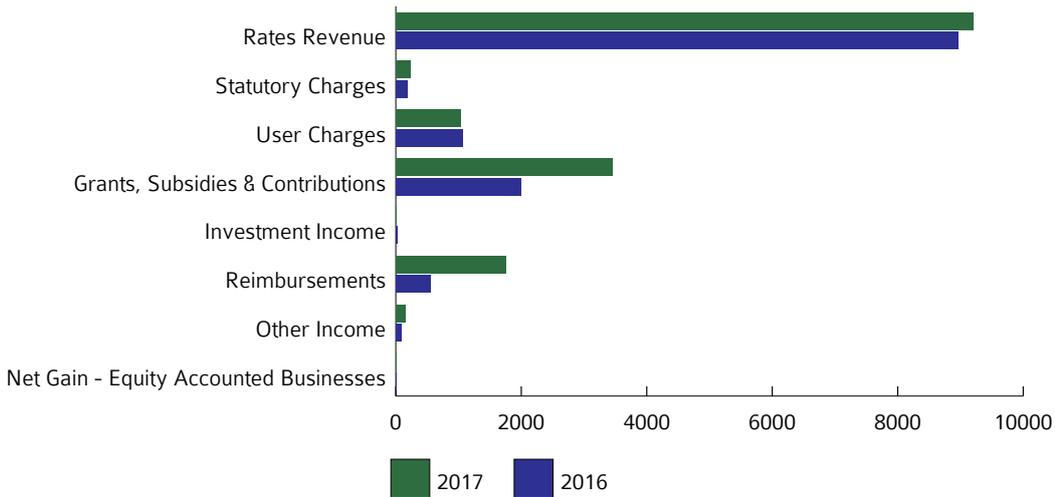
Council’s LTFP is reviewed annually once the audited accounts for the previous financial year are completed – it is expected that further fine-tuning and changes will be made as Council continues to explore other options to manage the gap between available funding and the needs of the Strategic Integrated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

Funding

During 2016-17, Council continued to rely heavily on rates (58% of revenue, compared to 69% last year) and total grants (22%, compared to 15% last year) as its prime revenue sources. Reimbursement income is also higher in 2017 (11% compared to 4% last year).

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

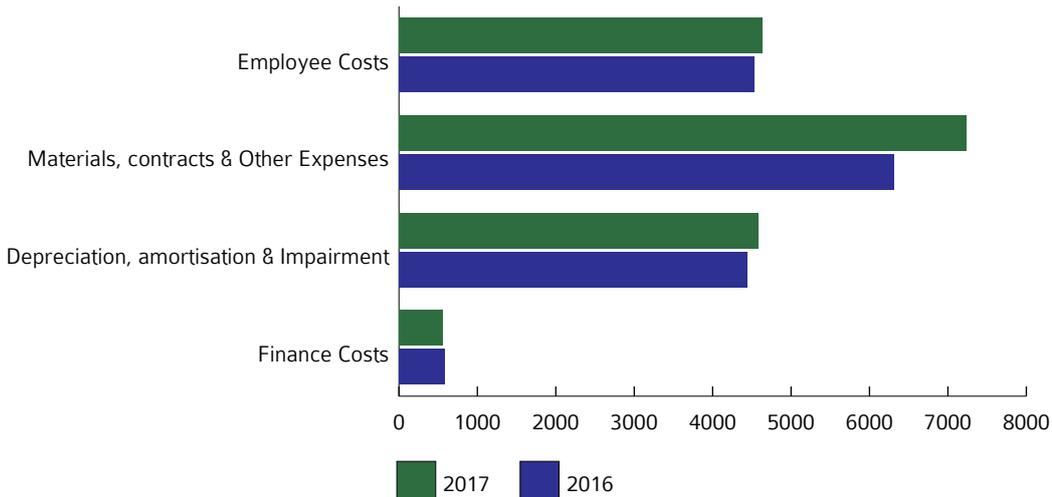
Chart 1: 2017 Revenue Sources



Expenditure

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

Chart 2: 2017 Expenditure Areas



Borrowings / Debt Management

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

Outstanding borrowings as at 30 June 2017 are \$15.03M, an increase in borrowings from \$12.19M the previous year. Council’s long-term financial plan provides for borrowings of \$1.5M each year to fund capital expenditure (new, renewed, and upgrade). This, combined with temporary loans put in place to cover cash shortfalls incurred during receipt/expenditure timing differences on the Airport redevelopment project, as well as, loans to complete the Penneshaw CWMS project has resulted in an increase in borrowings in FY2017.

Financial Indicators

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

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

Table 1: Financial Indicators

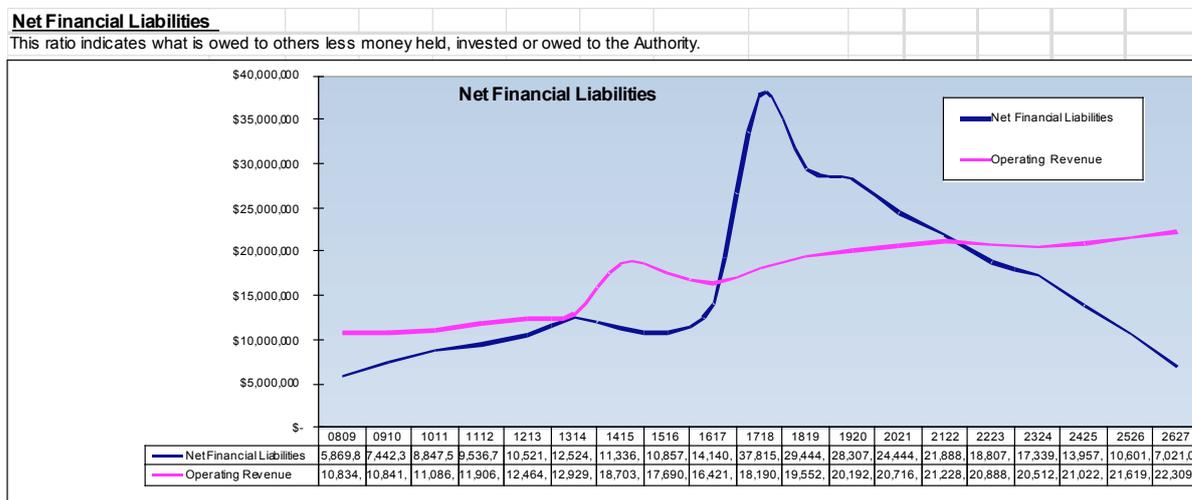
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Operating Surplus/deficit	-\$2,070,764	-\$3,091,720	-\$3,390,953	-\$3,492,210	-\$3,678,326	\$1,462,932	-\$2,951,000	-\$1,166,000
Operating Surplus Ratio	-19%	-28%	-28%	-28%	-28%	8%	-23%	-7%
Net Financial Liabilities	\$8,509,115	\$9,967,388	\$10,025,085	\$11,332,754	\$13,479,081	\$12,313,847	\$11,900,000	\$17,256,000
Net Financial Liabilities Ratio	78%	90%	84%	91%	104%	70%	84%	113%
Asset Sustainability Ratio	26%	50%	6%	31%	60%	103%	19%	47%

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

The Asset Sustainability Ratio figure for 2016-17 should be read in context of the positive impact of the State Government’s annual, ongoing \$2M Regional Road Infrastructure program.

Council’s Net Financial Liabilities Ratio is higher than 100% but is as expected. This trend is in line with Council’s 2017-27 Long-term Financial Plan.

The graph below illustrates this trend.



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

Rates

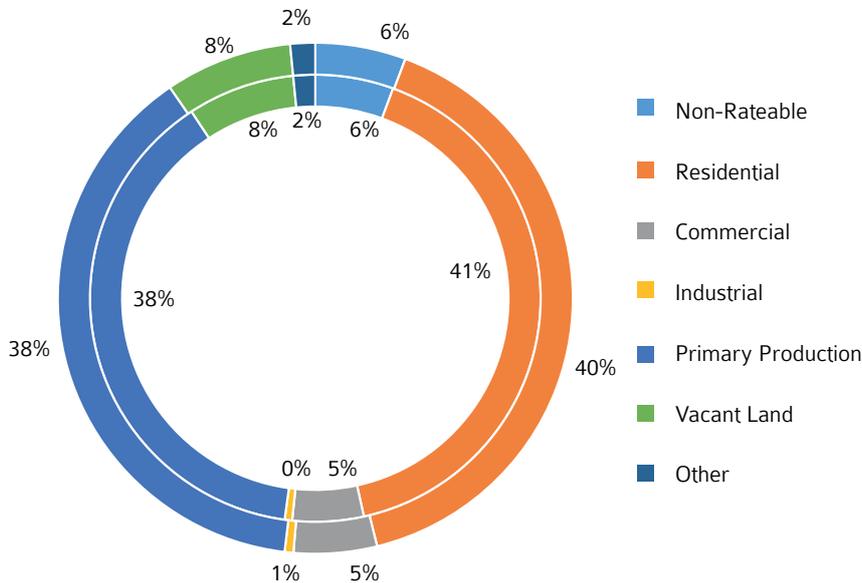
All land within the Council area, except for land specifically exempt (e.g. Crown Land, Council occupied land and other land prescribed in the *Local Government Act, 1999*) is rateable. *The Local Government Act, 1999* provides for Council to raise revenue for the broad purposes of the Council through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

The capital value of rateable properties on Kangaroo Island increased by approximately 0.9% during the 2016-17 year, to a total of \$1.571BN, (from \$1.556BN in 2016). The number of rateable properties has remained relatively constant at 5,492 properties. In 2015-16, the number was 5,358.

Table 2: Capital valuations

DESCRIPTION	2016-17	2015-16	% CHANGE
Non-Rateable	\$88,174,140	\$ 88,558,180	-0.43%
Residential	\$643,039,400	\$ 629,801,066	2.10%
Commercial	\$80,190,509	\$ 81,273,971	-1.33%
Industrial	\$8,447,987	\$ 8,542,500	-1.11%
Primary Production	\$605,834,008	\$ 600,102,867	0.96%
Vacant Land	\$120,945,500	\$ 124,357,500	-2.74%
Other	\$24,607,996	\$ 24,341,976	1.09%
	\$1,571,239,540	\$ 1,556,978,060	0.92%

Property Valuations by Rating Category

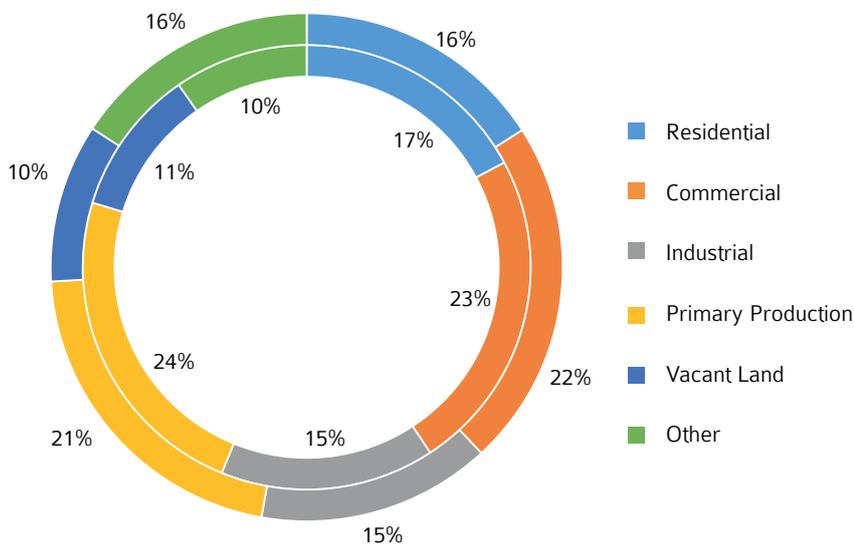


Average general rates for a residential property on Kangaroo Island were \$1,137 (compared with \$1,105 in FY 2016), being an overall increase of 2.90% over 2015-16. Average rates for primary production properties were \$1,554, up from \$1,476, being an increase of 5.28% from 2015-16.

Table 3: Average Rates Levied

DESCRIPTION	2016-17	2015-16	% CHANGE
Non-Rateable		\$ -	
Residential	\$1,137	\$ 1,105	2.90%
Commercial	\$1,554	\$ 1,535	1.24%
Industrial	\$1,024	\$ 1,025	-0.10%
Primary Production	\$1,554	\$ 1,476	5.28%
Vacant Land	\$702	\$ 700	0.29%
Other	\$640	\$ 1,096	-41.61%

Average General Rates Levied



Council offered both Mandatory and Discretionary Rebates during 2017. The payment of these rebates were made in accordance with the provisions stipulated in Chapter 10, Division 5 of the *Local Government Act 1999*. The value of rebates and other concessions provided to ratepayers in 2017 was \$94K and can be seen in Note 2 of the financial statements. This is 5.6% higher than in 2016. Full details of rebates and rate capping provisions can be found in Council's rating and rebate policy available on Council's website.

Looking Ahead to 2017-18 (From 2017-18 Annual Business Plan)

Significant Influences and Priorities

CPI – set at December 2016 quarter: CPI rate (1.3%)

The continuing **Airport redevelopment** is being funded through a joint funding agreement between Federal and State Governments. Following last year's successful application to the *National Stronger Regions Fund Program*, the redevelopment of the Kangaroo Island Airport commenced in late 2016 and continues into the 2017-18 financial year with the opening scheduled to take place in November 2017.

To meet the needs of the **Capital Works Program**, the Long Term Financial Plan demonstrates that a sustainable level of borrowing for the Council in future years is \$1.5M. When coupled with the \$2M that the State provides through the Unsealed Roads Upgrade Program and \$642,780 provided by other funding sources, we expect to deliver over \$4M of infrastructure and asset upgrades in 2017-18.

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

The Federal Government's removal of indexation on the **Federal Assistance Grants** (FAGs) in 2014, in effect, reduces the FAGS distributions to around 4 per cent year-on-year. These grants are distributed to the States who in turn distribute the grants to Local Government via the State Grants Commission funding formula. For budgeting purposes it was included at 2016-17 rates, with the expectation that no advance payments will be received. The South Australian Local Government Association continues to lobby to have the indexation reinstated.

The 2015-16 and 2016-17 financial years saw increased Federal Government **Roads to Recovery** funding however that period has ended. In planning for a much lower allocation for Kangaroo Island Council in 2017-18 we budgeted to receive \$567,780. This will be allocated to the Capital Works Program.

A current **enterprise bargaining agreement** between Council and its staff sets out the employment conditions, which are then taken into account as part of the 2017-18 budget considerations.

With improvements to our financial position Council has been able to consider a revised **Long Term Financial**

Plan that provides confidence in our ability to continue to strive towards financial sustainability within 10 years whilst reducing the original rate inflators by a further 1 per cent in 2017-18.

Pursuant to the *Local Government Act 1999* (2)(e) this reflects improved financial performance and recognises the cost of living pressures on our Community. To this end the increase in **Rates Revenue** in 2017-18 will comprise of CPI at 1.3% only.

An allowance has also been provided for increase in capital values of properties of 1% (noting that this has varied between 0.1 and 0.8% over the past three years).

In addition to this, Council has determined that the temporary reduction in differential for Primary Production (land use code), introduced as a response to the drought in the late 2000s, will be phased out at 2.5% per year until parity is reached (100%) with the residential differential, so in 2017-18 the differential will move from 87.5% to 90%.

Continued efficiencies in the **management of waste** will see the service charge for kerbside collection and waste management increase in line with CPI (1.3%) this financial year.

Community Wastewater Management Schemes (CWMS) service charges will increase by 1.3% to \$616 in line with CPI, reflecting the forecast made in last year's Annual Business Plan. This service charge will be allocated to those properties that have the capability to be connected to one of the schemes and does not apply to all ratepayers.

The **Penneshaw CWMS** project commenced in 2015-16 and became operational in the 2016-17 financial year, providing a modern and effective effluent system.

General purpose financial statement

for the year ended 30 June 2017

A confident, growing and cohesive Community;

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

Preserving our unique heritage;

Sustainably managing our natural environment

Contents

1. Certification of Financial Statements	54
2. Primary Financial Statements:	55
Statement of Comprehensive Income	55
Statement of Financial Position	56
Statement of Changes in Equity	57
Statement of Cash Flows	58
3. Notes to the Financial Statements	59
4. Auditor's Report - Financial Statements	95
5. Auditor's Report - Internal Controls	97
6. Certificates of Audit Independence	99
Certificate of Auditor Independence	99
Statement by Auditor	100

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 2017 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Andrew Boardman

CHIEF EXECUTIVE OFFICER

Date: 14 November 2017



Peter Clements

MAYOR

Statement of Comprehensive Income

for the year ended 30 June 2017

\$ '000	NOTES	2017	2016
INCOME			
Rates Revenues	2a	9,206	8,966
Statutory Charges	2b	234	188
User Charges	2c	1,041	1,072
Grants, Subsidies and Contributions	2g	3,447	1,997
Investment Income	2d	12	31
Reimbursements	2e	1,751	551
Other Income	2f	147	96
Net Gain - Equity Accounted Council Businesses	19	7	4
TOTAL INCOME		15,845	12,905
EXPENSES			
Employee Costs	3a	4,657	4,528
Materials, Contracts & Other Expenses	3b	7,198	6,308
Depreciation, Amortisation & Impairment	3c	4,576	4,438
Finance Costs	3d	557	582
TOTAL EXPENSES		16,988	15,856
OPERATING SURPLUS / (DEFICIT)		(1,143)	(2,951)
Asset Disposal & Fair Value Adjustments	4	(111)	(22)
Amounts Received Specifically for New or Upgraded Assets	2g	258	3,777
Physical Resources Received Free of Charge	2i	2,024	2,021
NET SURPLUS / (DEFICIT)¹		1,028	2,825
OTHER COMPREHENSIVE INCOME			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9a	723	(5,611)
Amounts which will be reclassified subsequently to operating result			
Nil			
TOTAL OTHER COMPREHENSIVE INCOME		723	(5,611)
TOTAL COMPREHENSIVE INCOME		1,751	(2,786)

¹ Transferred to Equity Statement

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

Statement of Financial Position

as at 30 June 2017

\$ '000	NOTES	2017	2016
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	2,917	2,647
Trade & Other Receivables	5b	2,566	1,658
Inventories	5c	216	221
TOTAL CURRENT ASSETS		5,699	4,526
Non-Current Assets			
Equity Accounted Investments in Council Businesses	6a	108	101
Infrastructure, Property, Plant & Equipment	7a	197,346	191,881
Other Non-Current Assets	6b	6,132	3,474
TOTAL NON-CURRENT ASSETS		203,586	195,456
TOTAL ASSETS		209,285	199,982
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	2,191	1,827
Borrowings	8b	1,166	1,036
Provisions	8c	880	800
TOTAL CURRENT LIABILITIES		4,237	3,663
Non-Current Liabilities			
Trade & Other Payables	8a	4,324	39
Borrowings	8b	13,866	11,157
Provisions	8c	287	303
TOTAL NON-CURRENT LIABILITIES		18,477	11,499
TOTAL LIABILITIES		22,714	15,162
NET ASSETS		186,571	184,820
EQUITY			
Accumulated Surplus		13,093	11,817
Asset Revaluation Reserves	9a	171,713	170,990
Other Reserves	9b	1,765	2,013
TOTAL COUNCIL EQUITY		186,571	184,820

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

Statement of Changes in Equity

for the year ended 30 June 2017

\$ '000	NOTES	ACCUMULATED SURPLUS	ASSET REVALUATION RESERVE	OTHER RESERVES	TOTAL EQUITY
2017					
Balance at the end of previous reporting period		11,817	170,990	2,013	184,820
a. Net Surplus / (Deficit) for Year		1,028	-	-	1,028
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	723	-	723
OTHER COMPREHENSIVE INCOME		-	723	-	723
TOTAL COMPREHENSIVE INCOME		1,028	723	-	1,751
c. Transfers between Reserves		248	-	(248)	-
BALANCE AT THE END OF PERIOD		13,093	171,713	1,765	186,571
2016					
Balance at the end of previous reporting period		8,713	176,601	2,292	187,606
a. Net Surplus / (Deficit) for Year		2,825	-	-	2,825
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(5,611)	-	(5,611)
OTHER COMPREHENSIVE INCOME		-	(5,611)	-	(5,611)
TOTAL COMPREHENSIVE INCOME		2,825	(5,611)	-	(2,786)
c. Transfers between Reserves		279	-	(279)	-
BALANCE AT THE END OF PERIOD		11,817	170,990	2,013	184,820

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

Statement of Cash Flows

for the year ended 30 June 2017

\$ '000	NOTES	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates Receipts		9,189	8,944
Statutory Charges		234	207
User Charges		1,041	1,165
Grants, Subsidies and Contributions (operating purpose)		3,447	1,997
Investment Receipts		12	28
Reimbursements		1,751	606
Other Receipts		4,936	1,093
Payments			
Payments to Employees		(4,542)	(4,541)
Payments for Materials, Contracts & Other Expenses		(8,258)	(6,889)
Finance Payments		(529)	(645)
NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES	11b	7,281	1,965
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Amounts Received Specifically for New/Upgraded Assets		258	3,777
Sale of Replaced Assets		23	100
Sale of Surplus Assets		39	88
Payments			
Expenditure on Renewal/Replacement of Assets		(2,162)	(1,565)
Expenditure on New/Upgraded Assets		(7,958)	(3,426)
NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES		(9,805)	(1,026)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from Borrowings		4,115	1,566
Proceeds from Bonds & Deposits		-	44
Payments			
Repayments of Borrowings		(1,276)	(1,653)
Repayment of Other Borrowings		-	(9)
Repayment of Bonds & Deposits		(45)	-
NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES		2,794	(52)
NET INCREASE (DECREASE) IN CASH HELD		270	887
plus: Cash & Cash Equivalents at beginning of period	11	2,647	1,760
CASH & CASH EQUIVALENTS AT END OF PERIOD	11	2,917	2,647

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

Contents

Note	Details	Page
1	Significant Accounting Policies	60
2	Income	66
3	Expenses	69
4	Asset Disposal & Fair Value Adjustments	70
Current Assets		
5a	Cash & Cash Equivalents	71
5b	Trade & Other Receivables	71
5c	Inventories	71
Non-Current Assets		
6a	Equity Accounted Investments in Council's Businesses	71
6b	Other Non-Current Assets	71
Fixed Assets		
7a (i)	Infrastructure, Property, Plant & Equipment	72
7a (ii)	Investment Property	73
7b	Valuation of Infrastructure, Property, Plant & Equipment	74
Liabilities		
8a	Trade & Other Payables	75
8b	Borrowings	75
8c	Provisions	75
Reserves		
9a	Asset Revaluation Reserve	76
9b	Other Reserves	76
10	Assets Subject to Restrictions	78
11	Reconciliation to Statement of Cashflows	79
12a	Functions	80
12b	Components of Functions	81
13	Financial Instruments	82
14	Commitments for Expenditure	86
15	Financial Indicators	87
16	Uniform Presentation of Finances	89
17	Operating Leases	90
18	Superannuation	91
19	Interests in Other Entities	92
20	Non Current Assets Held for Sale & Discontinued Operations	93
21	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	93
22	Events After the Balance Sheet Date	93
23	Related Party Transactions	94
Additional Council Disclosures		
24	Council Information & Contact Details	94

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 8 November 2016.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

1.4 Rounding

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

2 The Local Government Reporting Entity

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

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

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

As at 30 June 2017, Kangaroo Island Council has net current assets of \$1,462,400 [2016 net current assets of \$863,000].

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.

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

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

	Cash Payment Received (,000)	Annual Allocation (,000)	Difference (,000)
2014/15	\$2,760	\$1,824	+ \$936
2015/16	\$896	\$1,832	- \$936
2016/17	\$2,778	\$1,834	+ \$944

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

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

4 Cash, Cash Equivalents and other Financial Instruments

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

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

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

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

5 Inventories

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

6 Infrastructure, Property, Plant & Equipment

6.1 Land under Roads

Council has elected not to recognise land under roads acquired prior to 1 July 2008 as an asset in accordance with AASB 1051 Land under Roads. Land under roads acquired after 30 June 2008 has not been recognised as in the opinion of Council it is not possible to reliably attribute a fair value, and further that such value if determined would be immaterial. The physical condition of the land under roads is subject to annual review to ensure that there is no major physical deterioration.

6.2 Initial Recognition

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

All non current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

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.

6.3 Materiality

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

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

6.4 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

6.5 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically

depreciated over their useful lives on a straight line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets. Earthworks assets are considered as not having a limited useful life and are therefore not depreciated, the physical condition of the earthworks is subject to annual review to ensure there is no major physical deterioration.

Changes to the interpretation of AASB 116 Property, Plant and Equipment – in particular the definition of a residual value being the estimated amount that an entity would obtain from disposal of the asset, has meant that Council is no longer using residual values for road pavement sub-base. Council has separated the value of the sub-base from the pavement and treated as land earthworks; Council has assessed it as not having a limited useful life and have therefore not depreciated this asset. This is based on the view that the service potential of the sub-base is expected to be retained due to the absence of any events that cause physical deterioration. The physical condition of the sub-base is subject to annual review to ensure there is no major physical deterioration.

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

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

Land Improvement	7 to 100 years
Building & Other Structures	7 to 100 years
Infrastructure	
Roads – pavement for sealed and unsealed built to specification	N/A
Roads – wearing surface for sealed and unsealed	5 to 100 years
Bridges	5 to 100 years
Footpaths, Kerb & Gutter	5 to 100 years
Stormwater Drainage	50 to 70 years
Community Wastewater Management Schemes	10 to 70 years
Furniture & Fittings	3 to 100 years
Plant & Equipment	4 to 20 years
Library Books	1 to 7 years

6.6 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 inflows 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.

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

8 Borrowings

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

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

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

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

Weighted avg. discount rate	1.5% (2016, 1.6%)
Weighted avg. settlement period	7 years (2016, 7 years)

A liability for untaken personal leave is 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 outflow.

9.2 Superannuation

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

10 Provisions

10.1 Provisions for Reinstatement, Restoration and Rehabilitation

Estimated monitoring and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a 20 year plan, such plans are based on current environmental requirements which may change, and significant uncertainty exists in the estimation of the future closure date.

11 Leases

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

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

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

12 Construction Contracts

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

For works undertaken on a fixed price contract basis, revenues and expenses are recognised on a percentage of completion basis. Costs incurred in advance of a future claimed entitlement are classified as work in progress in inventory. When it is probable that total

contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

13 Equity Accounted Council Businesses

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

14 GST Implications

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

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

15 New accounting standards and UIG Interpretations

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

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

AASB 124 – Related Party Disclosures

This year Council has applied AASB 124 *Related Party Disclosures* for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. This information is presented in Note 23.

Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

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

AASB 2014-5 Amendment to Australian Accounting Standards arising from AASB 15

AASB 2015-8 Amendment to Australian Accounting Standards – effective date of AASB 15

AASB 2016-2 Amendment to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

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

AASB 9 Financial Instruments (December 2009)

AASB 15 - Revenue from Contracts with Customers

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

AASB 2014-1 Amendments to Australian Accounting Standards (Part E)

AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

AASB 2016-3 Amendments to Australian Accounting Standards – clarifications to AASB 15

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

AASB 16 Leases

16 Comparative Figures

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

17 Disclaimer

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

Note 2. Income

\$ '000	NOTES	2017	2016
(A). RATES REVENUES			
General Rates			
General Rates		6,287	6,111
Less: Discretionary Rebates, Remissions & Write Offs		(94)	(89)
TOTAL GENERAL RATES		6,193	6,022
Other Rates (Including Service Charges)			
Natural Resource Management Levy		177	159
Waste Collection		1,512	1,506
Community Wastewater Management Systems		1,232	1,160
TOTAL OTHER RATES		2,921	2,825
Other Charges			
Penalties for Late Payment		77	71
Legal & Other Costs Recovered		15	48
TOTAL OTHER CHARGES		92	119
TOTAL RATES REVENUES		9,206	8,966
(B). STATUTORY CHARGES			
Development Act Fees		67	65
Town Planning Fees		-	2
Health & Septic Tank Inspection Fees		43	26
Animal Registration Fees & Fines		51	46
Parking Fines / Expiation Fees		10	7
Other Licences, Fees & Fines		42	26
Rate Searches		21	16
TOTAL STATUTORY CHARGES		234	188
(C). USER CHARGES			
Cemetery/Crematoria Fees		32	32
Camping Fees		54	51
Lease Fees		327	331
Aerodrome Fees		402	389
Hall & Equipment Hire		155	149
Sales - General		1	4
Sundry		59	106
Biosolids Fees		11	10
TOTAL USER CHARGES		1,041	1,072

Note 2. Income (continued)

\$ '000	NOTES	2017	2016
(D). INVESTMENT INCOME			
Interest on Investments		-	-
- Local Government Finance Authority		12	31
TOTAL INVESTMENT INCOME		12	31
(E). REIMBURSEMENTS			
Private Works		781	449
Solar Contributions		4	5
Insurances		59	5
Projects		-	51
Other - CWMS Connections		182	
Other - Airport Internal Works		677	
Other		48	41
TOTAL REIMBURSEMENTS		1,751	551
(F). OTHER INCOME			
Insurance & Other Recoupments - Infrastructure, IPP&E		-	14
Sundry		54	68
Sundry - Insurance Rebates		47	-
Sundry - Traineeships		29	-
Donations		3	2
Standpipe Fees		4	2
Late Fees/Priv Hire		4	2
Other		6	8
TOTAL OTHER INCOME		147	96
(G). GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts Received Specifically for New or Upgraded Assets		258	3,777
Other Grants, Subsidies and Contributions		90	290
Untied - Financial Assistance Grant		1,834	896
Roads to Recovery		579	811
Individually Significant Item - Additional Grants Commission Payment (refer below)		944	-
TOTAL GRANTS, SUBSIDIES, CONTRIBUTIONS		3,705	5,774

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

Note 2. Income (continued)

\$ '000	NOTES	2017	2016
(i) Sources of grants			
Commonwealth Government		3,411	1,707
State Government		194	105
Other		100	3,962
TOTAL		3,705	5,774

(ii) Individually Significant Items

Grant Commission (FAG) Grant Recognised as Income		944	-
On the 13th June 2017, Council received an advance payment of \$944,136 being 50% of the estimated FAGS grant income for the 2017/18 financial year. Council did not receive any advance payment in 2016.			

(H). CONDITIONS OVER GRANTS & CONTRIBUTIONS

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

Unexpended at the close of the previous reporting period		1,231	6
Less:			
Expended during the current period from revenues recognised in previous reporting periods			
Community Services		-	(6)
CWMS		(1,126)	-
SUBTOTAL		(1,126)	(6)
Plus:			
Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
Roads Infrastructure		40	-
Heritage & Cultural Services		18	-
Community Services		94	105
CWMS		-	1,126
SUBTOTAL		152	1,231
Unexpended at the close of this reporting period		257	1,231
Net increase (decrease) in assets subject to conditions in the current reporting period		(974)	1,225

(I). PHYSICAL RESOURCES RECEIVED FREE OF CHARGE

Roads, Bridges & Footpaths		2,024	2,021
TOTAL PHYSICAL RESOURCES RECEIVED FREE OF CHARGE		2,024	2,021

Note 3. Expenses

\$ '000	NOTES	2017	2016
(A). EMPLOYEE COSTS			
Salaries and Wages		2,994	3,089
Employee Leave Expense		836	691
Superannuation - Defined Contribution Plan Contributions	18	324	302
Superannuation - Defined Benefit Plan Contributions	18	75	75
Workers' Compensation Insurance		211	157
Other		217	214
TOTAL OPERATING EMPLOYEE COSTS		4,657	4,528
Total Number of Employees (full time equivalent at end of reporting period)		55	58
(B). MATERIALS, CONTRACTS AND OTHER EXPENSES			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports and Grant Acquittals		32	50
Elected Members' Expenses		223	230
SUBTOTAL - PRESCRIBED EXPENSES		255	280
(ii) Other Materials, Contracts and Expenses			
Contractors		2,613	2,047
Contractors - Fleurieu Regional Waste Authority (FRWA)		1,277	1,241
Community Grants Provided		430	187
Energy		300	310
Insurances		257	273
Legal Expenses		52	55
Levies Paid to Government - NRM levy		176	157
Parts, Accessories & Consumables		775	560
Professional Services		258	359
Sundry		502	486
Telecoms & Software		187	220
Lease & Rental		116	133
SUBTOTAL - OTHER MATERIAL, CONTRACTS & EXPENSES		6,943	6,028
TOTAL MATERIALS, CONTRACTS AND OTHER EXPENSES		7,198	6,308

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

Note 3. Expenses (continued)

\$ '000	NOTES	2017	2016
(C). DEPRECIATION, AMORTISATION AND IMPAIRMENT			
(i) Depreciation and Amortisation			
Land Improvements		503	499
Buildings & Other Structures		324	320
Infrastructure		-	-
- Stormwater Drainage		95	95
- CWMS		539	455
- Roads/Bridges/Footpaths		2,600	2,533
Library Books		1	2
Plant, Machinery & Equipment		481	500
Office Equipment, Furniture & Fittings		33	34
Subtotal		4,576	4,438
(ii) Impairment			
Nil			
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT		4,576	4,438
(D). FINANCE COSTS			
Interest on Loans		557	573
Premiums & Discounts Recognised		-	9
TOTAL FINANCE COSTS		557	582

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	NOTES	2017	2016
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		18	100
Less: Carrying Amount of Assets Sold		(94)	(94)
GAIN (LOSS) ON DISPOSAL		(76)	6
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		39	88
Less: Carrying Amount of Assets Sold		(74)	(116)
GAIN (LOSS) ON DISPOSAL		(35)	(28)
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		(111)	(22)

Note 5. Current Assets

\$ '000	NOTES	2017	2016
(A). CASH & CASH EQUIVALENTS			
Cash on Hand at Bank		236	61
Deposits at Call		2,681	2,586
TOTAL CASH & CASH EQUIVALENTS		2,917	2,647
(B). TRADE & OTHER RECEIVABLES			
Rates - General & Other		772	755
Accrued Revenues		50	72
Debtors - General		1,642	543
GST Recoupment		26	158
Prepayments		76	130
TOTAL TRADE & OTHER RECEIVABLES		2,566	1,658
(C). INVENTORIES			
Stores & Materials		216	221
TOTAL INVENTORIES		216	221

Note 6. Non-Current Assets

\$ '000	NOTES	2017	2016
(A). EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES			
Fleurieu Regional Waste Authority	19	108	101
TOTAL EQUITY ACCOUNTED INVESTMENTS IN COUNCIL BUSINESSES		108	101
(B). OTHER NON-CURRENT ASSETS			
Capital Works-in-Progress		6,132	3,474
TOTAL OTHER NON-CURRENT ASSETS		6,132	3,474

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

2 Note 7a (i). Infrastructure, Property, Plant & Equipment

\$ '000	FAIR VALUE LEVEL	AS AT 30/6/2016					ASSET MOVEMENTS DURING THE REPORTING PERIOD							AS AT 30/6/2017				
		AT FAIR VALUE	AT COST	ACCUMULATED		CARRYING VALUE	ASSET ADDITIONS		WDV OF ASSET DISPOSALS	DEPRECIATION EXPENSE (NOTE 3C)	ADJUSTMENTS TO TRANSFERS	REVALUATION INCREMENTS TO EQUITY (ARR) (NOTE 9)	AT FAIR VALUE	AT COST	ACCUMULATED DEP'N	IMPAIRMENT	CARRYING VALUE	
				DEP'N	IMPAIRMENT		NEW / UPGRADE	RENEWALS										
	2	26,103	-	-	-	26,103	400	-	-	-	-	-	26,103	400	-	-	26,503	
Land Improvements	2	403	-	279	-	124	-	(7)	-	-	-	403	-	287	-	-	116	
Land Improvements	3	16,890	27	9,168	-	7,749	116	22	(496)	-	-	16,891	75	9,634	-	-	7,332	
Buildings & Other Structures	2	12,242	52	10,124	-	2,170	-	-	(137)	(52)	-	12,242	-	10,262	-	-	1,980	
Buildings & Other Structures	3	9,451	16	3,130	-	6,337	110	46	(187)	52	-	9,451	224	3,318	-	-	6,357	
Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Stormwater Drainage	3	7,411	72	2,806	-	4,677	52	-	(95)	-	-	7,411	125	2,902	-	-	4,634	
- CWMS	3	27,809	238	7,474	-	20,573	5,306	(24)	(539)	-	-	27,686	5,519	7,889	-	-	25,316	
- Roads/Bridges/ Footpaths	3	166,052	10,886	55,543	-	121,395	1,457	1,462	(2,600)	-	-	166,052	13,805	58,143	-	-	121,714	
Library Books	3	600	14	611	-	3	-	-	(1)	-	-	600	14	612	-	-	2	
Plant, Machinery & Equipment	3	2,411	2,644	2,479	-	2,576	517	(84)	(481)	-	723	7,679	87	4,515	-	-	3,251	
Office Equipment, Furniture & Fittings	3	535	157	518	-	174	-	-	(33)	-	-	531	158	548	-	-	141	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		269,907	14,106	92,132	-	191,881	7,958	1,530	(4,576)	-	723	275,049	20,407	98,110	-	-	197,346	
Comparatives		264,660	14,721	81,593	-	197,788	3,426	927	(4,438)	-	(5,611)	269,907	14,106	92,132	-	-	191,881	

Note 7a (ii). Investment Property

Nil

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

Valuation of Assets

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

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

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

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

Information on Valuations

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset. Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs. There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost.

This method involves:

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

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

Other Information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes. Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Highest and best use

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

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

Transition to AASB 13 – Fair Value Measurement

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

Land & Land Improvements

Council being of the opinion that it is not possible to attribute a value sufficiently reliable to qualify for recognition; land under roads has not been recognised in these reports. Freehold land and land over which Council has control, but does not have title, is recognised on a fair value basis. No capitalisation threshold is applied to the acquisition of land or interests in land. Land improvements are recognised at fair value, originally deriving from a valuation conducted by Liquid Pacific at 30 June 2016 at current replacement cost. Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset. The weighted average depreciation period for 2017 is 40 years (2016 – 40 years). In line with the Asset Accounting Policy adopted in 2011/12 and reviewed annually, Council has decided to apply the capitalisation thresholds for Land Improvement assets, to be consistent with the other major asset classes. Council does not recognise on its balance sheet or provide depreciation for Land Improvements, Buildings and Structures which Council considers will not rationally be replaced. Where there is no regular cash flow generated from the asset, the net present value of future cash flows for that asset is the disposal value. Where assets are not rationally replaced, and Council has decided that there is no expected future economic benefit continuing to flow to Council, the disposal value will be reduced to nil.

Buildings & Other Structures

Buildings and other structures generally are recognised at fair value, based on current market values and were valued for 30 June 2016 by Liquid Pacific. For Buildings & Structure assets which Council considers will not rationally be replaced, the same accounting treatment applies as stated in the Land & Land Improvements section above.

Infrastructure

Transportation assets were valued by Tonkin's Engineering at depreciated current replacement cost as at 30 June 2014, GHD reviewed data at 1 July 2014, and an in-house valuation undertaken for 30 June 2015. Stormwater drainage infrastructure was valued by Tonkin's Engineering as at 30 June 2014 at depreciated current replacement cost, based on actual costs incurred during the reporting period and an assessment of useful life and asset condition data. Community wastewater management system infrastructure was valued at depreciated current replacement cost during the reporting period ended 30 June 2014 by Tonkin's Engineering Consultants on the same basis as that determined for Stormwater assets.

Plant & Equipment

Plant & Equipment assets were revalued as at 30 June 2017 by Maloney Field Services, Property Consultant and Valuers.

Furniture & Fittings

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

Library Books

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

Note 8. Liabilities

\$ '000	NOTES	2017	2017	2016	2016
		CURRENT	NON CURRENT	CURRENT	NON CURRENT

(A). TRADE AND OTHER PAYABLES

Goods & Services		1,768	-	1,302	-
Payments Received in Advance ¹		135	4,324	160	-
Accrued Expenses - Employee Entitlements		122	-	117	-
Accrued Expenses - Finance Costs		87	-	59	-
Accrued Expenses - Other		45	-	64	-
Deposits, Retentions & Bonds		34	-	79	-
Other		-	-	46	39
TOTAL TRADE AND OTHER PAYABLES		2,191	4,324	1,827	39

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

(B). BORROWINGS

Loans		1,166	13,866	1,036	11,157
TOTAL BORROWINGS		1,166	13,866	1,036	11,157

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

(C). PROVISIONS

Employee Entitlements (including oncosts)		863	87	748	92
Future Reinstatement / Restoration, etc		17	200	52	211
TOTAL PROVISIONS		880	287	800	303

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

Note 9. Reserves

\$ '000	NOTES	1/7/2016	INCREMENTS (DECREMENTS)	TRANSFERS	IMPAIRMENTS	30/6/2017
(A). ASSET REVALUATION RESERVE						
Land		21,244	-	-	-	21,244
Land Improvements		6,337	-	-	-	6,337
Buildings & Other Structures		771	-	-	-	771
Infrastructure		-	-	-	-	-
- Stormwater Drainage		3,768	-	-	-	3,768
- CWMS		10,141	-	-	-	10,141
- Roads/Bridges/ Footpaths		126,827	-	-	-	126,827
Plant & Equipment		1,336	723	-	-	2,059
Furniture & Fittings		362	-	-	-	362
Library Books		204	-	-	-	204
TOTAL ASSET REVALUATION RESERVE		170,990	723	-	-	171,713
Comparatives		176,601	(5,611)	-	-	170,990

\$ '000	NOTES	1/7/2016	TFRS TO RESERVE	TFRS FROM RESERVE	OTHER MOVEMENTS	30/6/2017
(B). OTHER RESERVES						
Airport Reserve		1,067	-	(153)	-	914
CWMS Reserve		491	-	(97)	-	394
Asset Reinvestment Reserve		289	-	-	-	289
Kingscote CBD Car Park Reserve		28	-	-	-	28
Open Space Reserve		79	1	-	-	80
Ronald Maxwell Bell Property Reserve		59	1	-	-	60
TOTAL OTHER RESERVES		2,013	2	(250)	-	1,765
Comparatives		2,292	2	(281)	-	2,013

Note 9. Reserves (continued)

PURPOSES OF RESERVES

Asset Revaluation Reserves

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

Airport Reserve

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

CWMS Reserve

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

Asset Reinvestment Reserve

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

Kingscote CBD Carpark Reserve

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

Open Space Fund Reserve

Contributions from developers for future open space developments and expenditure.

Ronald Maxwell Bell Property Reserve

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

Note 10. Assets Subject to Restrictions

\$ '000	NOTES	2017	2016
<p>The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.</p>			
CASH & FINANCIAL ASSETS			
Developer Contributions		108	107
Sale of Ratepayer's Property		60	59
Penneshaw CWMS		-	1,126
Community Services		199	105
Infrastructure		40	-
Heritage and Culture		18	-
TOTAL CASH & FINANCIAL ASSETS		425	1,397
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
Land Assets ¹		26,503	26,103
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		26,503	26,103
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		26,928	27,500

1 - Land assets utilised for recreation or other community purposes are subject to the provisions of Chapter 11, Part 1 of the Local Government Act, 1999 relating to 'Local Government Land'. Such assets are identified on Council's Community Land Register in accordance with the provisions in the Act.

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	NOTES	2017	2016
(A). RECONCILIATION OF CASH			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	2,917	2,647
BALANCES PER STATEMENT OF CASH FLOWS		2,917	2,647
(B). RECONCILIATION OF CHANGE IN NET ASSETS TO CASH FROM OPERATING ACTIVITIES			
Net Surplus/(Deficit)		1,028	2,825
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		4,576	4,438
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(7)	(4)
Premiums & Discounts Recognised & Unwound		-	9
Non-Cash Asset Acquisitions		(2,024)	(2,021)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(258)	(3,777)
Net (Gain) Loss on Disposals		111	22
		3,426	1,492
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(908)	159
Net (Increase)/Decrease in Inventories		5	22
Net Increase/(Decrease) in Trade & Other Payables		4,694	572
Net Increase/(Decrease) in Unpaid Employee Benefits		110	(27)
Net Increase/(Decrease) in Other Provisions		(46)	(253)
NET CASH PROVIDED BY (OR USED IN) OPERATIONS		7,281	1,965
(C). NON-CASH FINANCING AND INVESTING ACTIVITIES			
Acquisition of assets by means of:			
- Physical Resources Received Free of Charge	2i	2,024	2,021
TOTAL NON-CASH FINANCING & INVESTING ACTIVITIES		2,024	2,021
(D). FINANCING ARRANGEMENTS			
Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdrafts		100	100
Corporate Credit Cards		14	12
LGFA Cash Advance Debenture Facility		5,828	7,202
The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.			

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

Note 12a. Functions

FUNCTIONS/ ACTIVITIES	INCOME, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS / ACTIVITIES. DETAILS OF THESE FUNCTIONS/ACTIVITIES ARE PROVIDED IN NOTE 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD CURRENT & (NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL
\$ '000	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Business Undertakings	2,341	1,322	1,838	1,193	503	129	-	-	10,491	2,644
Community Services	127	216	1,048	1,211	(921)	(995)	40	169	1,169	1,240
Culture	55	54	377	297	(322)	(243)	29	29	1,023	1,082
Economic Development	-	-	88	15	(88)	(15)	-	-	361	255
Environment	3,179	2,931	3,367	2,807	(188)	124	-	3	31,133	28,998
Recreation	2	45	622	717	(620)	(672)	-	-	29,961	29,995
Regulatory Services	167	149	698	698	(531)	(549)	-	-	26	54
Transport & Communication	699	987	4,565	4,625	(3,866)	(3,638)	599	900	125,077	127,530
Plant Hire & Depot/Indirect	-	-	623	555	(623)	(555)	-	-	3,860	3,122
Governance	2,903	1,002	1,972	1,806	931	(804)	2,778	896	72	93
Support Services	45	8	1,791	1,932	(1,746)	(1,924)	-	-	306	382
Other Revenue/ Expenses	6,321	6,187	-	-	6,321	6,187	-	-	5,806	4,490
Other Functions/ Activities	-	-	-	-	-	-	-	-	-	97
TOTAL FUNCTIONS/ ACTIVITIES	15,839	12,901	16,989	15,856	(1,150)	(2,955)	3,446	1,997	209,285	199,982

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

Note 12b. Components of Functions

The activities relating to Council functions are as follows:

BUSINESS UNDERTAKINGS

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

COMMUNITY SERVICES

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

CULTURE

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

ECONOMIC DEVELOPMENT

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

ENVIRONMENT

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

RECREATION

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

REGULATORY SERVICES

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

TRANSPORT

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

PLANT HIRE & DEPOT

UNCLASSIFIED ACTIVITIES

COUNCIL ADMINISTRATION

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

Note 13. Financial Instruments

RECOGNISED FINANCIAL INSTRUMENTS

<p>Bank, Deposits at Call, Short Term Deposits</p>	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <hr/> <p>Terms & Conditions: Deposits are returning fixed interest rates between 0.1% and 1.5% (2016: 0.10% and 2.00%).</p> <hr/> <p>Carrying Amount: Approximates fair value due to the short term to maturity.</p>
<p>Receivables</p> <p>Rates & Associated Charges (including legals & penalties for late payment)</p> <p>Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.</p>	<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> <hr/> <p>Terms & Conditions: Secured over the subject land, arrears attract fines of 2% and interest of 6.99% (2016: 2% and 6.99%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <hr/> <p>Carrying Amount: Approximates fair value (after deduction of any allowance).</p>
<p>Receivables</p> <p>Fees & Other Charges</p>	<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> <hr/> <p>Terms & Conditions: Unsecured, and attract interest of 10% (2016: 10%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <hr/> <p>Carrying Amount: Approximates fair value (after deduction of any allowance).</p>

Note 13. Financial Instruments (continued)

RECOGNISED FINANCIAL INSTRUMENTS	
Receivables Other Levels of Government	<p>Accounting Policy: Carried at nominal value.</p> <hr/> <p>Terms & Conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.</p> <hr/> <p>Carrying Amount: Approximates fair value.</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> <hr/> <p>Terms & Conditions: Liabilities are normally settled by the last working day of the month following the month of receipt of the invoice.</p> <hr/> <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> <hr/> <p>Terms & Conditions: Secured over future revenues, borrowings are repayable by 6 monthly instalments of principal and interest; interest is charged at fixed or variable rates between 3.85% and 6.8% (2016: 3.9% and 6.8%). Overdraft rate is 9% (2016: 9.45%).</p> <hr/> <p>Carrying Amount: Approximates fair value.</p>
Liabilities Finance Leases	<p>Accounting Policy: Accounted for in accordance with AASB 117.</p>

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

Note 13. Financial Instruments (continued)

\$ '000	DUE < 1 YEAR	DUE > 1 YEAR & ≤ 5 YEARS	DUE > 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING VALUES
2017					
Financial Assets					
Cash & Equivalents	2,917	-	-	2,917	2,917
Receivables	1,692	-	-	1,692	1,692
Other Financial Assets	-	-	-	-	-
TOTAL FINANCIAL ASSETS	4,609	-	-	4,609	4,609
Financial Liabilities					
Payables	2,056	-	-	2,056	6,515
Current Borrowings	3,472	-	-	3,472	1,166
Non-Current Borrowings	-	6,949	8,139	15,088	13,866
TOTAL FINANCIAL LIABILITIES	5,528	6,949	8,139	20,616	21,547

\$ '000	DUE < 1 YEAR	DUE > 1 YEAR & ≤ 5 YEARS	DUE > 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING VALUES
2016					
Financial Assets					
Cash & Equivalents	2,647	-	-	2,647	2,647
Receivables	615	-	-	615	615
Other Financial Assets	-	-	-	-	101
TOTAL FINANCIAL ASSETS	3,262	-	-	3,262	3,363
Financial Liabilities					
Payables	1,667	39	-	1,706	1,706
Current Borrowings	1,636	-	-	1,636	1,036
Non-Current Borrowings	-	5,993	7,043	13,036	11,157
TOTAL FINANCIAL LIABILITIES	3,303	6,032	7,043	16,378	13,899

THE FOLLOWING INTEREST RATES WERE APPLICABLE TO COUNCIL'S BORROWINGS AT BALANCE DATE:	30 JUNE 2017		30 JUNE 2016	
	WEIGHTED AVG INTEREST RATE	CARRYING VALUE	WEIGHTED AVG INTEREST RATE	CARRYING VALUE
Overdraft	9.00%	-	9.00%	-
Other Variable Rates	3.75%	6,020	4.15%	2,525
Fixed Interest Rates	4.50%	9,012	5.24%	9,668
		15,032		12,193

Net Fair Value

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

Note 13. Financial Instruments (continued)

Risk Exposures

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

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

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

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

Note 14. Commitments for Expenditure

\$ '000	NOTES	2017	2016
(A). CAPITAL COMMITMENTS			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Land Improvements		320	100
		320	100
These expenditures are payable:			
Not later than one year		309	100
Later than one year and not later than 5 years		11	-
		320	100
(B). OTHER EXPENDITURE COMMITMENTS			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		119	155
IT		228	359
Plant & Equipment		-	106
Managed Services		159	-
Other		364	28
		870	648
These expenditures are payable:			
Not later than one year		493	297
Later than one year and not later than 5 years		377	351
		870	648
(C). FINANCE LEASE COMMITMENTS			
Council has no Finance Leases.			

Note 15. Financial Indicators

\$ '000	AMOUNTS	INDICATOR	PRIOR PERIODS	
	2017	2017	2016	2015

These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

1. OPERATING SURPLUS RATIO

Operating Surplus	(1,143)	(7%)	(23%)	8%
Total Operating Revenue	15,845			

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

1A. ADJUSTED OPERATING SURPLUS RATIO

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.	(2,087)	(13%)	(15%)	3%
	15,845			

2. NET FINANCIAL LIABILITIES RATIO

Net Financial Liabilities	17,953	113%	90%	68%
Total Operating Revenue	15,845			

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.

3. ASSET SUSTAINABILITY RATIO

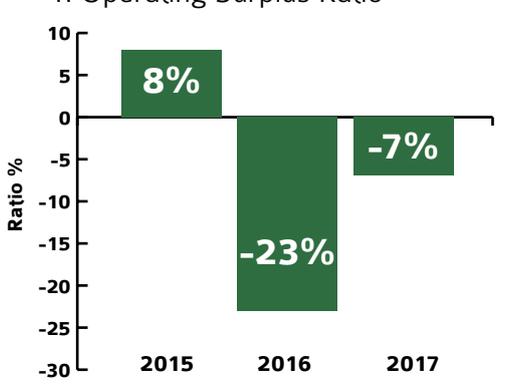
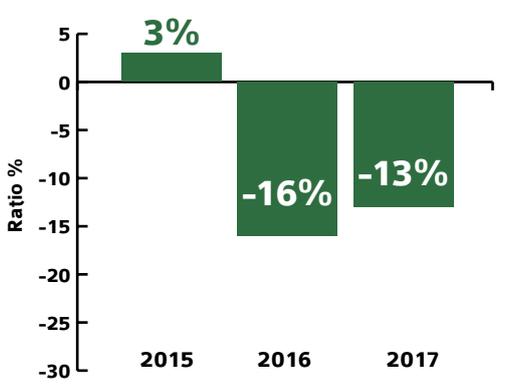
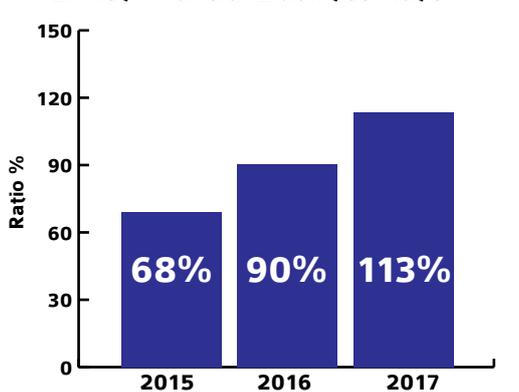
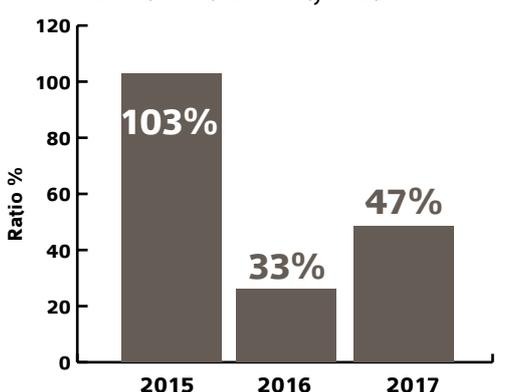
Net Asset Renewals	2,144	47%	33%	103%
Infrastructure & Asset Management Plan required expenditure	4,576			

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

Note 15. Financial/(Deficit) Indicators - Graphs

<p>1. Operating Surplus Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>8%</td> </tr> <tr> <td>2016</td> <td>-23%</td> </tr> <tr> <td>2017</td> <td>-7%</td> </tr> </tbody> </table>	Year	Ratio %	2015	8%	2016	-23%	2017	-7%	<p>PURPOSE OF OPERATING SURPLUS RATIO</p> <p>This indicator is to determine the percentage the operating revenue varies from operating expenditure</p>	<p>COMMENTARY ON 2016/17 RESULT</p> <p>2016/17 Ratio -7%</p> <p>Council's high depreciation costs due to its extensive road networks makes it difficult for Council to return operating surpluses after depreciation, however Council believes this line is trending favourably over the longer term.</p>
Year	Ratio %									
2015	8%									
2016	-23%									
2017	-7%									
<p>1a Adjusted Operation Surplus/(Deficit) Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>3%</td> </tr> <tr> <td>2016</td> <td>-16%</td> </tr> <tr> <td>2017</td> <td>-13%</td> </tr> </tbody> </table>	Year	Ratio %	2015	3%	2016	-16%	2017	-13%	<p>PURPOSE OF ADJUSTED OPERATING SURPLUS RATIO</p> <p>This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure</p>	<p>COMMENTARY ON 2016/17 RESULT</p> <p>2016/17 Ratio -13%</p> <p>This ratio provides a clearer picture of Council's actual result for the year in that grants received in advance are excluded.</p>
Year	Ratio %									
2015	3%									
2016	-16%									
2017	-13%									
<p>2. Net Financial Liabilities Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>68%</td> </tr> <tr> <td>2016</td> <td>90%</td> </tr> <tr> <td>2017</td> <td>113%</td> </tr> </tbody> </table>	Year	Ratio %	2015	68%	2016	90%	2017	113%	<p>PURPOSE OF NET FINANCIAL LIABILITES RATIO</p> <p>This indicator shows the significance of the net amount owed to others, compared to operating revenue</p>	<p>COMMENTARY ON 2016/17 RESULT</p> <p>2016/17 Ratio 113%</p> <p>The Net Financial Liabilities Ratio exceeds targets for 2017 due to additional capital expenditure on new and upgraded assets. Based on its Long Term Financial Plan, Council anticipates that the ratio will reduce to within targeted levels.</p>
Year	Ratio %									
2015	68%									
2016	90%									
2017	113%									
<p>3. Asset Sustainability Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>103%</td> </tr> <tr> <td>2016</td> <td>33%</td> </tr> <tr> <td>2017</td> <td>47%</td> </tr> </tbody> </table>	Year	Ratio %	2015	103%	2016	33%	2017	47%	<p>PURPOSE OF ASSET SUSTAINABILITY RATIO</p> <p>This indicator aims to determine if assets are being renewed and replaced in an optimal way</p>	<p>COMMENTARY ON 2016/17 RESULT</p> <p>2016/17 Ratio 47%</p> <p>Council's focus in 2017 was on New/Upgraded assets which is excluded from this ratio.</p>
Year	Ratio %									
2015	103%									
2016	33%									
2017	47%									

Note 16. Uniform Presentation of Finances

\$ '000	2017	2016
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis. 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.</p>		
Income	15,845	12,905
<i>less</i> Expenses	(16,988)	(15,856)
OPERATING SURPLUS / (DEFICIT)	(1,143)	(2,951)
<i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	2,162	1,565
<i>less</i> Depreciation, Amortisation and Impairment	(4,576)	(4,438)
<i>less</i> Proceeds from Sale of Replaced Assets	(18)	(100)
SUBTOTAL	(2,432)	(2,973)
<i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	7,958	3,426
<i>less</i> Amounts Received Specifically for New and Upgraded Assets	(258)	(3,777)
<i>less</i> Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	(39)	(88)
SUBTOTAL	7,661	(439)
NET LENDING / (BORROWING) FOR FINANCIAL YEAR	(6,372)	461

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

Note 17. Operating Leases

\$ '000	2017	2016
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LEASES PROVIDING REVENUE TO THE COUNCIL

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

(I) INVESTMENT PROPERTY

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

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

Not later than one year	61	134
Later than one year and not later than 5 years	49	210
Later than 5 years	9	220
	119	564

(ii) Lease Payment Commitments of Council

Council has entered into non-cancellable operating leases for various items of office equipment and motor vehicles.

No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease return or acquire the equipment leased.

No lease contains any escalation clause.

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

Not later than one year	69	41
Later than one year and not later than 5 years	195	163
Later than 5 years	115	156
	379	360

Note 18. Superannuation

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2016/17; 9.50% in 2015/16). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2015/16) of "superannuation" salary.

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

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions. The most recent actuarial investigation was conducted by the Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

Note 19. Interests in Other Entities

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

	COUNCIL'S SHARE OF NET INCOME		COUNCIL'S SHARE OF NET ASSETS	
	2017	2016	2017	2016
Joint Ventures	7	4	108	101
TOTAL	7	4	108	101

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

NAME OF ENTITY	PRINCIPAL ACTIVITY	2017	2016
Fleurieu Regional Waste Authority	Waste and Recycling Management	108	101
TOTAL CARRYING AMOUNTS - JOINT VENTURES & ASSOCIATES		108	101

Fleurieu Regional Waste Authority

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

(b) Relevant Interests

NAME OF ENTITY	INTEREST IN OPERATING RESULT		OWNERSHIP SHARE OF EQUITY		PROPORTION OF VOTING POWER	
	2017	2016	2017	2016	2017	2016
Fleurieu Regional Waste Authority	15%	15%	15%	15%	15%	15%

(c) Movement in Investment in Joint Venture or Associate

	FLEURIEU REGIONAL WASTE AUTHORITY	
	2017	2016
Opening Balance	101	97
Share in Operating Result	7	4
COUNCIL'S EQUITY SHARE IN THE JOINT VENTURE OR ASSOCIATE	108	101

(d) Share of Joint Operations Expenditure Commitments

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

Operating Expenditures Payable

	2017	2016
Not later than one year	487	196
Later than one year and not later than 5 years	388	696
	875	892

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

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

Note 21. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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

1. LAND UNDER ROADS

As reported in the Financial Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in the reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure. At reporting date, Council controlled 2,485 km of road reserves of average width 20 metres.

2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled. Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductible "insurance excesses", the amount of which varies according to the class of insurance.

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

3. BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies.

4. LEGAL MATTERS

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

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2017, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is dd/mm/yy.

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2017

Note 23. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and senior staff.

In all, 12 persons were paid the following total compensation.

The compensation paid to Key Management Personnel comprises:

\$'000	2017
Short-Term Employee Benefits	710
Other - Supplies	1
Total	1

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

Receipts from Key Management Personnel comprise:

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

\$'000	2017
Outdoor Permits	4
Total	4

One Key Management Personnel has interests in a hire business that provided goods to the value of \$800

One close member of a Key Management Personnel received a Youth Grant in the amount of \$150

Council received \$4,028 from one Key Management Personnel for the lease of a marina berth

Note 24. Council Information & Contact Details

Principal Place of Business

43 Dauncey St
Kingscote SA 5223

Contact Details

Mailing Address:

PO Box 121
Kingscote SA 5223

Telephone: 08 8553 4500

Facsimile: 08 8553 2885

Internet: <http://www.kangarooisland.sa.gov.au>

Email: kicouncil@kicouncil.sa.gov.au

Opening Hours:

9am -5pm

Officers

CHIEF EXECUTIVE OFFICER

Andrew Boardman

Elected Members

MAYOR

Peter Clements

COUNCILLORS

Peter Denholm

Sharon Kauppila

Ken Liu

Pip Masters

Graeme Ricketts

Larry Turner

Cathie Tydeman

Joy Willson

Auditors

Deloitte Touche Tohmatsu

Level 17, 11 Waymouth St

Adelaide SA 5000

Other Information

ABN: 93 741 277 391

Auditor's Report – Financial Statements



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

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

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

Opinion

We have audited the financial report of the Kangaroo Island Council (the "Council"), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the certification of financial statements as set out on pages 2 to 43.

In our opinion the accompanying financial report presents fairly, in all material respects, the Entity's financial position as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

Basis for Opinion

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

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

Other Information

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

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

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

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

Chief Executive Officer's Responsibilities for the Financial Report

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

Auditor's Report – Financial Statements

Deloitte.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Penny Woods
Partner
Chartered Accountants

Adelaide, 14 November 2017

Auditor's Report – Internal Controls



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

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Independent Assurance Report to the members of Kangaroo Island Council

We have been engaged by the Kangaroo Island Council (the "Council") to conduct a reasonable assurance engagement relating to the Council's compliance with the requirements of Section 125 of the Local Government Act 1999 in relation to the design and implementation of internal controls established by the Council to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2016 to 30 June 2017 are in accordance with legislative provisions.

The Council's Responsibility for the Internal Controls

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

Our Responsibility

Our responsibility is to express a conclusion on the Council's compliance with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, to express a conclusion whether, in our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls for the period 1 July 2016 to 30 June 2017. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

Limitation on Use

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

Inherent Limitations

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

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

Auditor's Report – Internal Controls

Deloitte.

Independence

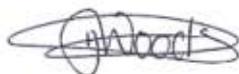
In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

Conclusion

In our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to the design and implementation of internal controls, established by the Council to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2016 to 30 June 2017 are in accordance with legislative provisions.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Penny Woods
Partner
Chartered Accountants
Adelaide, 14 November 2017

Certificate of Auditor Independence

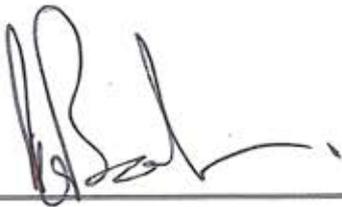
Kangaroo Island Council

General Purpose Financial Statements
for the year ended 30 June 2017

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 2017, the Council's Auditor, Deloitte Touche Tohmatsu has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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



Andrew Boardman
CHIEF EXECUTIVE OFFICER



Greg Connor
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 14 November 2017

Statement by Auditor

Deloitte.

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

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

14 November 2017

Kangaroo Island Council
41 Dauncey Street
KINGSCOTE SA 5223

Dear Members

Kangaroo Island Council

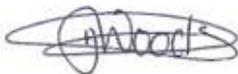
In accordance with the Local Government (Financial Management) Regulations 2011, I am pleased to provide the following declaration of independence to the councillors of the Kangaroo Island Council.

I confirm that, for the audit of the financial statements of the Kangaroo Island Council for the 30 June 2017 financial year, I have maintained my independence in accordance with the requirements of APES 110—Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, and in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Penny Woods
Partner
Chartered Accountants



FLEURIEU REGIONAL
WASTE AUTHORITY

Annual Report 2016-2017



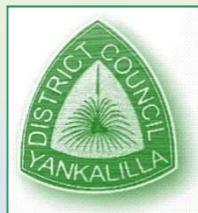
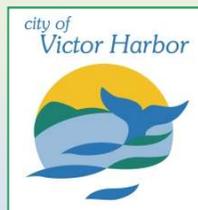
CONSTITUENT COUNCILS:

Alexandrina Council

City of Victor Harbor

District Council of Yankalilla

Kangaroo Island Council



Contents	
	Page No
ABOUT THE AUTHORITY	3
CHAIRPERSON'S MESSAGE	4
THE BOARD	5
EXECUTIVE OFFICER'S MESSAGE	6 - 9
WASTE STATISTICS	10 - 13
CUSTOMER SERVICE CALLS	14
FINANCIAL STATEMENTS	15

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

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

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

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

OUR HISTORY

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

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

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

THE FUTURE

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

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

- Waste avoidance and reduction;
- Recycle right and recycle more
- Composting; and
- Hazardous waste management.

Technologies that are in sync with the available waste streams are key to sustainable solutions, including of energy from waste, in vessel composting and material recovery. The Authority will continue the cooperation beyond the Fleurieu Region and pursue the implementation of modern waste treatment technologies that meet the needs of our communities and are financially affordable for now and in the future.

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

Chairperson's Message

The Fleurieu Regional Waste Authority (FRWA) is responsible for providing sustainable waste and recycling services for the communities of our Constituent Councils. This includes the operation of four Waste and Recycling Depots (WRD) and the kerbside collections of general waste, recyclables and green waste, public litter as well as event bin services across the region.



FRWA is also responsible for the delivery of waste education and community information across the region, including conducting education programs for kindergartens and primary schools and delivered 25 sessions over the last financial year.

During the past year we continued our work to improve the sustainability and cost effectiveness of kerbside collection service for our Constituent Councils and implemented the change to a new collection system in Alexandrina Council from 1 July 2016. Through the new system we achieved a benchmark diversion rate of 53% which means that over half of Council's kerbside waste was diverted to beneficial reuse.

The leadership role of Alexandrina Council and the Fleurieu Regional Kerbside Collection Working Group was recognized at the 16th Leadership Excellence Awards where the Group was announced the Winner of the 2016 Excellence in Leadership Award.

The Board considered future directions in waste and recycling innovation in the FRWA region and formulated policy positions to future-proof waste and recycling services for our Member Councils.

Board members attended Country Cabinet meetings on Kangaroo Island, Victor Harbor and in Yankalilla and discussed first hand with the Premier and Cabinet Ministers opportunities and limitations in regional waste and recycling operations.

Through its grant programs SA State Government supported a several FRWA initiatives, aiming to reduce waste to landfill, reduction of transport cost through local processing as well as increased transport efficiencies.

FRWA has further strengthened its professional links to the WMAA, KESAB, other local government authorities and state government agencies in addressing ongoing challenges in the waste industry.

On behalf of the Board of Fleurieu Regional Waste Authority, it is my pleasure to present the Annual Report for the 2016/17 financial year and to confirm that the Fleurieu Regional Waste Authority continues to meet its responsibilities under the FRWA Charter in a manner which is both fiscally and environmentally responsible.

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

The FRWA Board

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



Catherine Cooper
Independent Chairperson



Simon Grenfell
General Manager
Infrastructure and Assets



Jim Davis
Councillor
Alexandrina Council



Glenn Sanford
Director Environment &
Infrastructure
City of Victor Harbor



Tim Glazbrook
Councillor
City of Victor Harbor



Andy Baker
Chief Operating Officer
Operations
District Council of Yankalilla



Glen Rowlands
Mayor
District Council of Yankalilla



Ted Botham
Deputy Chief Executive Officer
Kangaroo Island Council



Peter Denholm
Councillor
Kangaroo Island Council

BOARD MEETINGS

During the 2016/17 financial year the Board met seven times with each council taking turns in hosting the proceedings. All Board members complied with the statutory requirements.

Executive Officer's Message

The 2016/17 Annual Report highlights the Authority's main achievements and I would like to thank all FRWA Staff and the FRWA Board for their hard work, dedication and excellent support.



BEST PRACTICE SERVICES

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

Through its best practice services FRWA achieved a 64% diversion of waste from landfill across the region which follows the trend of previous years and is a 3% increase to the previous financial year

The Authority continued to work with neighboring councils and other regional authorities on issues of common interest, including furthering sustainable waste management solutions beyond regions, cost effective e-waste management, emerging energy from waste technologies and the development of regional markets for recycled products.

FRWA represented its member councils on relevant state and national industry stakeholder working groups and forums and is an active member of the Waste Management Association of Australia/SA Branch. FRWA senior staff attended state and national conferences on topical matters in waste and resources management, landfill and transfer station design and management as well as latest developments in energy from waste technologies.

KERBSIDE COLLECTIONS

The Authority is providing a sustainable and cost effective kerbside waste collection service for over 50,000 residential premises across its four Constituent Councils in accordance with council approved collection schedules and frequencies.

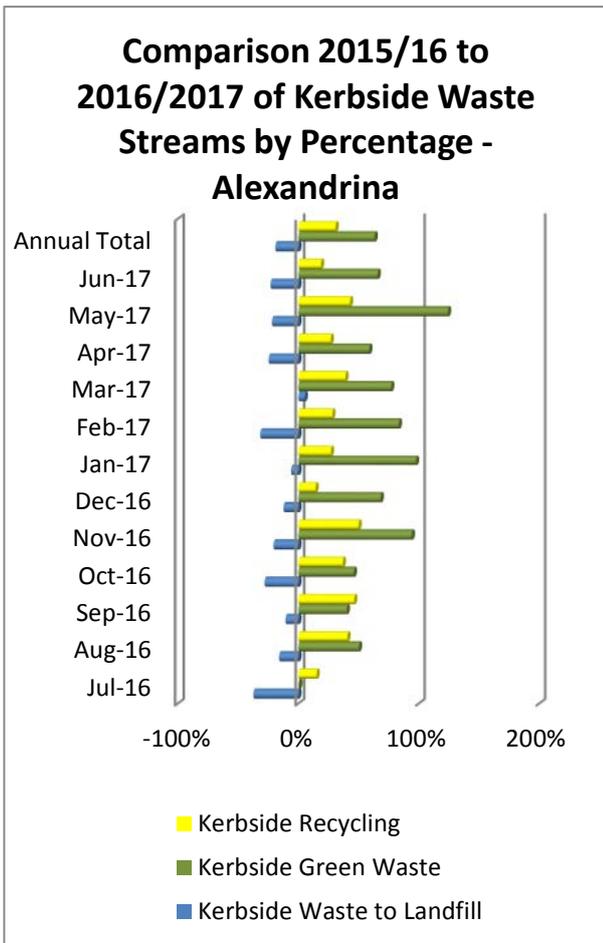
Over the last 12 months we provided about 1.77 million bin pickups across our region and collected 12,374t of general waste, 4,480t of greenwaste and 4,340t of comingled dry recyclables.

Individual results for each Council confirmed that the three bin kerbside system (operated in two of the four FRWA Member Councils) achieved at least twice the diversion rate of waste from landfill compared to the two bin system.

Member Councils continued to prepare for improvements to their respective kerbside systems in order to reduce waste to landfill, capture valuable resources and reduce the impact from the solid waste levy increases.

Alexandrina Council was the first Council to introduce the fortnightly collection of all three waste streams. The new system started on 1 July 2016 and achieved a benchmark diversion rate 53% which means that over half of Council's kerbside waste is being diverted to beneficial reuse.





Compared to the previous financial year kerbside collected general waste reduced by 19%, kerbside collected increased by 31% and greenwaste by 63%.

The leadership role of Alexandrina Council and the Fleurieu Regional Kerbside Collection Working Group was recognized at the 16th Leadership Excellence Awards and the Group was announced the Winner of the 2016 Excellence in Leadership Award.



COMMUNITY CONSULTATION SESSIONS

On Kangaroo Island -Fortnightly Kerbside Waste Collection

Kangaroo Island Council will follow with the change to the three bin kerbside system and the introduction of fortnightly collections in the new financial year. Council and the Authority consulted on these important policy decisions with the KI

community which shaped the final design of the new system.



PUBLIC PLACE RECYCLING TRIAL

The Fleurieu Peninsula attracts more and more visitors each year and FRWA is working with its Member Councils on introducing effective recycling system in public places.

A three months Public Place Recycling Trial was undertaken in three A-grade tourist areas, including the Goolwa Wharf, the Nature Play Space and the Goolwa Beach carpark area. Bins for 10cents container deposit items were placed alongside public litter bins, encouraging visitors to place their empty drink containers in the blue bins for collection by the Goolwa Surf Life Saving Club. The project report will be available in August 2017.



Terry Silcox (Goolwa SLSC), Shen Mann (Alexandrina Council), David Reynolds (Foodland), Marina Wagner (FRWA)

WASTE AND RECYCLING DEPOTS (WRDs)

continued to play a key role to efficiently manage waste and recycling needs for our Member Councils. 57% of all waste generated in the regions is managed through WRDs and 80% diversion rate of waste from landfill and into various recycling streams is testimony to continuous improvement and new initiatives.

That included:

- 5,275t of greenwaste,
- 1475 mattresses,
- 27,525 litres of waste oil,
- 364 kg of light globes
- 13t of Drum Muster containers,
- 8t batteries and many other recyclables.

Each year FRWA is processing over 10,000t of inert construction and demolition material into valuable crushed rock.



The crushed material is very popular and a fine example for beneficial re-use of products.



FRWA continued to offer **E-WASTE** drop off services as a hybrid of free campaign events and fees for service, in line with the framework set out under the National Scheme.

A total of about 89 tonnes of e-waste were collected under the National Computer and Television Scheme across three regional drop off centers, a decrease of 17.6 % compared to the tonnages collected during the previous year.

COMMUNITY INFORMATION AND EDUCATION

The Authority continued its successful **EDUCATION AND INFORMATION PROGRAM** to community groups, kindergartens and primary schools. Through the year we delivered a total of 25 presentations to children in childcare centres, kindies and primary schools.

Our FRWA Education Officer attended 2 local markets and 4 events during National Recycling Week, delivered 8 presentations to various community groups on best practice for recycling and waste reuse and was involved in organizing the first waste-less events.



Tess Sapia, FRWA Education Officer during Recycling Week December 2016

FRWA project officer assisted with the implementation of the Fortnightly Kerbside Collection in Alexandrina Council and the preparation for Kangaroo Island's change to fortnightly collection in late 2017.



Jane Brook at the Community Consultation Session in Alexandrina Council's Strathalbyn Community Centre

WITH ASSISTANCE OF ZWSA FUNDING FRWA was able to purchase a small material handler to undertake waste sorting of the commercial and industrial waste stream in order to reduce the amount of waste going to landfill.



FRWA'S PEOPLE

FRWA employs 38 staff of which 34% work in kerbside collections, 45% in WRDs and 21% in community education and corporate services.

FINANCE AND GOVERNANCE

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

FRWA CHARTER

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

INTERNAL AUDIT COMMITTEE

The Committee conducted seven meetings during the 2016/17 financial year and provided advice and recommendations to the FRWA Board on the Authority's financial performance, the review of core financials controls and asset management matters.

EXTERNAL MANAGEMENT REVIEW

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

FINANCIAL STATEMENTS

Nexia Edward Marshall audited the 2016/17 Financial Statements which were provided to all Constituent Councils.

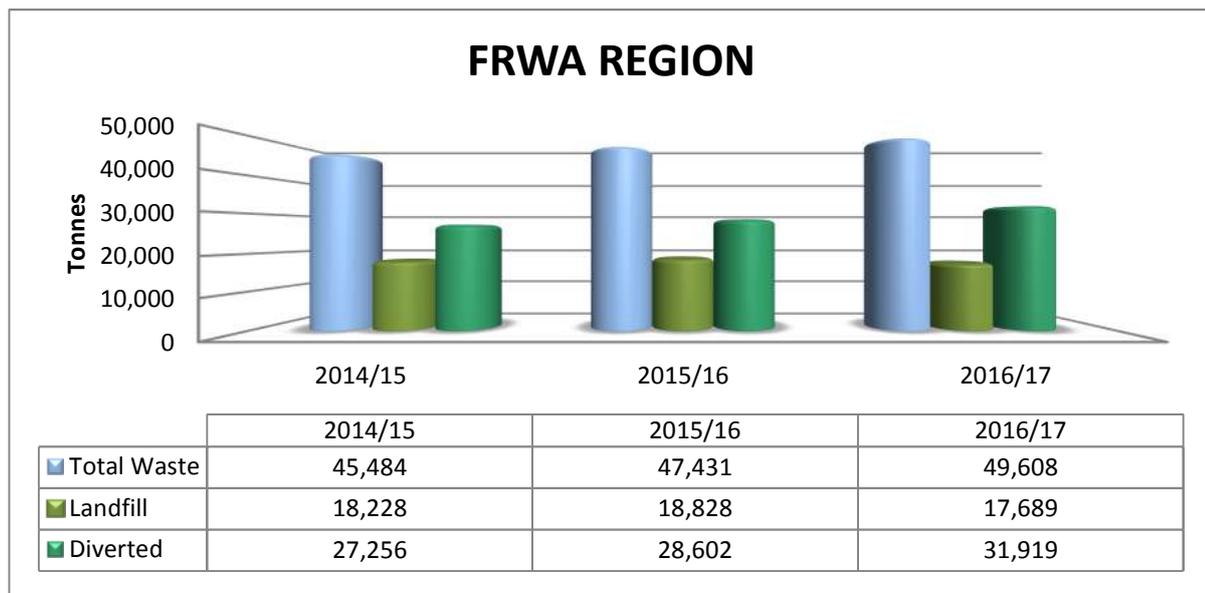
I am pleased to report that the overall performance of the Authority during the 2016/17 financial year meets budget expectations and the Audited Financial Statements for the year have confirmed FRWA's expected results and performance.

A complete copy of the Audited Financial Statement 2017 forms part of this report.

MARINA WAGNER
EXECUTIVE OFFICER

FRWA Region Waste Statistics 2016/17

Annual Regional Waste by Type	FRWA Region	Alexandrina	City of Victor Harbor	DC Yankalilla	KI Council
	Kerbside & WRDs (t)	3 Bin Kerbside & WRDs (t)	3 Bin Kerbside only (t) **	2 Bin Kerbside & WRD (t)	2 Bin Kerbside & WRD (t)
Waste to Landfill	17,689	9,781	3,653	2,184	2,071
Waste Diverted from Landfill	31,919	26,933	2,474	1,172	1,340
Total 2016/17 (MSW, Greenwaste, Recycling Kerbside and WRDs)	49,608	36,714	6,127	3,356	3,411

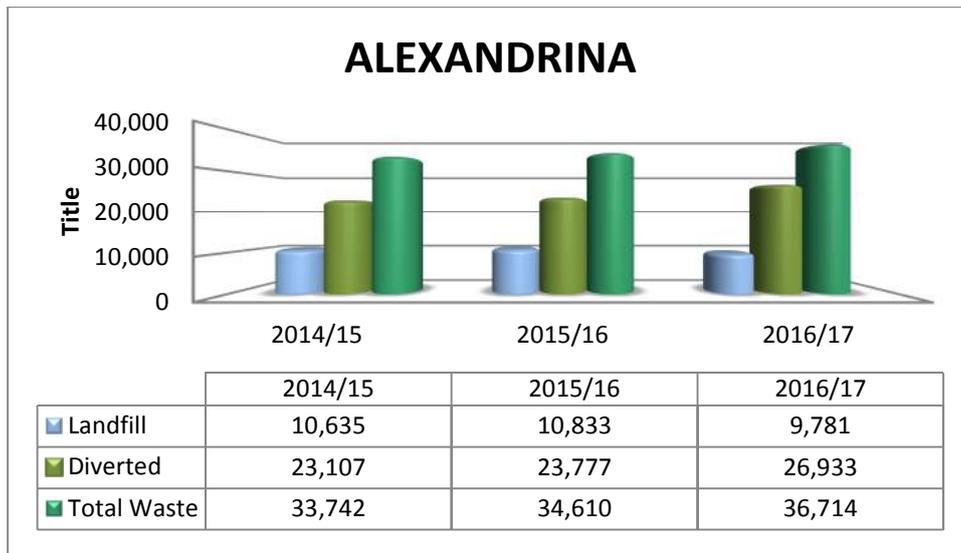


FRWA Region	14/15 to 15/16	15/16 to 16/17
- Landfill	3.29% ↑	-6.05% ↓
- Diverted	4.94% ↑	11.60% ↑
Total	4.28% ↑	4.59% ↑

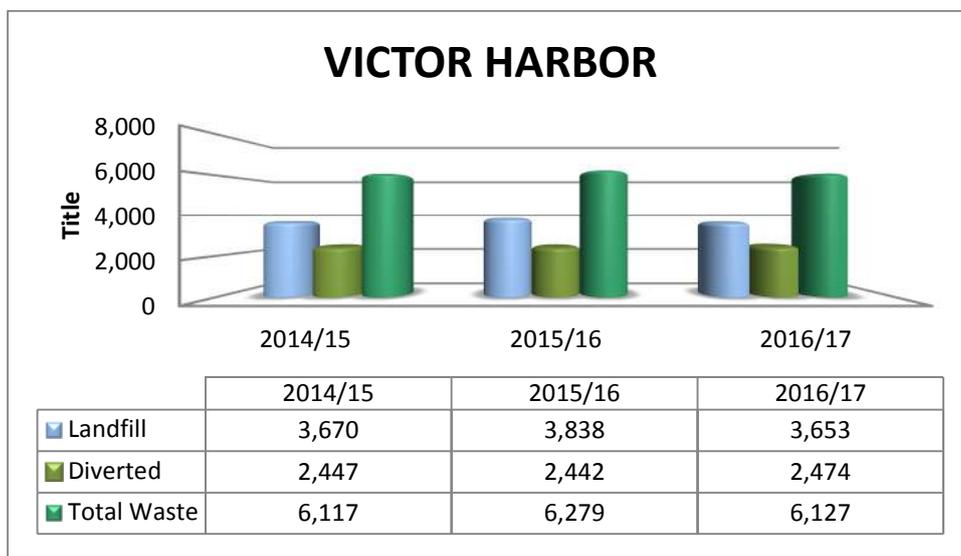
Waste Statistics 2016/17 per Member Council

	FRWA Region 2016/2017	Alexandrina Council 2016/17	City of Victor Harbor 2016/17	District Council of Yankalilla 2016/17	Kangaroo Island Council 2016/17
Subtotal Kerbside Waste to Landfill	12,374	4,944	3,653	1,739	2,038
Kerbside Greenwaste	4,480	3,122	1,358		
Kerbside Recyclables	4,340	2,512	1,116	402	310
Subtotal Kerbside Waste Diverted from Landfill	8,820	5,634	2,474	402	310
Grand Total Kerbside Waste	21,194	10,578	6,127	2,141	2,348
Subtotal WRD Waste to landfill	5,315	4,837		445	33
Subtotal WRD Waste Diverted from Landfill	23,099	21,299		770	1,030
Grand Total WRD Waste	28,414	26,136		1,215	1,063
Total Waste to Landfill	17,689	9,781	3,653	2,184	2,071
Total Waste Diverted from Landfill	31,919	26,933	2,474	1,172	1,340
Grand Total all Waste Streams	49,608	36,714	6,127	3,356	3,411

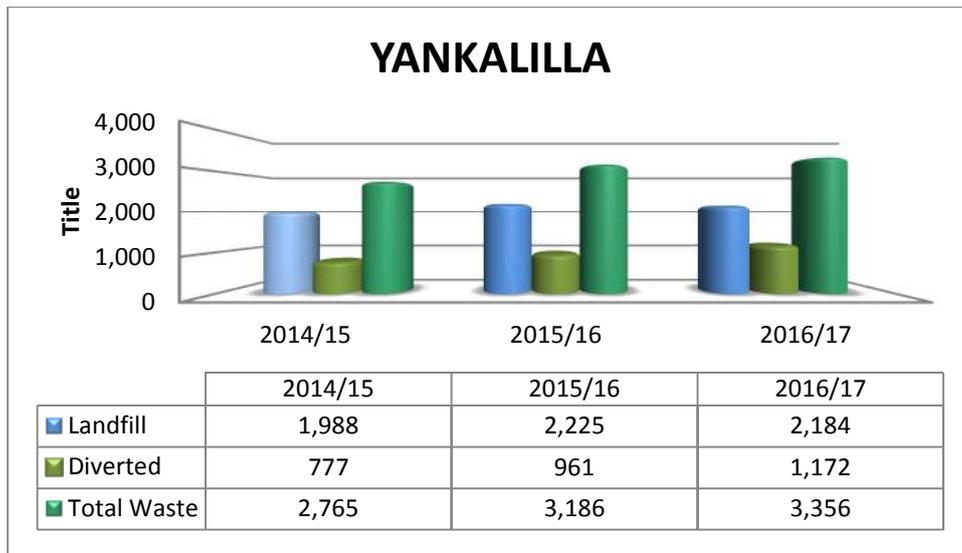
*The tables above only includes waste streams that are weighed; there are a large range of waste products diverted from landfill not included in the table above which are managed per item, including: mattresses, lounges, fluoro lights, paint, tyres, x-rays, mobile phones and a wide range of salvage items.



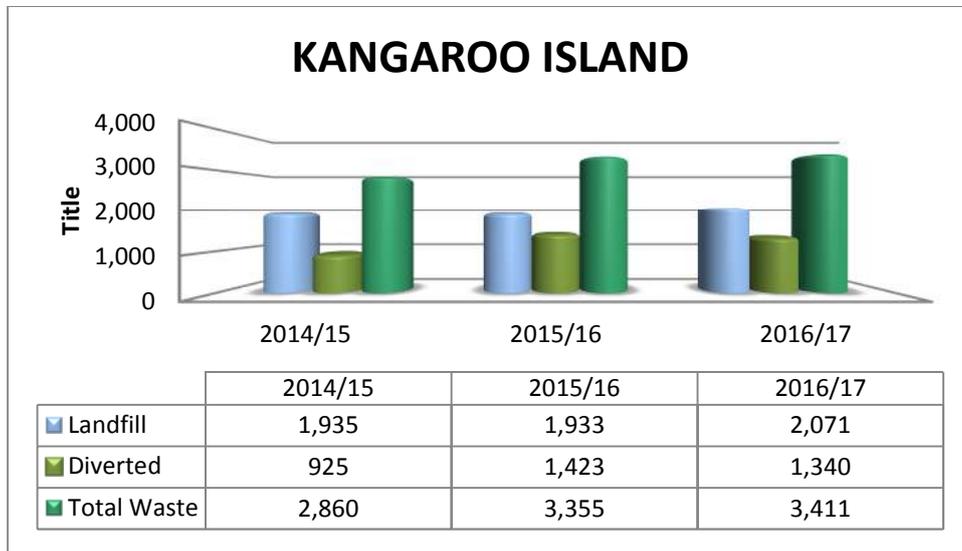
Alexandrina Council	14/15 to 15/16	15/16 to 16/17
- Landfill	1.86% ↑	-9.71% ↓
- Diverted	2.90% ↑	13.27% ↑
Total	2.57% ↑	6.08% ↑



City of Victor Harbor	14/15 to 15/16	15/16 to 16/17
- Landfill	4.57% ↑	-4.82% ↓
- Diverted	-0.21% ↓	1.35% ↑
Total	2.66% ↑	-2.42% ↓

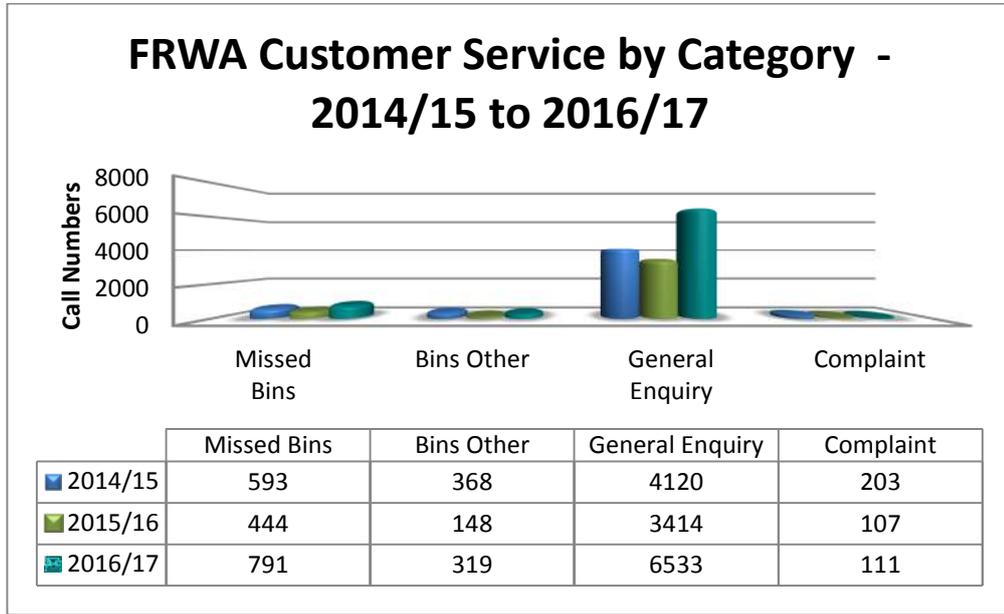


District Council of Yankalilla	14/15 to 15/16	15/16 to 16/17
- Landfill	11.94% ↑	-1.86% ↓
- Diverted	23.59% ↑	21.94% ↑
Total	15.22% ↑	5.32% ↑

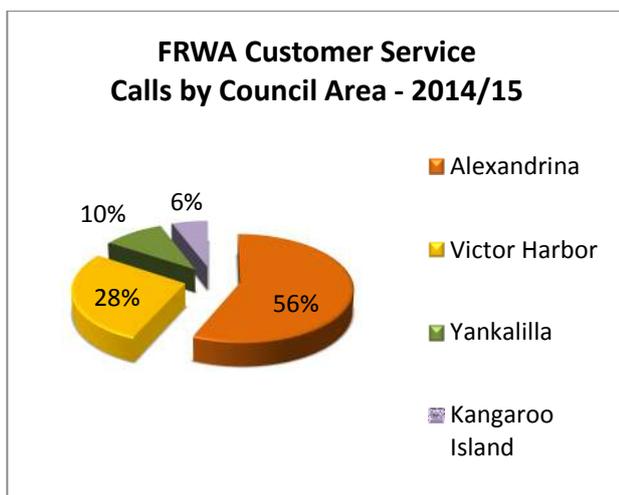
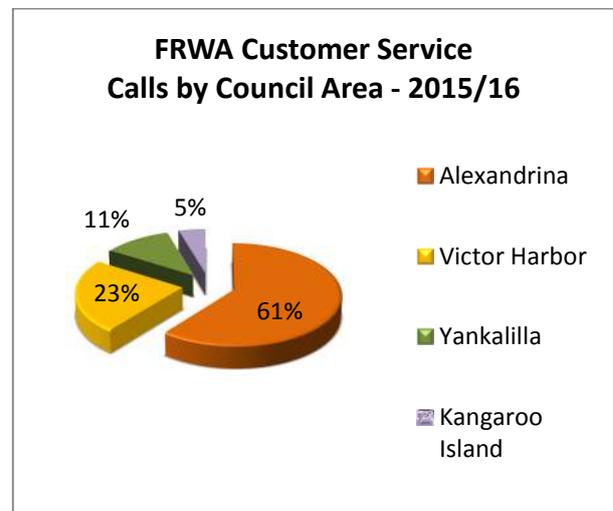
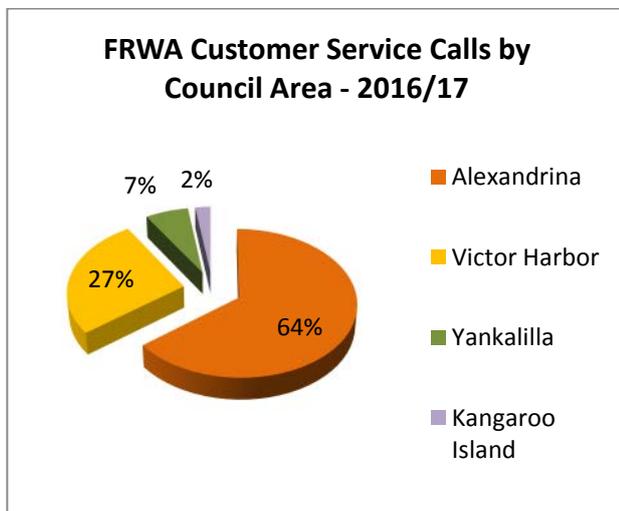


Kangaroo Island Council	14/15 to 15/16	15/16 to 16/17
- Landfill	-0.14% ↓	7.12% ↑
- Diverted	53.81% ↑	-5.83% ↓
Total	17.31% ↑	1.66% ↑

FRWA Customer Service Contact (Calls, Emails and Letters) (By Category)



FRWA Customer Service Contact by Council Area



Financial Statements

2016-2017

FLEURIEU REGIONAL WASTE AUTHORITY

General Purpose Financial Reports for the year ended 30 June 2017

TABLE OF CONTENTS

	<u>Page</u>
Authority Certificate	1
Principal Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	N1
Note 2 - Income	N5
Note 3 - Expenses	N6
Note 4 - Asset Disposal & Fair Value Adjustments	N7
Note 5 - Current Assets	N8
Note 6 - Infrastructure, Property, Plant & Equipment	N9
Note 7 - Liabilities	N12
Note 8 - Other Current Liabilities	N13
Note 9 - Reconciliation of Cash Flow Statement	N14
Note 10 - Financial Instruments	N15
Note 11 - Expenditure Commitments	N17
Note 12 - Financial Indicators	N18
Note 13 - Uniform Presentation of Finances	N19
Note 14 - Operating Leases	N20
Note 15 - Assets & Liabilities not Recognised	N21
Note 16 - Related Party Transactions	N22
Note 17 - Events Occurring After Reporting Date	N23
Audit Report - Financial Statements	
Audit Report - Internal Controls	
Authority Certificate of Audit Independence	
Audit Certificate of Audit Independence	

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2017****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 2017 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.

Peter Denholm
ACTING CHAIR OF THE BOARD

Marina Wagner
EXECUTIVE OFFICER

Date: 27 Sep 2017

FLEURIEU REGIONAL WASTE AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
INCOME			
User charges	2	7,498,687	7,086,423
Grants, subsidies and contributions	2	23,000	-
Investment income	2	7,539	17,082
Reimbursements	2	13,416	14,219
Other income	2	4,619	16,055
Total Income		<u>7,547,261</u>	<u>7,133,779</u>
EXPENSES			
Employee costs	3	2,757,828	2,610,704
Materials, contracts & other expenses	3	3,959,033	3,731,962
Depreciation, amortisation & impairment	3	699,586	640,231
Finance costs	3	103,666	135,296
Total Expenses		<u>7,520,113</u>	<u>7,118,193</u>
OPERATING SURPLUS / (DEFICIT)		27,148	15,586
Asset disposal & fair value adjustments	4	<u>20,909</u>	<u>13,843</u>
NET SURPLUS / (DEFICIT)		48,057	29,429
transferred to Equity Statement			
Other Comprehensive Income		<u> </u>	<u> </u>
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		<u>48,057</u>	<u>29,429</u>

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

FLEURIEU REGIONAL WASTE AUTHORITY

STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

ASSETS	Notes	2017 \$	2016 \$
Current Assets			
Cash and cash equivalents	5	937,241	1,155,141
Trade & other receivables	5	204,944	297,070
Inventories	5	7,528	30,168
Total Current Assets		<u>1,149,713</u>	<u>1,482,379</u>
Non-current Assets			
Infrastructure, property, plant & equipment	6	2,357,347	2,633,790
Total Non-current Assets		<u>2,357,347</u>	<u>2,633,790</u>
Total Assets		<u>3,507,060</u>	<u>4,116,169</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	7	839,595	920,540
Borrowings	7	602,029	567,006
Provisions	7	235,278	208,854
Other current liabilities	8	37,372	110,020
Total Current Liabilities		<u>1,714,274</u>	<u>1,806,420</u>
Non-current Liabilities			
Borrowings	7	980,200	1,582,230
Provisions	7	90,203	53,196
Total Non-current Liabilities		<u>1,070,403</u>	<u>1,635,426</u>
Total Liabilities		<u>2,784,677</u>	<u>3,441,846</u>
NET ASSETS		<u>722,383</u>	<u>674,323</u>
EQUITY			
Accumulated Surplus		<u>722,380</u>	<u>674,323</u>
TOTAL EQUITY		<u>722,380</u>	<u>674,323</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 2017

	Notes	Accumulated Surplus	TOTAL EQUITY
2017		\$	\$
Balance at end of previous reporting period		674,323	674,323
Net Surplus / (Deficit) for Year		48,057	48,057
Other Comprehensive Income			
Balance at end of period		722,380	722,380
2016			
Balance at end of previous reporting period		644,894	644,894
Net Surplus / (Deficit) for Year		29,429	29,429
Other Comprehensive Income			
Balance at end of period		674,323	674,323

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

FLEURIEU REGIONAL WASTE AUTHORITY

STATEMENT OF CASH FLOWS for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
User charges		7,516,040	7,376,045
Investment receipts		5,867	17,082
Grants utilised for operating purposes		23,000	-
Reimbursements		13,415	14,219
Other revenues		4,619	16,055
<u>Payments</u>			
Employee costs		(2,689,955)	(2,610,704)
Materials, contracts & other expenses		(4,002,637)	(3,875,638)
Finance payments		(119,009)	(134,926)
Net Cash provided by (or used in) Operating Activities		751,340	802,133
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Sale of replaced assets		20,909	32,727
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(362,951)	(1,237,594)
Expenditure on new/upgraded assets		(60,191)	(9,500)
Net Cash provided by (or used in) Investing Activities		(402,233)	(1,214,367)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from borrowings		-	678,378
<u>Payments</u>			
Repayments of borrowings		(567,007)	(493,143)
Net Cash provided by (or used in) Financing Activities		(567,007)	185,235
Net Increase (Decrease) in cash held		(217,900)	(226,999)
Cash & cash equivalents at beginning of period	9	<u>1,155,141</u>	<u>1,382,140</u>
Cash & cash equivalents at end of period	9	<u>937,241</u>	<u>1,155,141</u>

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

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated 27th September 2017.

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 Authority 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 thousand dollars (\$'000).

2 The Local Government Reporting Entity

The Fleurieu Regional Waste Authority is incorporated under the SA Local Government Act 1999 and has its principal place of business at 25B Hutchinson Street Goolwa SA 5214. These financial statements include the Authority's direct operations and all entities through which the Authority controls resources to carry on its functions. In the process of reporting on the Authority as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

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

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

Fleurieu Regional Waste Authority**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**
for the year ended 30 June 2017**Note 1 - Significant Accounting Policies (cont)****4 Cash, Cash Equivalents and other Financial Instruments**

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

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

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

Revenue received from gate takings associated with rock to be crushed at a later date is quarantined as an other liability until such time as it is ready for crushing. When crushed rock is ultimately processed, any revenue quarantined is offset against the cost of production so as to reflect the actual cost to the Authority of the crushed rock inventory.

6 Infrastructure, Property, Plant & Equipment**6.1 Initial Recognition**

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

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

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

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

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

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

Fleurieu Regional Waste Authority**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017****Note 1 - Significant Accounting Policies (cont)****6.5 Impairment**

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

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

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

7 Payables**7.1 Goods & Services**

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

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

9 Employee Benefits**9.1 Salaries, Wages & Compensated Absences**

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

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

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

9.2 Superannuation

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

Fleurieu Regional Waste Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 1 - Significant Accounting Policies (cont)

10 GST Implications

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

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

11 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2017 reporting period and have not been used in preparing these reports.

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

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

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

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

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

AASB 16 *Leases* is applicable to the 30 June 2020 financial period. The new standard introduces a single accounting model for leases, eliminating the distinction between operating and finance leases. This standard will require the Authority to recognise an asset and liability for all leased items with a term of more than 12 months, unless the underlying asset is of low value.

As at 30 June 2017 the Authority has operating lease commitments of \$26,000 as disclosed in Note 14. This is currently a short term lease (i.e. a lease of 12 months or less) and therefore does not fall within the scope of AASB 16.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 2 - INCOME

	Notes	2017 \$	2016 \$
USER CHARGES			
Waste Disposal Operations		<u>7,498,687</u>	<u>7,086,423</u>
		<u>7,498,687</u>	<u>7,086,423</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		1,672	306
Banks & other		<u>5,867</u>	<u>16,776</u>
		<u>7,539</u>	<u>17,082</u>
REIMBURSEMENTS			
- other		<u>13,415</u>	<u>14,219</u>
		<u>13,415</u>	<u>14,219</u>
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		-	4,703
Sundry		<u>4,619</u>	<u>11,352</u>
		<u>4,619</u>	<u>16,055</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Other grants, subsidies and contributions		<u>23,000</u>	-
		<u>23,000</u>	-
<i>The functions to which these grants relate are shown in Note 12.</i>			
Sources of grants			
Commonwealth government		-	-
State government		<u>23,000</u>	-
		<u>23,000</u>	-

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 3 - EXPENSES

	Notes	2017 \$	2016 \$
EMPLOYEE COSTS			
Salaries and Wages		2,328,205	2,195,138
Employee leave expense		63,675	73,583
Superannuation		215,621	198,202
Workers' Compensation Insurance		108,248	104,166
Other		42,079	39,615
Total Operating Employee Costs		2,757,828	2,610,704
Total Number of Employees		35	32
<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		9,870	11,770
Board members' expenses		24,857	30,661
Operating Lease Rentals - non-cancellable leases			
- minimum lease payments		26,887	26,292
Subtotal - Prescribed Expenses		61,614	68,723
<u>Other Materials, Contracts & Expenses</u>			
Contractors		822,294	689,157
Energy		564,382	501,671
Waste Disposal		1,527,724	1,477,110
Maintenance		371,108	409,320
Legal Expenses		27,846	26,400
Parts, accessories & consumables		134,209	77,012
Professional services		60,329	96,620
Sundry		389,527	385,949
Subtotal - Other Materials, Contracts & Expenses		3,897,419	3,663,239
		3,959,033	3,731,962
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Plant, Machinery & Equipment		699,586	640,231
Office Equipment, Furniture & Fittings		-	-
		699,586	640,231
FINANCE COSTS			
Interest on Loans		103,666	135,296
		103,666	135,296

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2017	2016
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	20,909	32,727
Less: Carrying amount of assets sold	-	18,884
Gain (Loss) on disposal	20,909	13,843
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	20,909	13,843

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 5 - CURRENT ASSETS

		2017	2016
CASH & EQUIVALENT ASSETS		\$	\$
Cash on Hand and at Bank	Notes	261,421	134,855
Deposits at Call		675,820	1,020,286
		<u>937,241</u>	<u>1,155,141</u>
 TRADE & OTHER RECEIVABLES			
Debtors - general		154,460	228,337
Prepayments		50,484	59,945
Other Debtors		-	8,788
		<u>204,944</u>	<u>297,070</u>
 <i>Amounts included in receivables that are not expected to be received within 12 months of reporting date.</i>		-	-
 INVENTORIES			
Stores & Materials		<u>7,528</u>	<u>30,168</u>
		<u>7,528</u>	<u>30,168</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Fair Value Level	2016 \$				2017 \$			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Buildings & Other Structures	-	3,181	(3,181)	-	-	3,181	(3,181)	-
Plant, Machinery & Equipment	-	5,204,722	(2,570,932)	2,633,790	-	5,512,719	(3,155,372)	2,357,347
Office Equipment, Furniture & Fittings	-	20,634	(20,634)	-	-	20,634	(20,634)	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	-	5,228,537	(2,594,747)	2,633,790	-	5,536,534	(3,179,187)	2,357,347
<i>Comparatives</i>		4,034,647	(1,988,837)	2,045,810	-	5,228,537	(2,594,747)	2,633,790

This Note continues on the following pages.

Page N9

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

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

	2016	CARRYING AMOUNT MOVEMENTS DURING YEAR							2017	
	\$	\$							\$	
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers		Net Revaluation	CARRYING AMOUNT
	New/Upgrade	Renewals	In				Out			
Plant, Machinery & Equipment	2,633,790	60,514	362,951	(323)	(699,586)	-	-	-	-	2,357,347
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	2,633,790	60,514	362,951	(323)	(699,586)	-	-	-	-	2,357,347
<i>Comparatives</i>	2,045,810	9,500	1,237,594	(18,883)	(640,231)					2,633,790

Page N10

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

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

Buildings & Other Structures

Buildings and other structures are recognised on a cost basis.

Plant, Furniture & Equipment

These assets are recognised on a cost basis.

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

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

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

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

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 7 - LIABILITIES

	Notes	2017		2016	
		\$		\$	
TRADE & OTHER PAYABLES		Current	Non-current	Current	Non-current
Goods & Services		390,483	-	420,406	-
Accrued expenses - employee entitlements		311,310	-	278,559	-
Accrued expenses - other		91,599	-	110,071	-
Other		46,203	-	111,504	-
		<u>839,595</u>	<u>-</u>	<u>920,540</u>	<u>-</u>
BORROWINGS		Current	Non-current	Current	Non-current
Loans		602,029	980,200	567,006	1,582,230
		<u>602,029</u>	<u>980,200</u>	<u>567,006</u>	<u>1,582,230</u>
<i>All interest bearing liabilities are secured over the future revenues of the Authority</i>					
PROVISIONS		Current	Non-current	Current	Non-current
Employee entitlements (including oncosts)		41,400	90,203	43,700	53,196
Other		193,878	-	165,154	-
		<u>235,278</u>	<u>90,203</u>	<u>208,854</u>	<u>53,196</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 8 - OTHER CURRENT LIABILITIES

OTHER	Notes	2017 \$	2016 \$
Deferred gate sales		37,372	110,020
		<u>37,372</u>	<u>110,020</u>

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

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 9 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	2017	2016
	\$	\$
Total cash & equivalent assets	Notes 5 937,241	1,155,141
Balances per Cash Flow Statement	<u>937,241</u>	<u>1,155,141</u>

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

Net Surplus (Deficit)	48,057	29,429
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	699,586	640,231
Net increase (decrease) in unpaid employee benefits	34,707	3,104
Net (Gain) Loss on Disposals	<u>(20,909)</u>	<u>(13,843)</u>
	761,441	658,921
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	92,126	105,951
Net (increase) decrease in inventories	22,640	12,605
Net increase (decrease) in trade & other payables	(80,945)	(110,518)
Net increase (decrease) in other provisions	28,727	25,154
Net increase (decrease) in other liabilities	<u>(72,649)</u>	<u>110,020</u>
Net Cash provided by (or used in) operations	<u>751,340</u>	<u>802,133</u>

(c) Financing Arrangements

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

Bank Overdrafts		
Corporate Credit Cards	10,000	10,000
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 2017**

Note 10 - FINANCIAL INSTRUMENTS

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

Accounting Policies - Recognised Financial Instruments

Bank, Deposits at Call, Short Term		Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.
Deposits		<p>Terms & conditions: Deposits are returning fixed interest rates between 0.10% and 1.75% (2016: 1% and 3%)</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 in six monthly instalments; interest is charged at variable rates between 4.45% and 6.65% (2016: 4.45% and 6.65%)</p> <p>Carrying amount: approximates fair value.</p>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 10 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2017	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	937,241			937,241	937,241
Receivables	145,052	-	-	145,052	204,944
Total	1,082,293	-	-	1,082,293	1,142,185
Financial Liabilities					
Payables	436,686	-	-	436,686	436,686
Current Borrowings	675,728	-	-	675,728	602,029
Non-Current Borrowings	-	1,056,031	-	1,056,031	980,200
Total	1,112,414	1,056,031	-	2,168,445	2,018,915
2016	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
Financial Assets					
Cash & Equivalents	1,155,141			1,155,141	1,155,141
Receivables	237,125	-	-	237,125	297,070
Total	1,392,266	-	-	1,392,266	1,452,211
Financial Liabilities					
Payables	641,981	-	-	641,981	531,910
Current Borrowings	685,355	-	-	685,355	567,006
Non-Current Borrowings	-	1,721,501	59,927	1,781,428	1,582,230
Total	1,327,336	1,721,501	59,927	3,108,764	2,681,146

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

	30 June 2017		30 June 2016	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Fixed Interest Rates	5.46	1,582,230	5.62	2,149,236
		<u>1,582,230</u>		<u>2,149,236</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 Authority.

Risk Exposures

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

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

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

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

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 11 - COMMITMENTS FOR EXPENDITURE

	2017	2016
<u>Notes</u>	\$	\$
Other Expenditure Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Kangaroo Island Bin Replacement	275,000	140,000
Board and Employee Remuneration Contracts	576,280	731,120
Maintenance Contracts	24,000	21,600
	875,280	892,720
These expenditures are payable:		
Not later than one year	487,063	196,490
Later than one year and not later than 5 years	388,217	696,230
Net Liability	875,280	892,720

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

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 12 - FINANCIAL INDICATORS

	2017	2016	2015
--	------	------	------

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

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

Operating Surplus Ratio

<u>Operating Surplus</u>	0.0%	0.0%	2.0%
Total Operating Revenue			

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

Adjusted Operating Surplus Ratio

	0.0%	0.0%	2.0%
--	------	------	------

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

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	22%	28%	20%
Total Operating Revenue			

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

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	87%	95%	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.

The Authority adopted an asset management plan during the 2015 year this ratio is shown from the 2016 year onwards.

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 13 - UNIFORM PRESENTATION OF FINANCES

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

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

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

	2017	2016
	\$	\$
Income	7,547,261	7,133,779
<i>less</i> Expenses	<u>7,520,113</u>	<u>7,118,193</u>
Operating Surplus / (Deficit)	27,148	15,586
<i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	362,951	1,237,594
Depreciation, Amortisation and Impairment	(699,586)	(640,231)
Proceeds from Sale of Replaced Assets	<u>(20,909)</u>	<u>(32,727)</u>
	(357,544)	564,636
<i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	60,191	9,500
	<u>60,191</u>	<u>9,500</u>
Net Lending / (Borrowing) for Financial Year	<u>324,501</u>	<u>(558,550)</u>

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 14 - OPERATING LEASES

Lease payment commitments of the Authority

The Authority has entered into a non-cancellable operating lease for office premises in Goolwa.

No lease imposes any additional restrictions on the Authority in relation to additional debt or further leasing.

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

	2017	2016
	\$	\$
Not later than one year	<u>26,000</u>	<u>26,000</u>
	<u>26,000</u>	<u>26,000</u>

FLEURIEU REGIONAL WASTE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017**

**Note 15 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED
IN THE STATEMENT OF FINANCIAL POSITION**

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

FLEURIEU REGIONAL WASTE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2017

Note 16 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

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

	2017 \$
Salaries, allowances & other short term benefits	162,832
Post-employment benefits	17,362
Long term benefits	4,644
Termination benefits	-
TOTAL	184,838

FLEURIEU REGIONAL WASTE AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2017**

**Note 17 - EVENTS OCCURRING AFTER REPORTING DATE IN THE
BALANCE SHEET**

There are no events subsequent to 30 June 2017 that need to be disclosed in the financial statements.



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

Opinion

We have audited the financial report of Fleurieu Regional Waste Authority, which comprises the Statement of Financial Position as at 30 June 2017, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information and the Certification of Financial Statements.

In our opinion, the financial report presents fairly, in all material respects, the financial position of Fleurieu Regional Waste Authority as at 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

Basis for Opinion

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

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

Other Information

The Board are responsible for the other information. The other information comprises the information included in the entity's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board's Responsibility for the Financial Report

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

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





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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

Nexia Edwards Marshall
Chartered Accountants

Jamie Dreckow
Managing Partner

Adelaide, South Australia
Dated: 28 September 2017

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FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2017****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2017, 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*.

A handwritten signature in black ink, appearing to read 'C. Cooper', written over a dotted line.

Catherine Cooper
CHAIR OF THE BOARD

**PRESIDING MEMBER
AUDIT COMMITTEE**

**Subsidiary is exempt from requirements for
an audit committee**

Date: 3/8/2017

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2017****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2017, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

A handwritten signature in blue ink, appearing to read 'Marina Wagner'. The signature is fluid and cursive, with a long, sweeping tail on the final letter.

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

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

Date: 15 August 2017

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2017****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2017, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

A handwritten signature in black ink, appearing to read 'Glenn Rappensberg', is written over a horizontal dotted line.

Glenn Rappensberg
CHIEF EXECUTIVE OFFICER
Alexandrina Council

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

Date: 17/8/2017

FLEURIEU REGIONAL WASTE AUTHORITY



**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2017**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2017, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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


.....
Graeme Maxwell
CHIEF EXECUTIVE OFFICER
City of Victor Harbor

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

Date: 15/8/2017

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2017****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2017, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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


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

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

Date: 17/8/17

FLEURIEU REGIONAL WASTE AUTHORITY**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2017****CERTIFICATION OF AUDITOR INDEPENDENCE**

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Fleurieu Regional Waste Authority for the year ended 30 June 2017, the Authority's Auditor, Nexia Edwards Marshall, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

A handwritten signature in black ink, appearing to read 'A Boardman', is positioned above a dotted line.

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

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

Date: 15 August 2017



**FLEURIEU REGIONAL WASTE AUTHORITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of Fleurieu Regional Waste Authority for the year ended 30 June 2017, 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*.

A handwritten signature in blue ink, appearing to read 'Nexia Edwards Marshall'.

Jamie Dreckow
Managing Partner

A handwritten signature in blue ink, appearing to be the name of the firm.

Nexia Edwards Marshall
Chartered Accountants

28 September 2017

Edwards Marshall
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Adelaide SA 5000
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Adelaide SA 5001
p +61 8 8139 1111
w nexiaem.com.au

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Fleurieu Regional Waste Authority



SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

FINANCIAL STATEMENTS

Statement of Comprehensive Income for the Year Ended 30th June 2017

	Notes	2017 \$	2016 \$
Income			
Subscriptions	1.8	72,995	84,037
Operating Grants		182,506	38,726
Investment Income	1.7	2,634	2,384
Other		21,736	323
Total Income	1.4	<u>279,871</u>	<u>125,470</u>
Expenditure			
Contractual Services	3	168,080	146,025
Finance Charges		3,326	3,126
Other		64,692	15,729
Total Expenditure		<u>236,098</u>	<u>164,880</u>
Surplus (Deficit) from Operations		<u>43,773</u>	<u>(39,410)</u>

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

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Balance Sheet as at 30th June 2017

	2017	2016
Notes	\$	\$
Current Assets		
Investments	97,928	69,597
Debtors	<u>0</u>	<u>0</u>
Total Current Assets	<u>97,928</u>	<u>69,597</u>
Current Liabilities		
Accounts Payable	<u>4,620</u>	<u>20,062</u>
Total Current Liabilities	<u>4,620</u>	<u>20,062</u>
Net Current Assets	<u>93,308</u>	<u>49,535</u>
Net Assets	<u>93,308</u>	<u>49,535</u>
Equity		
Accumulated Surplus	<u>93,308</u>	<u>49,535</u>
Total Equity	<u>93,308</u>	<u>49,535</u>

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

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Statement of Changes in Equity for the Year Ended 30th June 2017

	2017	2016
Notes	\$	\$
Accumulated Surplus		
Balance at beginning of period	49,535	88,945
Net Surplus / (Deficit)	43,773	(39,410)
Balance at end of period	93,308	49,535
Total Equity	93,308	49,535

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

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

Statement of Cash Flows for the Year Ended 30th June 2017

	Notes	2017	2016
		\$	\$
Cash Flows from Operating Activities			
Receipts		304,961	127,204
Payments		(276,694)	(167,763)
GST Paid (received)		(2,570)	0
Interest Receipts		2,634	2,384
		28,331	(38,175)
Net Cash Provided by (Used in) Operating Activities		28,331	(38,175)
Net increase/(decrease) in Cash Held		28,331	(38,175)
Cash at the beginning of the reporting period		69,597	107,773
Cash at the end of the reporting period		97,928	69,597

Reconciliation of Change in Net Assets to Cash from operating activities

		2017	2016
			\$
Net Surplus		43,773	(39,410)
Add			
Net Decrease in Debtors		0	4,118
Less			
Net Decrease in Accounts Payable		15,442	2,883
Net Cash provided by Operating Activities		28,331	(38,175)

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

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

Note 1 - Significant Accounting Policies

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

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

The Southern & Hills Local Government Association is a Regional Subsidiary under Section 43 and Schedule 2 Of the Local Government Act 1999. The Constituent Councils are the Adelaide Hills Council, Alexandrina Council, Kangaroo Island Council, Mt Barker District Council, City of Victor Harbor and District Council of Yankalilla.

All funds received and expended by the Association have been included in the financial statements forming part of this financial report.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

1.4 Rounding

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

1.5 Non Current Assets and Non Current Liabilities

The Association has no non current assets or non current liabilities.

1.6 Employees

The Association has no employees.

1.7 Investments

Investments are valued at cost. Interest revenues are recognized as they accrue.

1.8 Subscriptions

Clause 6 of the Charter of the Association prescribes that subscriptions by Constituent Councils are equal.

Constituent Council Subscription 2017	\$10,685
Constituent Council Subscription 2016	\$10,500

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.9 Income recognition

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

1.10 Cash

For purposes of the statement of cash flows, cash includes cash deposits which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis.

1.11 New accounting standards for application in future periods

The Australian Accounting Standards Board has issued new and amended Accounting Standards and interpretations that have mandatory application dates for future periods. The organisation has assessed that it is not expected to be materially impacted by those changes.

2 Functions / Activities of the Association

2.1 Revenues and expenses have been attributed to the following functions / activities, descriptions of which are set out in Note 2.2.

2.2 The activities of the Association are categorised into the following broad functions:

Administration: The operation of the Office of the Association and its decision making forums.

Special projects: The research into and implementation of projects prescribed by Acts or regulations or approved by Board decision.

Transport and Communication: The review and implementation of the S&H 2020 Transport Plan.

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

Administration

Year	Revenue				Expenses		Surplus (Deficit)
	Grants	Other	Total Revenue	%	Expenses Total	%	
2017	157,506	75,776	233,282	83.4%	160,053	67.7%	73,229
2016	38,726	86,744	125,470	100.0%	155,684	94.4%	(30,214)

Projects

2017	25,000	4,229	29,229	10.4%	73,787	31.3%	(44,558)
2016	0	0	0	0.0%	196	0.1%	(196)

Transport and Communication

2017	0	17,360	17,360	6.2%	2,258	1.0%	15,102
2016	0	0	0	0.0%	9,000	5.5%	(9,000)

SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year	Revenue			%	Expenses		Surplus (Deficit)
	Grants	Other	Total Revenue		Expenses Total	%	
Total							
2017	182,506	97,365	279,871	100.0%	236,098	100.0%	43,773
2016	38,726	86,744	125,470	100.0%	164,880	100.0%	(39,410)

3. Contractual Services

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

		2017	2016
Consultants:	LKS Quaero	\$2,500	\$0
	Grange Advisors Pty Ltd	\$139,080	\$137,025
	HDS Australia Pty Ltd	\$1,500	\$9,000
	RDA H&C	<u>\$25,000</u>	<u>\$0</u>
	Totals	\$168,080	\$146,025

4. Comparison of Budget and Actual Results

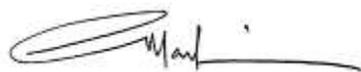
	2017		2016	
	Budget \$	Actual \$	Budget \$	Actual \$
Revenue				
Administration	192,033	233,282	173,192	125,470
Projects	0	29,229	0	0
Transport and Communication	17,600	17,360	0	0
Total Revenue	<u>209,633</u>	<u>279,871</u>	<u>173,192</u>	<u>125,470</u>
Expenditure				
Administration	166,950	160,053	157,650	155,684
Projects	30,250	73,787	10,850	196
Transport and Communication	12,000	2,258	1,200	9,000
Total Expenditure	<u>209,200</u>	<u>236,098</u>	<u>169,700</u>	<u>164,880</u>
Surplus (Deficit)	<u>433</u>	<u>43,773</u>	<u>3,492</u>	<u>(39,410)</u>

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Southern & Hills Local Government Association to certify the financial statements in their final form. In our opinion:

- o the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- o the financial statements present a true and fair view of the Association's financial position at 30 June 2017 and the results of its operations and cash flows for the financial year.
- o internal controls implemented by the Authority provide a reasonable assurance that the Association's financial records are complete, accurate and reliable and were effective throughout the financial year.
- o the financial statements accurately reflect the Association's accounting and other records.

Dated 8th August 2017



Graeme Martin
EXECUTIVE OFFICER



Mayor Bill Spragg
PRESIDENT

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Southern & Hills Local Government Association for the year ended 30 June 2017, the Association's Auditor, HLB Mann Judd, 169 Fullarton Rd, Adelaide, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

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

Dated 8th August 2017



Graeme Martin
EXECUTIVE OFFICER



Mayor Bill Spragg
PRESIDENT

